

LIMITED OFFERING MEMORANDUM DATED DECEMBER 13, 2018

NEW ISSUE

NOT RATED

THE BONDS ARE INITIALLY OFFERED ONLY TO (1) AN "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933), OR (2) A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT OF 1933). SEE "LIMITATIONS APPLICABLE TO INITIAL PURCHASERS".

*In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS" herein. See "TAX MATTERS — Tax Exemption" herein for a discussion of Bond Counsel's opinion.*



**\$4,265,000**

**CITY OF AUSTIN, TEXAS**

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

**SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2018**

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

**Dated Date: December 1, 2018**

**Due: November 1, as shown on the inside cover**

**Interest to Accrue from Date of Delivery**

The City of Austin, Texas Special Assessment Revenue Bonds, Series 2018 (Estancia Hill Country Public Improvement District Improvement Area #1) (the "Bonds"), are being issued by the City of Austin, Texas (the "City"). The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$25,000 of principal amount and any integral multiple of \$5,000 in excess thereof. The Bonds will bear interest from the Date of Delivery (as defined herein) at the rates set forth on the inside cover, calculated on the basis of a 360-day year of twelve 30-day months, payable on each May 1 and November 1, commencing May 1, 2019, until maturity or earlier redemption. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. No physical delivery of the Bonds will be made to the beneficial owners thereof. For so long as the book-entry only system is maintained, the principal of and interest on the Bonds will be paid from the sources described herein by U.S. Bank National Association, as trustee (the "Trustee"), to DTC as the registered owner thereof. See "BOOK-ENTRY ONLY SYSTEM."

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the "PID Act"), an ordinance adopted by the City Council of the City (the "City Council") on December 13, 2018, and an amended and restated Indenture of Trust, dated as of December 1, 2018 (the "Indenture"), entered into by and between the City and the Trustee. The Bonds are being issued as "Additional Bonds" pursuant to the terms of the hereinafter defined Original Indenture and are being issued on parity with the Initial Improvement Area #1 Bonds (defined herein).

Proceeds of the Bonds will be used to provide funds for (i) paying a portion of the costs of certain public improvements for the benefit of Improvement Area #1 (as defined herein) of the Estancia Hill Country Public Improvement District (the "District"), (ii) funding a reserve fund for payment of principal and interest on Bonds Similarly Secured (as defined herein), and (iii) the payment of the costs of issuance of the Bonds. See "THE IMPROVEMENTS" and "APPENDIX B — Form of Indenture." Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.

The Bonds, when issued and delivered, will constitute valid and binding special obligations of the City payable solely from and secured by the Pledged Revenues, consisting primarily of Improvement Area #1 Assessments (as defined herein) levied against assessable properties in Improvement Area #1 of the District in accordance with a Service and Assessment Plan and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein. The Bonds are not payable from funds raised or to be raised from taxation. See "SECURITY FOR THE BONDS SIMILARLY SECURED." The Bonds are subject to redemption at the times, in the amounts, and at the redemption price more fully described herein under the subcaption "DESCRIPTION OF THE BONDS — Redemption Provisions."

**The Bonds involve a significant degree of risk and are not suitable for all investors. See "BONDHOLDERS RISKS" and "SUITABILITY FOR INVESTMENT." Prospective purchasers should carefully evaluate the risks and merits of an investment in the Bonds, should consult with their legal and financial advisors before considering a purchase of the Bonds, and should be willing to bear the risks of loss of their investment in the Bonds. The Bonds are not credit enhanced or rated and no application has been made for a rating on the Bonds.**

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY'S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE. SEE "SECURITY FOR THE BONDS SIMILARLY SECURED."

This cover page contains certain information for quick reference only. It is not a summary of the Bonds. Investors must read this entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision.

The Bonds are offered for delivery when, as, and if issued by the City and accepted by the Underwriter (identified below), subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of Norton Rose Fulbright US LLP, Bond Counsel, as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See "APPENDIX D — Form of Opinion of Bond Counsel." Certain legal matters will be passed upon for the City by its Assistant City Attorney and by McCall, Parkhurst & Horton L.L.P. as Disclosure Counsel to the City, for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe, LLP, and for the Landowner by its counsel, Metcalfe Wolff Stuart & Williams LLP. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about December 28, 2018 (the "Date of Delivery").

**FMSbonds, Inc.**

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES, YIELDS,  
AND CUSIP NUMBERS

CUSIP Prefix: 052466 <sup>(a)</sup>

\$4,265,000

CITY OF AUSTIN, TEXAS,

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

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2018

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

\$1,450,000 4.000% Term Bonds, Due November 1, 2023, Priced to Yield 3.580%; CUSIP No. 052466AR0 <sup>(a)</sup> <sup>(b)</sup>

\$2,815,000 4.000% Term Bonds, Due November 1, 2028, Priced to Yield 4.050%; CUSIP No. 052466AS8 <sup>(a)</sup> <sup>(b)</sup>

- 
- (a) CUSIP numbers are included solely for the convenience of owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are provided for convenience of reference only. None of the City, the City's Financial Advisor or the Underwriter takes any responsibility for the accuracy of such numbers.
- (b) The Bonds are subject to mandatory sinking fund redemption and extraordinary optional redemption as described herein under "DESCRIPTION OF THE BONDS — Redemption Provisions."

**CITY OF AUSTIN, TEXAS**

**Elected Officials**

	<u>Term Expires January</u>
Steve Adler .....	Mayor 2022
Ora Houston .....	Councilmember Place 1 2022 <sup>(1)</sup>
Delia Garza .....	Councilmember Place 2 2021
Sabio "Pio" Renteria.....	Councilmember Place 3 2022
Gregorio "Greg" Casar .....	Councilmember Place 4 2021
Ann Kitchen .....	Councilmember Place 5 2022
Jimmy Flanagan .....	Councilmember Place 6 2021
Leslie Pool.....	Councilmember Place 7 2021
Ellen Troxclair.....	Councilmember Place 8 2022 <sup>(1)</sup>
Kathryne B. Tovo, Mayor Pro Tem .....	Councilmember Place 9 2022
Alison Alter .....	Councilmember Place 10 2021

**Appointed Officials**

Spencer Cronk..... City Manager  
 Elaine Hart, CPA ..... Deputy City Manager/Chief Financial Officer  
 Greg Canally..... Deputy Chief Financial Officer  
 Ed Van Eenoo ..... Deputy Chief Financial Officer  
 Anne Morgan ..... City Attorney  
 Jannette S. Goodall..... City Clerk

**BOND COUNSEL**

Norton Rose Fulbright US LLP  
 Austin and Dallas, Texas

**DISCLOSURE COUNSEL FOR THE CITY**

McCall, Parkhurst & Horton L.L.P.  
 Austin and Dallas, Texas

**FINANCIAL ADVISOR**

PFM Financial Advisors, LLC  
 Austin, Texas

**SERVICE AND ASSESSMENT PLAN CONSULTANT**

P3Works, LLC  
 Austin and Keller, Texas

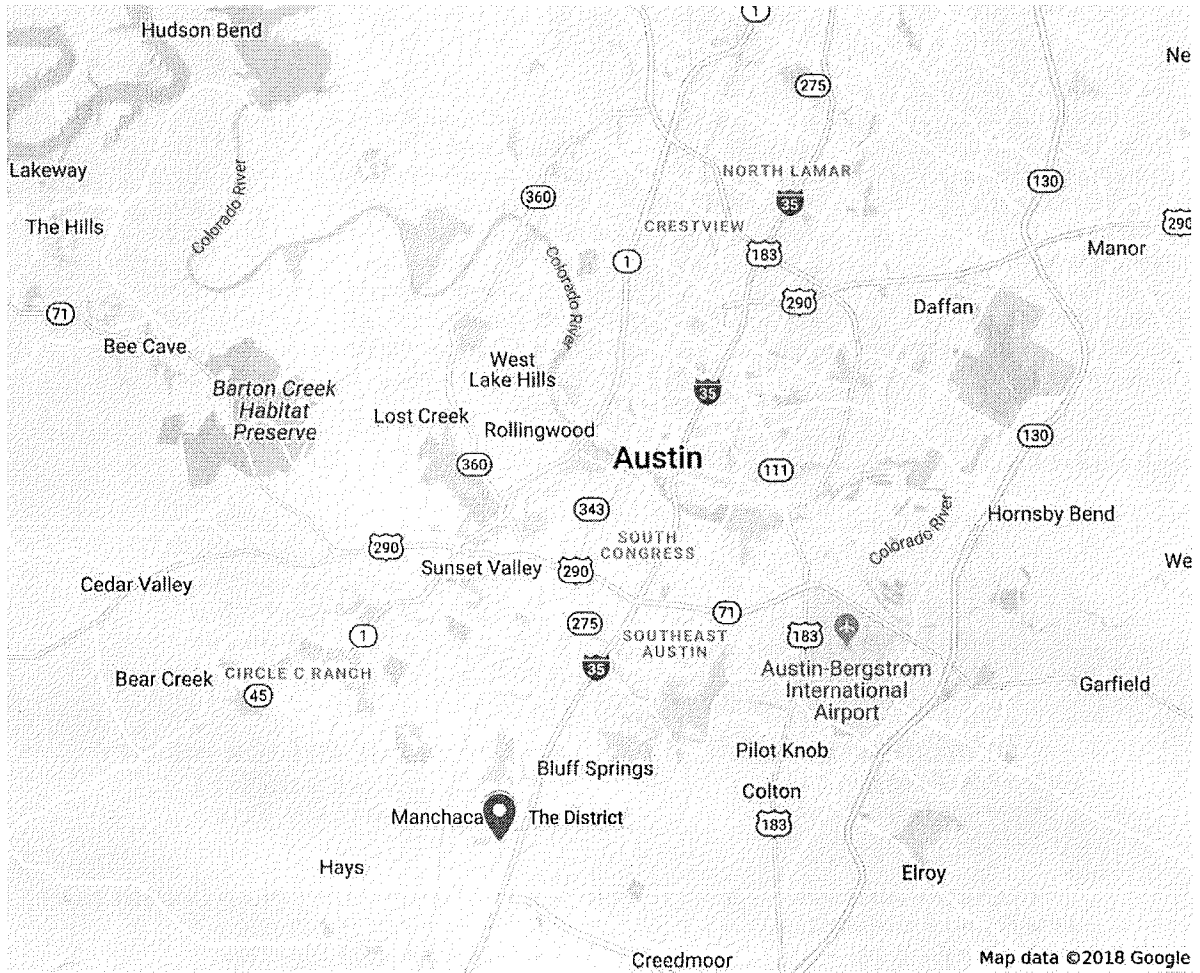
For additional information regarding the City, please contact:

Belinda Weaver  
 Interim Treasurer  
 City of Austin  
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 Austin, TX 78701  
 (512) 974-7885  
[belinda.weaver@austintexas.gov](mailto:belinda.weaver@austintexas.gov)

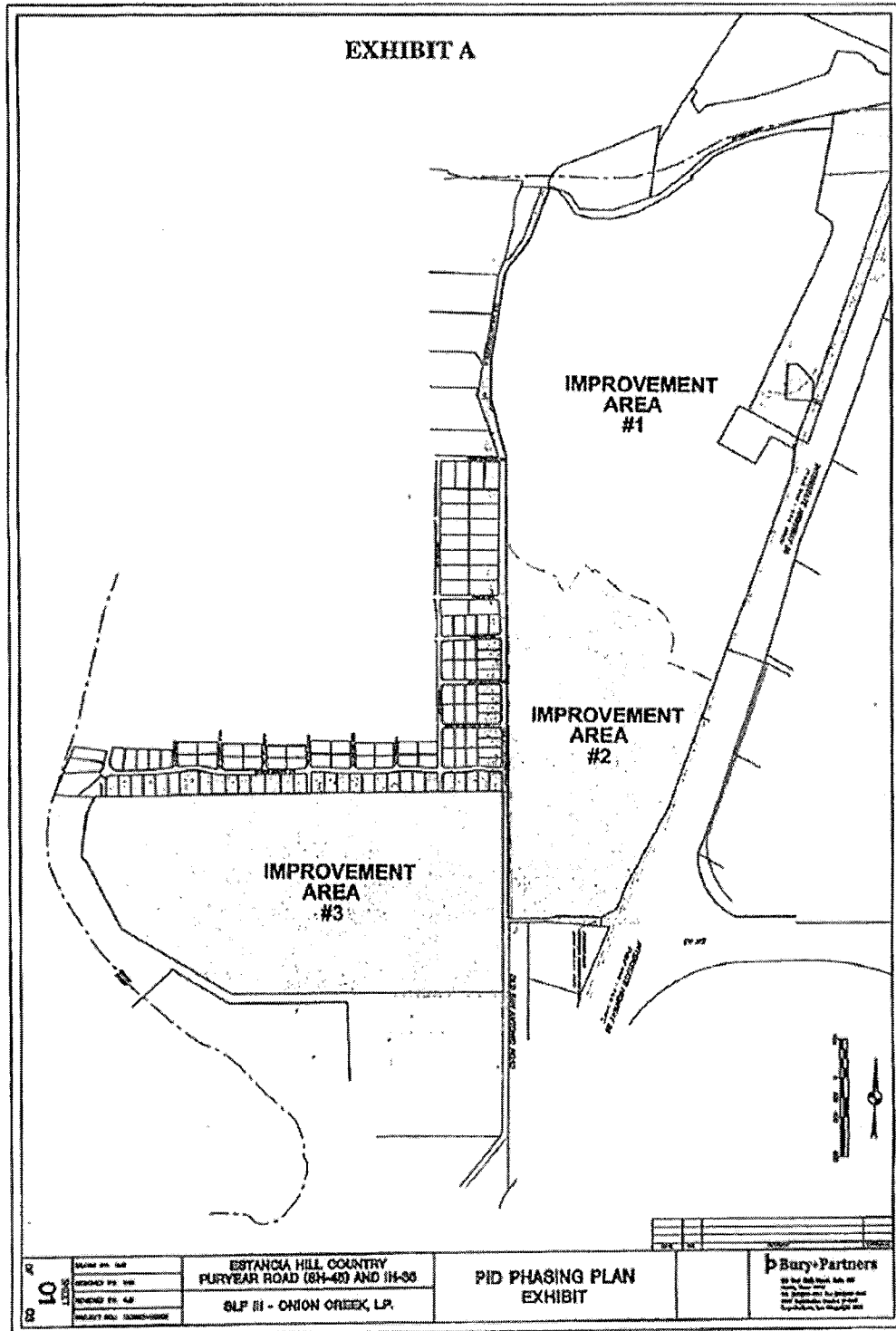
Dennis P. Waley  
 PFM Financial Advisors, LLC  
 221 West 6th Street  
 Suite 1900  
 Austin, TX 78701  
 (512) 614-5323  
[waleyd@pfin.com](mailto:waleyd@pfin.com)

<sup>(1)</sup> Run-off elections for City Council Places 1, 3, and 8 were held on December 11, 2018. Incumbents Ora Houston and Ellen Troxclair did not seek re-election and Natasha Harper-Madison and Paige Ellis were elected to City Council Places 1 and 8, respectively. Ms. Harper-Madison and Ms. Ellis will take office in January, 2019.

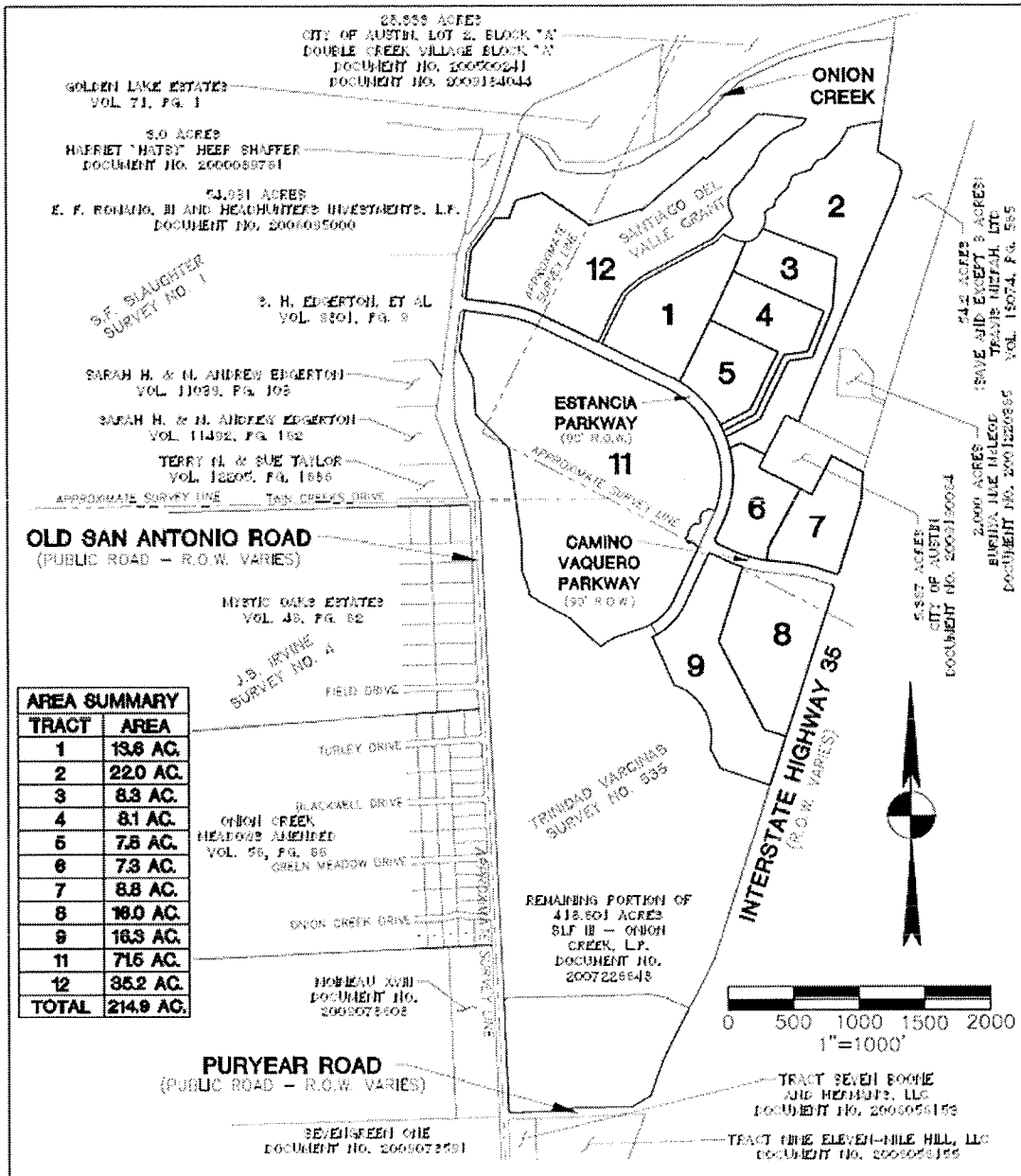
### AREA LOCATION MAP OF THE DISTRICT



MAP SHOWING BOUNDARIES OF IMPROVEMENT AREAS #1-3 OF THE DISTRICT



MAP SHOWING TRACTS WITHIN IMPROVEMENT AREA #1 OF THE DISTRICT



AREA SUMMARY	
TRACT	AREA
1	13.6 AC.
2	22.0 AC.
3	8.3 AC.
4	8.1 AC.
5	7.5 AC.
6	7.3 AC.
7	8.8 AC.
8	18.0 AC.
9	16.3 AC.
11	71.6 AC.
12	35.2 AC.
<b>TOTAL</b>	<b>214.9 AC.</b>

**Bury+Partners**

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 Austin, Texas 78701  
 Tel. (512) 381-2011 Fax (512) 381-0325  
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**EXHIBIT**

OF APPROXIMATELY 214.9 ACRES OF LAND OUT OF THE SANTIAGO DEL VALLE GRANT AND THE TRINIDAD VARCINAS SURVEY NO. 535, SITUATED IN TRAVIS COUNTY, TEXAS, BEING A PORTION OF THAT CERTAIN 418.601 ACRE TRACT CONVEYED TO SLF III - ONION CREEK, L.P., BY DEED OF RECORD IN DOCUMENT NO. 2007226648, OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

**SLF III - ONION CREEK, L.P.**

**SHEET 1 OF 15**

DATE: 05/30/13

FILE: XXXXXXX

DRAWN BY: MLT

PROJ. No: R0103662-10058

THE INITIAL PURCHASERS ARE ADVISED THAT THE BONDS BEING OFFERED PURSUANT TO THE LIMITED OFFERING MEMORANDUM ARE BEING OFFERED AND SOLD ONLY TO “QUALIFIED INSTITUTIONAL BUYERS” AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT OF 1933”) AND “ACCREDITED INVESTOR” AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933. SEE “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS” HEREIN. EACH PROSPECTIVE INITIAL PURCHASER IS RESPONSIBLE FOR ASSESSING THE MERITS AND RISKS OF AN INVESTMENT IN THE BONDS, MUST BE ABLE TO BEAR THE ECONOMIC AND FINANCIAL RISK OF SUCH INVESTMENT IN THE BONDS, AND MUST BE ABLE TO AFFORD A COMPLETE LOSS OF SUCH INVESTMENT. CERTAIN RISKS ASSOCIATED WITH THE PURCHASE OF THE BONDS ARE SET FORTH UNDER “RISK FACTORS” HEREIN. EACH INITIAL PURCHASER, BY ACCEPTING THE BONDS, AGREES THAT IT WILL BE DEEMED TO HAVE MADE THE ACKNOWLEDGMENTS AND REPRESENTATIONS DESCRIBED UNDER THE HEADING “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS.”

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE CITY OR THE UNDERWRITER TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED IN THIS LIMITED OFFERING MEMORANDUM, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY EITHER OF THE FOREGOING. THIS LIMITED OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY AND THERE SHALL BE NO OFFER, SOLICITATION OR SALE OF THE BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS LIMITED OFFERING MEMORANDUM IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE UNITED STATES FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION. THE INFORMATION SET FORTH HEREIN HAS BEEN FURNISHED BY THE CITY AND OBTAINED FROM SOURCES, INCLUDING THE LANDOWNER, WHICH ARE BELIEVED BY THE CITY AND THE UNDERWRITER TO BE RELIABLE, BUT IT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION OF THE UNDERWRITER. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS LIMITED OFFERING MEMORANDUM, NOR ANY SALE MADE HEREUNDER, SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY OR THE LANDOWNER SINCE THE DATE HEREOF.

NEITHER THE CITY NOR THE UNDERWRITER MAKE ANY REPRESENTATION AS TO THE ACCURACY, COMPLETENESS, OR ADEQUACY OF THE INFORMATION SUPPLIED BY THE DEPOSITORY TRUST COMPANY FOR USE IN THIS LIMITED OFFERING MEMORANDUM.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH LAWS. THE REGISTRATION OR QUALIFICATION OF THE BONDS UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THEY MAY HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF. NONE OF SUCH JURISDICTIONS, OR ANY OF THEIR AGENCIES, HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS LIMITED OFFERING MEMORANDUM.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS LIMITED OFFERING MEMORANDUM CONSTITUTE “FORWARD-LOOKING STATEMENTS” WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, SECTION 21E OF THE UNITED STATES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27A OF THE SECURITIES ACT. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE TERMINOLOGY USED SUCH AS “PLAN,” “EXPECT,” “ESTIMATE,” “PROJECT,” “ANTICIPATE,” “BUDGET” OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING

STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER "CONTINUING DISCLOSURE" HEREIN.

THE TRUSTEE HAS NOT PARTICIPATED IN THE PREPARATION OF THIS LIMITED OFFERING MEMORANDUM AND ASSUMES NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS LIMITED OFFERING MEMORANDUM OR THE RELATED TRANSACTIONS AND DOCUMENTS OR FOR ANY FAILURE BY ANY PARTY TO DISCLOSE EVENTS THAT MAY HAVE OCCURRED AND MAY AFFECT THE SIGNIFICANCE OR ACCURACY OF SUCH INFORMATION.

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## LIMITED OFFERING MEMORANDUM

\$4,265,000

CITY OF AUSTIN, TEXAS

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

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2018

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

### INTRODUCTION

The purpose of this Limited Offering Memorandum, including the cover page and appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Austin, Texas (the "City"), of its \$4,265,000 aggregate principal amount of Special Assessment Revenue Bonds, Series 2018 (Estancia Hill Country Public Improvement District Improvement Area #1) (the "Bonds").

INITIAL PURCHASERS ARE ADVISED THAT THE BONDS BEING OFFERED PURSUANT TO THIS LIMITED OFFERING MEMORANDUM ARE BEING OFFERED INITIALLY TO AND ARE BEING SOLD ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT OF 1933") AND "ACCREDITED INVESTORS" AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933. PROSPECTIVE INVESTORS SHOULD BE AWARE OF CERTAIN RISK FACTORS, ANY OF WHICH, IF MATERIALIZED TO A SUFFICIENT DEGREE, COULD DELAY OR PREVENT PAYMENT OF PRINCIPAL OF, AND/OR INTEREST ON THE BONDS. THE BONDS ARE NOT A SUITABLE INVESTMENT FOR ALL INVESTORS. SEE "LIMITATIONS APPLICABLE TO INITIAL PURCHASERS," "BONDHOLDERS' RISKS," AND "SUITABILITY FOR INVESTMENT."

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the "PID Act"), the ordinance authorizing the issuance of the Bonds enacted by the City Council of the City (the "City Council") on December 13, 2018 (the "Bond Ordinance"), and an Amended and Restated Indenture of Trust, dated as of December 1, 2018 (the "Indenture"), entered into by and between the City and U.S. Bank National Association, as trustee (the "Trustee"), which amends and restates the hereinafter defined Original Indenture. The Bonds will be secured by special assessments ("Improvement Area #1 Assessments") levied against assessable property located within Improvement Area #1 (as defined below) of the Estancia Hill Country Public Improvement District (the "District") pursuant to Ordinance No. 20130620-052 enacted by the City Council on June 20, 2013 (the "Assessment Ordinance").

Reference is made to the Indenture for a full statement of the authority for, and the terms and provisions of, the Bonds. All capitalized terms used in this Limited Offering Memorandum that are not otherwise defined herein shall have the meanings set forth in the Indenture. See "APPENDIX B — Form of Indenture."

Set forth herein are brief descriptions of the City, the District, the Assessment Ordinance, the Bond Ordinance, the Service and Assessment Plan (as defined herein), the Landowner (as defined herein), the Development Agreement (as defined herein), the Financing Agreement (as defined herein) and the Service and Assessment Plan Consultant (as defined herein), together with summaries of terms of the Bonds and the Indenture and certain provisions of the PID Act. All references herein to such documents and the PID Act are qualified in their entirety by reference to such documents or such PID Act and all references to the Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Bonds from the Underwriter, FMSbonds, Inc., 100 Crescent Court, Suite 700, Dallas, Texas 75201, telephone number (214) 302-2246. The form of Indenture appears in "APPENDIX B – Form of Indenture" and the form of amended and restated Service and Assessment Plan appears as "APPENDIX C – Form of Service and Assessment Plan." The information provided under this caption "INTRODUCTION" is intended to provide a brief overview of the information provided in the other captions herein and is not intended, and should not be considered, fully representative or complete as to the subjects discussed hereunder.

## PLAN OF FINANCE

### Development Plan

SLF III- Onion Creek, L.P., a Texas limited partnership, acquired approximately 593.791 acres within the District in 2007 for a master planned, mixed use development (the "Development"). On May 13, 2009, SLF III – Onion Creek, L.P. conveyed a total of 180.6 acres to a total of 18 affiliates. SLF III – Onion Creek, L.P., which owns tracts 1, 2, 3, 4, 5 and 8 in Improvement Area #1 (as defined below), constituting the remaining unsold property, and all property in Improvement Area #2 (as defined below), and 18 entities related to SLF III – Onion Creek, L.P. (which own all of the approximately 180.6 acres within Improvement Area #3 (as defined below) of the District) are, collectively or individually as the context may require herein, referred to as the "Landowner," as further identified in "THE LANDOWNER". The Development is zoned to allow single-family residential, multi-family residential, office, light industrial, retail and other uses, as well as public and private parks and trails. The Landowner owns all the property in Improvement Area #2 (as defined below). The Landowner is a landholding company.

The Development consists of three phases or "Improvement Areas". The boundaries of the District and each of the planned Improvement Areas are shown in the "MAP SHOWING BOUNDARIES OF IMPROVEMENT AREAS #1-3 OF THE DISTRICT" on page iv. The Landowner anticipates that it, its affiliates or its successors will construct major infrastructure and parks for each improvement area, while the internal infrastructure and any amenities for each neighborhood or tract may be constructed by any landowner, developer or builder that purchases the property.

In the first quarter of 2016, the Landowner completed construction of the master infrastructure for approximately 215 net acres of developable parcels ("Improvement Area #1"), which is expected to include approximately 370 50- and 60-foot single family residential units, 92.2 acres of multifamily housing and 16 acres of retail or commercial space. As of November 26, 2018 development within Improvement Area #1 includes the following: (i) Lennar Homes of Texas Land and Construction, Ltd. ("Lennar") has completed construction of 200 homes, 205 homes or lots have been sold to homebuyers, and an additional 15 homes or lots are under contract with homebuyers; (ii) Estancia Villas LLC has completed 312 units of multifamily housing; and (iii) The Park at Estancia, Ltd. is constructing a 320 unit multifamily housing development.

The Landowner's current plans consist of constructing master infrastructure to serve the approximately 131 acres in the second phase of the Development ("Improvement Area #2"). The Landowner expects to complete construction of this master infrastructure by the second quarter of 2020, and expects that approximately 161 single family residential units, 1,050 units of multifamily housing, and 156,816 square feet of retail or commercial space will be constructed in Improvement Area #2 of the District. The Landowner expects that development of the third and final phase of the Development, consisting of the remaining 180.6 acres ("Improvement Area #3"), will occur after completion of the Improvement Area #2 Improvements. Improvement Area #3 is anticipated to contain a varying mix of residential housing but will ultimately depend on market conditions at the time of development. See "THE DEVELOPMENT."

The City is issuing the Bonds as Additional Bonds pursuant to terms of that certain Indenture of Trust by and between the City and the Trustee dated as June 1, 2013 (the "Original Indenture"). The proceeds of the Bonds will be used to provide funds for (i) paying a portion of the costs of certain public improvements to serve Improvement Area #1 of the District (the "Improvement Area #1 Improvements"), (ii) funding a reserve fund for payment of principal and interest on the Bonds Similarly Secured (as defined herein), and (iii) paying the costs of issuance of the Bonds. The Bonds will be secured by the Trust Estate, including primarily special assessments levied on assessable parcels within Improvement Area #1 of the District (the "Improvement Area #1 Assessments"). See "SECURITY FOR THE BONDS SIMILARLY SECURED," "SOURCES AND USES OF FUNDS," and "THE IMPROVEMENTS."

The Improvement Area #1 Improvements have been completed at a cost of \$17,701,837 (including bond issuance costs). The City has previously issued its Special Assessment Revenue Bonds, Series 2013 (Estancia Hill Country Public Improvement District) (the "Initial Improvement Area #1 Bonds," and, together with the Bonds, the "Bonds Similarly Secured") in an original principal amount of \$12,590,000 to pay a portion of the costs of constructing the Improvement Area #1 Improvements, of which amount \$9,895,000 in principal amount remains outstanding. The remaining costs of constructing the Improvement Area #1 Improvements were funded by the Landowner. Pursuant to a financing agreement between the Landowner and the City dated June 20, 2013, as amended (the "Financing

Agreement”), the City agreed to pay the Landowner for a portion of these costs from the proceeds of Improvement Area #1 Assessments or additional bonds. The City intends to use the proceeds of the Bonds to pay its remaining obligation to the Landowner under the Financing Agreement with respect to the Improvement Area #1 Improvements, and, upon issuance of the Bonds and payment of the net proceeds to the Landowner, the City’s obligations to the Landowner under the Financing Agreement with respect to Improvement Area #1 Improvements will be terminated.

Concurrently with the issuance of the Bonds, the City intends to issue its \$8,305,000 City of Austin, Texas, Special Assessment Revenue Bonds, Series 2018 (Estancia Hill Country Public Improvement District Improvement Area #2) (the “Improvement Area #2 Bonds”) to finance the costs of constructing public improvements to serve Improvement Area #2 of the District (the “Improvement Area #2 Improvements”). The Improvement Area #2 Bonds will be secured by special assessments on assessable property in Improvement Area #2 (the “Improvement Area #2 Assessments”).

The City reserves the right to issue one or more series of future phased bonds (each such series of bonds an “Improvement Area #3 Bond”) to finance the cost of future improvements within or serving Improvement Area #3 of the District as the development proceeds. The estimated costs of such improvements benefiting Improvement Area #3 of the District (the “Improvement Area #3 Improvements”) will be determined as Improvement Area #3 of the District is developed, and the Service and Assessment Plan will be updated to identify the improvements authorized by the PID Act to be financed by each new series of Improvement Area #3 Bonds. Such Improvement Area #3 Bonds will be secured by separate assessments levied pursuant to the PID Act on assessable property within Improvement Area #3 that benefits from the future improvements being financed.

#### **Status of Land Sales to Builders**

*Improvement Area #1.* Within Improvement Area #1, the Landowner has sold approximately 106.7 acres that is zoned to allow single-family housing to Lennar, approximately 16.3 acres zoned to allow for multifamily residential to Estancia Villas LLC, and approximately 16.1 acres zoned to allow for multifamily housing to The Park at Estancia, Ltd. The Landowner has received inquiries for the sale of portions of the remaining 75.8 acres in Improvement Area #1 from single family residential, multifamily housing and commercial/retail builders/users.

*Improvement Area #2.* The Landowner has entered into a contract with M/I Homes of Austin, LLC to purchase 29.7 acres in Improvement Area #2 that is zoned to allow for single family homes. Additionally, the Landowner has received offers and inquiries from other parties interested in purchasing property in Improvement Area #2. See “THE DEVELOPMENT – Land Sales and Expected Buildout Schedule.”

#### **The Bonds**

Proceeds of the Bonds will be used to provide funds for (i) paying a portion of the costs of the Improvement Area #1 Improvements; (ii) funding a reserve fund for the payment of principal of and interest on the Bonds Similarly Secured; and (iii) paying the costs of issuance of the Bonds. See “SOURCES AND USES OF FUNDS,” “THE IMPROVEMENTS,” and “APPENDIX C — Form of Indenture.”

Payment of the Bonds is secured by a pledge of and a lien upon the Pledged Revenues, consisting primarily of Improvement Area #1 Assessments levied against the assessable parcels or lots within Improvement Area #1 of the District and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. See “SECURITY FOR THE BONDS SIMILARLY SECURED” and “ASSESSMENT PROCEDURES.” **The Bonds shall never constitute an indebtedness or general obligation of the City, the State or any other political subdivision of the State, within the meaning of any Constitutional provision or statutory limitation whatsoever, but the Bonds are limited and special obligations of the City payable solely from the Trust Estate as provided in the Indenture. Neither the full faith and credit nor the taxing power of the City, the State or any other political subdivision of the State is pledged to the payment of the Bonds.**

**The Bonds, the Improvement Area #2 Bonds, and any Improvement Area #3 Bonds issued by the City are separate and distinct issues of securities secured by separate special assessments. The Improvement Area**

**#2 Bonds or any Improvement Area #3 Bonds or Additional Obligations to be issued by the City are not offered pursuant to this Limited Offering Memorandum.**

#### **LIMITATIONS APPLICABLE TO INITIAL PURCHASERS**

Each initial purchaser is advised that the Bonds being offered pursuant to this Limited Offering Memorandum are being offered and sold only to “accredited investors” as defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933 and “qualified institutional buyers” as defined in Rule 144A promulgated under the Securities Act of 1933. Each initial purchaser of the Bonds (each, an “Investor”) will be deemed to have acknowledged, represented and warranted to the City as follows:

1. The Investor has authority and is duly authorized to purchase the Bonds and to execute any instruments and documents required to be executed by the Investor in connection with the purchase of the Bonds.

2. The Investor is an “accredited investor” under Rule 501 of Regulation D of the Securities Act of 1933 or a “qualified institutional buyer” under Rule 144A of the Securities Act of 1933, and therefore, has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the Bonds.

3. The Bonds are being acquired by the Investor for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and the Investor intends to hold the Bonds solely for its own account for investment purposes and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds. However, the investor may sell at any time the Investor deems appropriate. The Investor understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

4. The Investor understands that the Bonds are not registered under the Securities Act and that such registration is not legally required as of the date hereof; and further understands that the Bonds (a) are not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, and (c) will not carry a rating from any rating service.

5. The Investor acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the City, the Improvement Area #1 Improvements, the Bonds, the security therefor, and such other information as the Investor has deemed necessary or desirable in connection with its decision to purchase the Bonds (collectively, the “Investor Information”). The Investor has received a copy of this Limited Offering Memorandum relating to the Bonds. The Investor acknowledges that it has assumed responsibility for its review of the Investor Information and it has not relied upon any advice, counsel, representation or information from the City in connection with the Investor’s purchase of the Bonds. The Investor agrees that none of the City, its councilmembers, officers, or employees shall have any liability to the Investor whatsoever for or in connection with the Investor’s decision to purchase the Bonds except for gross negligence, fraud or willful misconduct. For the avoidance of doubt, it is acknowledged that underwriter is not deemed officers or employees of the City.

6. The Investor acknowledges that the obligations of the City under the Indenture are special, limited obligations payable solely from amounts paid to the City pursuant to the terms of the Indenture and the City shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of the City for amounts due under the Indenture. The Investor understands that the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the City, the State of Texas (the “State”) or any political subdivision or taxing district thereof; that the Bonds will never represent or constitute a general obligation or a pledge of the full faith and credit of the City, the State or any political subdivision thereof; that no right will exist to have taxes levied by the State or any political subdivision thereof for the payment of principal and interest on the Bonds; and that the liability of the City and the State of Texas with respect to the Bonds is subject to further limitations as set forth in the Bonds and the Indenture.

7. The Investor has made its own inquiry and analysis with respect to the Bonds and the security therefor. The Investor is aware that the development of the District involves certain economic and regulatory variables and risks that could adversely affect the security for the Bonds.

8. The Investor acknowledges that the sale of the Bonds to the Investor is made in reliance upon the certifications, representations and warranties described in items 1-7 above.

## DESCRIPTION OF THE BONDS

### General Description

The Bonds will mature on the dates and in the amounts set forth in the inside cover page of this Limited Offering Memorandum. Interest on the Bonds will accrue from their date of delivery to the Underwriter and will be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds will be payable on each May 1 and November 1, commencing May 1, 2019 (each an "Interest Payment Date"), until maturity or prior redemption. U.S. Bank National Association is the initial Trustee, Paying Agent and Registrar for the Bonds.

The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$25,000 of principal and any integral multiple of \$5,000 in excess thereof (or such smaller amount as authorized under the Indenture as a result of partial redemption) ("Authorized Denominations"). Upon initial issuance, the ownership of the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), and purchases of beneficial interests in the Bonds will be made in book-entry only form. See "BOOK-ENTRY ONLY SYSTEM" and "SUITABILITY FOR INVESTMENT."

### Redemption Provisions

*No Optional Redemption.* The Bonds are not subject to optional redemption.

*Extraordinary Optional Redemption.* The Bonds are subject to extraordinary optional redemption by the City prior to their scheduled maturity on the first day of any month after the required notice of redemption at a redemption price equal to the principal amount of the Bonds, or portions thereof, to be redeemed plus accrued and unpaid interest to the redemption date from amounts on deposit in the Redemption Fund as a result of Prepayments, including related transfers to the Redemption Fund. Unexpended proceeds shall be transferred to the Redemption Fund only in the event that the City Representative determines that amounts then on deposit in the Bond Improvement Account of the Project Fund are not expected to be expended for the purpose 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 Project Fund will ever be expended for the purposes of the Bond Improvement Account of the Project Fund. No redemption shall be made which results in a Bond remaining outstanding in a principal amount less than an Authorized Denomination. See "ASSESSMENT PROCEDURES — Prepayment of Improvement Area #1 Assessments" for the definition and description of Prepayments.

*Mandatory Sinking Fund Redemption.* The Bonds are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a price of 100% of the principal amount thereof, plus accrued interest to the redemption date, from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to the Indenture, on the dates and in the respective Sinking Fund Installments as set forth in the following schedule:

**\$1,450,000 Term Bonds Maturing November 1, 2023**

<b><u>Redemption Date</u></b>	<b><u>Sinking Fund Installment</u></b>
November 1, 2019	\$225,000
November 1, 2020	235,000
November 1, 2021	280,000
November 1, 2022	325,000
November 1, 2023 <sup>†</sup>	385,000

**\$2,815,000 Term Bonds Maturing November 1, 2028**

<b><u>Redemption Date</u></b>	<b><u>Sinking Fund Installment</u></b>
November 1, 2024	\$435,000
November 1, 2025	495,000
November 1, 2026	560,000
November 1, 2027	625,000
November 1, 2028 <sup>†</sup>	700,000

<sup>†</sup> Stated maturity.

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

The principal amount of Bonds required to be redeemed on any mandatory 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 shall have been acquired by the City at a price not exceeding the principal amount of such Bonds plus accrued unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

The principal amount of Bonds required to be redeemed on any mandatory sinking fund redemption date shall be reduced on a pro rata basis among Sinking Fund Installments for each maturity of Bonds by the principal amount of any Bonds which, at least 45 days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the extraordinary optional redemption provisions of the Indenture and not previously credited to a mandatory sinking fund redemption.

*Notice of Redemption.* Notice of any redemption shall be given by the Trustee at least thirty (30) days prior to the redemption date by giving written notice to the Owner of each Bond to be redeemed in whole or in part at the address shown on the Register by first-class mail, postage prepaid. Any such notice shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. Notice of redemption having been given as provided in the 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 redemption price of such Bonds to the date fixed for redemption are on deposit with the Trustee; 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.

The City has the right to rescind any extraordinary optional redemption 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 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.

*Additional Provisions with Respect to Redemption.* Bonds may be redeemed in part only in minimum principal amounts of \$25,000 and increments of \$5,000 thereafter. If less than all of the Bonds are to be redeemed, the Bonds to be redeemed shall be selected by any method selected by the Trustee that results in a random selection, and treating the smallest Authorized Denomination of the Bonds as a single Bond for such purposes. No redemption shall result in a Bond in a denomination of less than an Authorized Denomination; provided, however, if the amount of Outstanding Bonds is less than an Authorized Denomination after giving effect to such partial redemption, a Bond in the principal amount equal to the Outstanding Bonds, may be issued.

Upon surrender of any Bond in part, the Trustee, in accordance with the provisions of the Indenture, shall authenticate and deliver in exchange thereof a Bond or Bonds of like tenor, maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the Bond or Bonds so surrendered.

### **BOOK-ENTRY ONLY SYSTEM**

*This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Limited Offering Memorandum. The City and the Underwriter believe the source of such information to be reliable, but neither the City nor the Underwriter takes responsibility for the accuracy or completeness thereof.*

*The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis or (3) DTC will serve and act in the manner described in this Limited Offering Memorandum. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.*

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its registered subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P Global Ratings rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all Bonds of the same maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant of such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and all other payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Paying Agent/Registrar, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, the Paying Agent/Registrar or the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered. Thereafter, Bond certificates may be transferred and exchanged as described in the Indenture.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but none of the City, the City's Financial Advisor or the Underwriter take any responsibility for the accuracy thereof.

NONE OF THE CITY, THE TRUSTEE, THE PAYING AGENT, THE CITY'S FINANCIAL ADVISOR OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE BONDS. THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, THE DTC PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR PROVIDE ANY NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM. THE CURRENT RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

## **SECURITY FOR THE BONDS SIMILARLY SECURED**

### **General**

THE BONDS ARE SPECIAL OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY'S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE.

The principal of, premium, if any, and interest on the Bonds are secured by a pledge of and a lien upon the pledged revenues (the "Pledged Revenues"), consisting primarily of Improvement Area #1 Assessments levied against the assessable parcels or lots within Improvement Area #1 of the District and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. Improvement Area #1 contains approximately 215 acres subject to Improvement Area #1 Assessments. In accordance with the PID Act, the City has caused the preparation of an amended and restated Service and Assessment Plan (as amended and supplemented, the "Service and Assessment Plan"), which describes the special benefit received by the property within the District, including Improvement Area #1, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of Improvement Area #1 Assessments and provides for the allocation of Pledged Revenues for payment of principal of, premium, if any, and interest on the Bonds. The Service and Assessment Plan is reviewed and updated annually for the purpose of determining the annual budget for improvements and the Annual Installments (as defined below) of Improvement Area #1 Assessments due in a given year. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District. See "APPENDIX C — Form of Service and Assessment Plan."

## **Pledged Revenues**

The City is authorized by the PID Act, the Improvement Area #1 Assessment Ordinance and other provisions of law to finance the Improvement Area #1 Improvements by levying Improvement Area #1 Assessments upon properties in Improvement Area #1 of the District benefitted thereby. For a description of the assessment methodology and the amounts of Improvement Area #1 Assessments levied in each phase of the District, see "ASSESSMENT PROCEDURES" and "APPENDIX C — Form of Service and Assessment Plan."

Pursuant to the Indenture, Pledged Revenues are 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. "Annual Installments" 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 or 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. The City will covenant in the Indenture 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 to be enforced continuously. See "SECURITY FOR THE BONDS SIMILARLY SECURED — Pledged Revenue Fund." See also "APPENDIX B — Form of Indenture" and "APPENDIX C — Form of Service and Assessment Plan."

The PID Act provides that the Improvement Area #1 Assessments (including any reassessment, with interest, the expense of collection and reasonable attorney's fees, if incurred) are a first and prior lien (the "Assessment Lien") against the property assessed, superior to all other liens or claims, except liens and claims for the State of Texas (the "State"), county, school district, or municipality for ad valorem taxes and are a personal liability of and charge against the owners of property, regardless of whether the owners are named. Pursuant to the PID Act, the Assessment Lien is effective from the date of the Improvement Area #1 Assessment Ordinance until the Improvement Area #1 Assessments are paid (or otherwise discharged), and is enforceable by the City Council in the same manner that an ad valorem property tax levied against real property may be enforced by the City Council. See "ASSESSMENT PROCEDURES" herein.

## **Collection and Deposit of Improvement Area #1 Assessments**

The Improvement Area #1 Assessments shown on the Improvement Area #1 Assessment Roll, together with the interest thereon, shall be deposited to the Pledged Revenue Fund for the payment of the principal of and interest on the Bonds Similarly Secured as and to the extent provided in the Service and Assessment Plan and the Indenture.

The Improvement Area #1 Assessments assessed to pay debt service on the Bonds Similarly Secured, together with interest thereon, are payable in Annual Installments established by the Improvement Area #1 Assessment Ordinance and the Service and Assessment Plan to correspond, as nearly as practicable, to the debt service requirements for the Bonds Similarly Secured. An Annual Installment of an Improvement Area #1 Assessment has been made payable in the Assessment Ordinance in each City fiscal year preceding the date of final maturity of the Bonds Similarly Secured which, if collected, will be sufficient to first pay debt service requirements attributable to Improvement Area #1 Assessments in the Service and Assessment Plan. Each Annual Installment is payable as provided in the Service and Assessment Plan and the Assessment Ordinance.

A record of the Improvement Area #1 Assessments on each parcel, tract or lot which are to be collected in each year during the term of the Bonds is shown on the Improvement Area #1 Assessment Roll. Sums received from the collection of the Improvement Area #1 Assessments to pay the debt service requirements (including delinquent installments, Foreclosure Proceeds and penalties and interest thereon) shall be deposited into the Pledged Revenue Fund, except that amounts received as Prepayments shall be deposited into the Redemption Fund. The Trustee shall deposit Foreclosure Proceeds in the Pledged Revenue Fund and as soon as practical after such deposit shall transfer the Foreclosure Proceeds first to the Reserve Fund to restore any transfers from the Reserve Fund made with respect to the Assessed Parcel to which the Foreclosure Proceeds relate, and second to the Redemption Fund.

After the deposit of the Improvement Area #1 Assessments in the Bond Pledged Revenue Account of the Pledged Revenue Fund to pay debt service on the Bonds Similarly Secured, portions of the Annual Installments of

Improvement Area #1 Assessments collected to pay Annual Collection Costs, and Delinquent Collection Costs shall be deposited in respective accounts within the Administrative Fund and shall not constitute Pledged Revenues.

### **Unconditional Levy of Improvement Area #1 Assessments**

The City has imposed Improvement Area #1 Assessments on the property within Improvement Area #1 of the District to pay the principal of and interest on the Bonds Similarly Secured scheduled for payment from Pledged Revenues as described in the Indenture and in the Service and Assessment Plan and coming due during each Fiscal Year. The Improvement Area #1 Assessments are effective as of the date of, and strictly in accordance with the terms of, the Improvement Area #1 Assessment Ordinance. Each Assessment may be paid immediately in full or in periodic Annual Installments over a period of time equal to the term of the Bonds Similarly Secured, which installments shall include interest on the Improvement Area #1 Assessments. Pursuant to the Improvement Area #1 Assessment Ordinance, interest on the Assessments will be calculated at the rate of interest on the Bonds plus 0.50%, calculated on the basis of a 360-day year of twelve 30-day months. Such rate may be adjusted as described in the Service and Assessment Plan. Each Annual Installment, including the interest on the unpaid amount of an Improvement Area #1 Assessment, shall be calculated and billed in the same manner and at the same time that the City collects ad valorem taxes, and shall generally be billed before October 1 of each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year. The next Annual Installments will be delinquent if not paid prior to February 1, 2019.

As authorized by Section 372.018(b) of the PID Act, on or about October 1 of each year while the Bonds are Outstanding and unpaid, the City will calculate and collect an Annual Installment of the Improvement Area #1 Assessment to pay the annual costs incurred by the City in the administration and operation of the District. The portion of each Annual Installment of an Improvement Area #1 Assessment used to pay such annual costs shall remain in effect from year to year until all Bonds are finally paid or until the City adjusts the amount of the levy after an annual review in any year pursuant to Section 372.013 of the PID Act. The Annual Installments of the Improvement Area #1 Assessments to pay annual expenses shall be due in the manner set forth in the Improvement Area #1 Assessment Ordinance when billed each year and shall be delinquent if not paid by February 1 of the following year. Such Annual Installments of the Improvement Area #1 Assessments to pay expenses do not secure repayment of the Bonds.

There will be no discount for the early payment of Improvement Area #1 Assessments.

Improvement Area #1 Assessments, together with interest, penalties, and expense of collection and reasonable attorneys' fees, as permitted by the Texas Tax Code, shall be a first and prior lien against the property assessed, superior to all other liens and claims, except liens or claims for State, county, school district or municipality ad valorem taxes and shall be a personal liability of and charge against the owner of the property regardless of whether the owners are named. The lien for Improvement Area #1 Assessments and penalties and interest begins on the effective date of the Improvement Area #1 Assessment Ordinance and continues until the Improvement Area #1 Assessments are paid or until all Bonds are finally paid.

Failure to pay an Annual Installment when due shall not accelerate the payment of the remaining Annual Installments of the Improvement Area #1 Assessments and such remaining Annual Installments (including interest) shall continue to be due and payable at the same time and in the same amount and manner as if such default had not occurred.

### **Perfect Security Interest**

The lien on and pledge of the Pledged Revenues became valid and binding and fully perfected from and after the closing date of the Initial Improvement Area #1 Bonds, without physical delivery or transfer of control of the Pledged Revenues, the filing of the Indenture or any other act; all as provided in Texas Government Code, Chapter 1208, as amended, which applies to the issuance of the Bonds and the pledge of the Pledged Revenues granted by the City under the 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 the 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. See "APPENDIX B — Form of Indenture."

### **Pledged Revenue Fund**

The City has created under the Indenture a Pledged Revenue Fund to be held by the Trustee. On or about March 10 of each year while the Bonds are outstanding, 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 (i) 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, (ii) 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, (iii) third, to the Prepayment Reserve Account of the Reserve Fund in the amount described below under "—Prepayment Reserve Account of the Reserve Fund," (iv) fourth, to the Delinquency Reserve Account of the Reserve Fund in the amount described below under "—Delinquency Reserve Account of the Reserve Fund," (v) fifth, to pay other costs of the Improvement Area #1 Improvements and (vi) sixth, to pay other costs permitted by the PID Act.

From time to time as needed to pay the obligations relating to the Bonds Similarly Secured, but no later than five business days before each Interest Payment Date, the Trustee shall withdraw from the Pledged Revenue Fund, 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.

If, after the foregoing transfers and any transfer from the Reserve Fund (as described under "Reserve Fund" below), there are insufficient funds to make the payments provided in the preceding paragraph, 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.

Notwithstanding the deposits described in (i) first through (vi) sixth above, the Trustee shall transfer Prepayments to the Redemption Fund as soon as practical after deposit of such amounts into the Pledged Revenue Fund.

Notwithstanding the deposits described in (i) first through (vi) sixth above, the Trustee shall transfer Foreclosure Proceeds (which exclude Delinquent Collection Costs) first to the Reserve Fund to restore any transfers from the Reserve Fund made with respect to an Assessed Parcel to which the Foreclosure Proceeds relate, and second, to the Redemption Fund. Any Improvement Area #1 Assessments remaining after satisfying the foregoing payments may be used for any lawful purpose for which Assessments may be used under the PID Act.

### **Bond Fund**

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.

### **Project Fund**

Pursuant to the Indenture, the prior creation of a Project Fund has been confirmed, which fund will be used for the purposes described in "PLAN OF FINANCE — The Bonds."

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 Certificate for Payment. The disbursement of funds from the Project Fund pursuant to a Certificate for Payment shall be pursuant to and accordance with the disbursement procedures described in the Financing Agreement.

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.

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 shall transfer the amount, if any, remaining within the Project Fund to the Bond Fund and the Project Fund shall be closed.

#### **Reserve Account of the Reserve Fund**

Pursuant to the Indenture, the prior creation of a Reserve Account within the Reserve Fund has been confirmed which is for the benefit of the Bonds Similarly Secured and held by the Trustee. The Reserve Account was originally funded in connection with the issuance of the Initial Improvement Area #1 Bonds and proceeds of the Bonds will be deposited into the Reserve Account so that the balance of such account equals the Reserve Account Requirement upon the issuance of the Bonds. Pursuant to the Indenture, the "Reserve Account Requirement" for the Bonds Similarly Secured shall be an amount equal to the least of (i) Maximum Annual Debt Service on the Bonds Similarly Secured as of their date of issuance, (ii) 125% of average Annual Debt Service on the Bonds Similarly Secured as of their date of issuance, and (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 to the Redemption Fund as a result of Prepayments and surplus Bonds Similarly Secured proceeds; and provided further that as a result of an optional redemption, the Reserve Account Requirement shall be reduced by a percentage equal to the pro rata principal amount of Bonds Similarly Secured redeemed by such optional redemption divided by the total principal amount of the Outstanding Bonds Similarly Secured prior to such redemption. As of the date of delivery of the Bonds, the Reserve Account Requirement is \$1,685,500.00 which is an amount equal to 10% of the principal amount of the Bonds Similarly Secured as of the date of issuance of the Bonds.

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 (described below), second from the Reserve Account of the Reserve Fund, and third from the Prepayment Reserve Account of the Reserve Fund (described below) to the Bond Fund in the amount necessary to cure such deficiency.

Whenever Bonds Similarly Secured are to be redeemed with the proceeds of Prepayments pursuant to the Indenture, 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 prior to the redemption.

#### **Prepayment Reserve Account of the Reserve Fund**

Pursuant to the Indenture, the prior creation of a Prepayment Reserve Account within the Reserve Fund has been confirmed which is held by the Trustee for the benefit of the Bonds Similarly Secured. The Trustee, if needed, 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 0.20% of the interest

rate component of the Annual Installments to the Prepayment Reserve Account until the Prepayment Reserve Requirement has been accumulated in the Prepayment Reserve Account. The Prepayment Reserve Requirement is an amount equal to \$197,880.00. 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 Redemption Fund. See "APPENDIX B — Form of Indenture."

Moneys deposited in the Prepayment Reserve Account will be used and withdrawn by the Trustee for the purpose of making transfers to the Redemption Fund, pursuant to, and at the times specified in, the Indenture to pay a portion of the accrued interest on Bonds Similarly Secured being redeemed pursuant to an extraordinary optional redemption for Prepayments. The amount to be transferred shall be an amount, for each Prepayment, equal to the amount of any shortfall, after transfers from the Reserve Account of the Reserve Fund as described above and application of investment earnings on the Prepayment toward payment of accrued interest, in funds necessary to pay the principal amount plus accrued interest on such Bonds Similarly Secured to be redeemed as a result of the Prepayment.

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 of the Reserve Fund to the Bond Fund in the amount necessary to cure such deficiency.

#### **Delinquency Reserve Account of the Reserve Fund**

Pursuant to the Indenture, a Delinquency Reserve Account has been created within the Reserve Fund and held by the Trustee for the benefit of the Bonds Similarly Secured. The Trustee, if needed, will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Delinquency Reserve Account on May 1 and November 1 of each year, commencing May 1, 2015 an amount equal to 0.30% of the interest rate component of the Annual Installments to the Delinquency Reserve Account until the Delinquency Reserve Requirement has been accumulated in the Delinquency Reserve Account. The Delinquency Reserve Requirement is an amount equal to \$119,330.00. 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 Redemption Fund. See "APPENDIX B — Form of Indenture."

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 of the Reserve Fund to the Bond Fund in the amount necessary to cure such deficiency.

#### **Administrative Fund**

The City has created under the Indenture an Administrative Fund held by the Trustee. The City shall deposit or cause to be deposited to the Administrative Fund the amounts collected each year to pay Annual Collection Costs. 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.

THE ADMINISTRATIVE FUND SHALL NOT BE PART OF THE TRUST ESTATE AND SHALL NOT BE SECURITY FOR THE BONDS SIMILARLY SECURED.



## **Defeasance**

All Outstanding Bonds 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 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 in the Indenture, (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 to become due on such Bonds 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 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 are then rated, the Trustee shall have received written confirmation from each rating agency then rating the Bonds that such deposit will not result in the reduction or withdrawal of the rating on the Bonds. Neither Defeasance Securities nor moneys so deposited with the Trustee 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 on the Bonds. 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 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.

“Defeasance Securities” means Investment Securities then authorized by applicable law for the investment of funds to defease public securities. “Investment Securities” means those authorized investments described in the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended; and provided further investments and 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. Under current State law, Investment Securities that are authorized for the investment of funds to defease public securities are (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America; (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality, and that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent; and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Indenture does not contractually limit such investments, Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or that for any other Defeasance Security will be maintained at any particular rating category.

## **Events of Default**

Each of the following occurrences or events constitutes an “Event of Default” under the Indenture:

- (i) the failure of the City to deposit the Pledged Revenues to 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.

### **Remedies in Event of Default**

Upon the happening and continuance of any Event of Default, 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 the 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.

THE PRINCIPAL OF THE BONDS SHALL NOT BE SUBJECT TO ACCELERATION UNDER ANY CIRCUMSTANCES.

If the assets of the Trust Estate are sufficient to pay all amounts due with respect to all Outstanding Bonds Similarly Secured, in the selection of Trust Estate assets to be used in the payment of Bonds Similarly Secured due in an Event of Default, 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.

Whenever moneys are to be applied pursuant to an Event of Default, irrespective of and whether other remedies authorized under the 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 the Indenture. 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.

### **Restriction on Owner's Actions**

No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or any other remedy thereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing or of which it is deemed to have notice, (ii) such default has become an Event of Default and the Owners of not less than 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 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 the Indenture, (iv) the Trustee has for 60 days after such notice failed or refused to exercise the powers 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 the Indenture by its, his or their action or to enforce any right thereunder except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided in the Indenture and for the equal benefit of the registered owners of all Bonds Similarly Secured then Outstanding. The notification, request and furnishing of indemnity shall, at the option of the Trustee, be conditions

precedent to the execution of the powers and trusts of the Indenture and to any action or cause of action for the enforcement of the Indenture or for any other remedy thereunder.

Subject to provisions of the Indenture with respect to certain liabilities of the City, nothing in the 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 thereunder to the respective Owners thereof at the time and place, from the source and in the manner expressed therein and in the Bonds Similarly Secured.

In case the Trustee or any Owners shall have proceeded to enforce any right under the 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 thereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

### **Application of Revenues and Other Moneys After Event of Default**

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 the Indenture with respect to Events of Default shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including Trustee's counsel), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out the Indenture, be applied by the Trustee, on behalf of the City, to the payment of interest and principal or redemption price then due on Bonds Similarly Secured, as follows:

FIRST: To the payment to the registered 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 registered owners entitled thereto, without any discrimination or preference; and

SECOND: To the payment to the registered 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 due on any date, then to the payment thereof ratably, according to the amounts of principal due and to the registered owners entitled thereto, without any discrimination or preference.

In the event funds are not adequate to cure an Event of Default, the available funds will be allocated to the Bonds that are Outstanding in proportion to the quantity of Bonds Similarly Secured that are currently due and in default under the terms of the Indenture.

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.

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

### **Investment or Deposit of Funds**

Money in any fund or account established pursuant to the Indenture (other than the Reserve Account) will 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 of 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, Chapter 2256, Government Code, as amended (the "PFIA") 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.

Obligations purchased as an investment of moneys in any fund or account established pursuant to the Indenture shall be deemed to be part of such fund or account, subject, however, to the requirements of the Indenture for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts. Whenever in the 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.

#### **Against Encumbrances**

The City will covenant in the Indenture not to create and, to the extent Pledged Revenues are received, not suffer to remain, any lien, encumbrance or charge upon the Pledged Revenues or upon any other property pledged under the Indenture, except the pledge created for the security of the Bonds Similarly Secured.

So long as Bonds Similarly Secured are Outstanding under the Indenture, the City will not issue any bonds, notes or other evidences of indebtedness other than the Bonds and Initial Improvement Area #1 Bonds secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under the Indenture, other than bonds issued for the purpose of refunding any Bonds Similarly Secured.

#### **Other Obligations or Other Liens**

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.

Other than in connection with the issuance of refunding bonds issued to refund Bonds Similarly Secured, 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 the 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 the 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.

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## SOURCES AND USES OF FUNDS

The table that follows summarizes the expected sources and uses of proceeds of the Bonds:

Sources of Funds:	
Principal Amount	\$4,265,000.00
Net Premium	<u>15,338.95</u>
TOTAL SOURCES	<u>\$4,280,338.95</u>
Use of Funds:	
Deposit to Bond Improvement Account of the Project Fund	\$3,331,978.95
Deposit to Reserve Account of the Reserve Fund	426,500.00
Costs of Issuance	393,910.00
Underwriter's Discount <sup>(1)</sup>	<u>127,950.00</u>
TOTAL USES	<u>\$4,280,338.95</u>

<sup>(1)</sup> Includes Underwriter's discount of \$85,300.00 and Underwriter's Counsel's fee of \$42,650.00.

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## DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for the Bonds and the Initial Improvement Area #1 Bonds (rounded to the nearest dollar):

<u>Year Ending (November 1)</u>	<u>The Bonds</u>		<u>Debt Service on Initial Improvement Area #1 Bonds</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>		
2019	\$ 225,000	\$ 143,588	\$ 1,343,700	\$ 1,712,288
2020	235,000	161,600	1,343,700	1,740,300
2021	280,000	152,200	1,346,000	1,778,200
2022	325,000	141,000	1,345,300	1,811,300
2023	385,000	128,000	1,341,600	1,854,600
2024	435,000	112,600	1,344,900	1,892,500
2025	495,000	95,200	1,344,600	1,934,800
2026	560,000	75,400	1,345,700	1,981,100
2027	625,000	53,000	1,342,900	2,020,900
2028	700,000	28,000	1,346,200	2,074,200
<b>Total</b>	<b><u>\$4,265,000</u></b>	<b><u>\$1,090,588</u></b>	<b><u>\$13,444,600</u></b>	<b><u>\$18,800,188</u></b>

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## OVERLAPPING TAXES AND DEBT

Pursuant to the Estancia Hill Country Annexation and Development Agreement dated July 1, 2013, as amended by a First Amendment dated November 29, 2018 (the "Development Agreement"), by and between the City and the Landowner, the City has agreed not to annex Improvement Area #1 for full purposes prior to the final maturity date of the Bonds. The land within Improvement Area #1 has been, and is expected to continue to be, subject to taxes and assessments imposed by taxing entities other than the City. Such taxes are payable in addition to the Improvement Area #1 Assessments.

In addition to the Improvement Area #1 Assessments described above, the Landowner anticipates that each property owner in Improvement Area #1 of the District will pay an annual maintenance and operation fee and/or a property owner's association fee to a master property owner's association (the "Master POA"), which was formed by the Landowner. Additionally, each owner of a single-family residential unit in Improvement Area #1 of the District may be required to pay an annual maintenance and operation fee and/or a property owner's association fee to a neighborhood homeowner's association (the "Neighborhood HOA," and, together with the Master POA, the "HOAs") for the operation and maintenance of any improvements or amenities constructed by such builder. In addition, Travis County, the Austin Independent School District ("Austin ISD"), the Austin Community College District, the Travis County Healthcare District and the Travis County Emergency Services District No. 5 may each levy ad valorem taxes upon land in Improvement Area #1 for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The City has no control over the level of ad valorem taxes or special assessments levied by such other taxing authorities. The following table reflects the overlapping ad valorem taxes currently levied on property located in Improvement Area #1.

### Overlapping Taxes

Taxing Entity	Tax Year 2018 Ad Valorem Tax Rate <sup>(1)</sup>
Travis County	\$0.3542
Austin Independent School District	1.1920
Austin Community College District	0.1048
Travis County Healthcare District (d/b/a Central Health)	0.1052
Travis County Emergency Services District No. 5	<u>0.1000</u>
Total Current Tax Rate	<u>\$1.8562</u>
 Estimated Average Annual Installment in Improvement Area #1 of the District as tax rate equivalent <sup>(2)</sup>	 <u>\$0.4478</u>
 <b>Estimated Total Tax Rate and Average Annual Installment in Improvement Area #1 of the District as a tax rate equivalent</b>	 <b><u>\$2.3040</u></b>

<sup>(1)</sup> As reported by the taxing entities. Per \$100 in value.

<sup>(2)</sup> Derived from information obtained from the Service and Assessment Plan, and from lot counts and values provided by the Landowner. Does not include the Improvement Area #2 Assessments. For single family and commercial tracts, the Service and Assessment Plan establishes a Maximum Assessment as an amount that results in an Annual Installment in the year such Maximum Assessment is calculated as an equivalent tax rate equal to 125% of the City's tax rate for that year. See "ASSESSMENT PROCEDURES - Maximum Assessments in Improvement Area #1."

*Source: Municipal Advisory Council of Texas, the Appraisal, and the Service and Assessment Plan.*

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As noted above, Improvement Area #1 of the District includes territory located in other governmental entities that may issue or incur debt secured by the levy and collection of ad valorem taxes or assessments. Set forth below is an overlapping debt table showing the outstanding indebtedness payable from ad valorem taxes with respect to property within Improvement Area #1 of the District, as of October 31, 2018, and City debt to be secured by the Improvement Area #1 Assessments:

**Overlapping Debt**

<u>Taxing or Assessing Entity</u>	<u>Gross Outstanding Debt as of 10/31/2018</u>	<u>Estimated Percentage Applicable<sup>(1)</sup></u>	<u>Estimated Overlapping Debt<sup>(1)</sup></u>
The City (The Bonds)	\$4,265,000 <sup>(2)</sup>	100.00%	\$4,265,000 <sup>(2)</sup>
The City (The Initial Improvement Area #1 Bonds)	9,895,000	100.00%	9,895,000
Travis County	705,136,179	0.0473%	333,686
Austin ISD	916,011,549	0.0782%	715,875
Austin Community College District	418,335,000	0.0409%	171,153
Travis County Healthcare District (d/b/a Central Health)	9,380,000	0.0473%	4,439
Travis County Emergency Services District No. 5	-	6.4100%	-
<b>Total</b>	<u>\$2,063,022,728</u>		<u>\$15,385,153</u>
Ratio of Total Debt to 2018 Taxable Assessed Valuation within Improvement Area #1			15.75%
Ratio of Total Overlapping Debt to 2018 Taxable Assessed Valuation within Improvement Area #1			17.11%

<sup>(1)</sup> Based on certified valuations for the Tax Year 2018 for the District's Improvement Area #1 and for the taxing entities.

<sup>(2)</sup> Excludes the Improvement Area #2 Bonds sold concurrently with the Bonds.

Sources: Travis Central Appraisal District, Municipal Advisory Council of Texas, and the Appraisal.

If land is devoted principally to agricultural use, the property owner can apply for an agricultural valuation on the property and pay ad valorem taxes based on the land's agricultural value. Agricultural use includes production of crops or livestock. It also can include leaving the land idle for a government program or for normal crop or livestock rotation. The remaining undeveloped property in Improvement Area #1 owned by the Landowner is currently subject to subject to a wildlife management plan, which allows it to maintain its agricultural valuation. The Landowner expects that this valuation will be terminated on a parcel by parcel basis at the time the applicable property owner begins construction of its development on a parcel.

If land qualified for an agricultural valuation and the land use changes to a non-agricultural use, "rollback taxes" are assessed for each of the previous 5 years in which the land received the lower agricultural valuation. The rollback tax is the difference between taxes paid on the land's agricultural value and the taxes that the land owner would have paid if the land had been taxed on a higher market value plus interest charged for each year from the date on which taxes would have been due.

If the land use changes to a non-agricultural use on only a portion of a larger tract, the land owner can fence off the remaining land and maintain the agricultural valuation on the remaining land. In this scenario, the land owner would only be responsible for rollback taxes on that portion of the land where use changed and not the entire tract.

It is expected that rollback taxes will be paid by the Landowner or purchasers from the Landowner during development of Improvement Area #1 when assessed after the change in use occurs for the applicable parcel.



**Selected Financial Information for Improvement Area #1**

The City has levied Improvement Area #1 Assessments in Improvement Area #1 on Assessable Property, which may be paid in Annual Installments, to pay for the Bonds. The following tables and calculations relate to the Bonds and to single family homes or lots within Improvement Area #1.

**Selected Financial Information Relating to Single Family Homes in Improvement Area #1 <sup>(1)</sup>**

Number of Unfinished Lots owned by Homebuilders	138 <sup>(2)</sup>
Number of Completed Lots owned by Homebuilders	0 <sup>(2)</sup>
Number of Lots with Homes under Construction owned by Homebuilders	32 <sup>(2)</sup>
Number of Lots with Completed Homes owned by Homebuilders	10 <sup>(2)</sup>
Number of Lots with Completed Homes owned by Individual Homeowners	<u>190</u> <sup>(2)</sup>
Total Number of Lots expected to be subject to Assessments	370

2018 Average Assessed Taxable Value of Lots	\$49,111 <sup>(3)</sup>
2018 Average Assessed Taxable Value of Completed Homes	\$335,607 <sup>(3)</sup>

Total Assessment Debt	
The Bonds	4,265,000 <sup>(1)</sup>
The Initial Improvement Area #1 Bonds	<u>9,895,000</u>
Total	<u>\$14,160,000</u>

Average Assessment per Lot upon issuance of the Bonds	\$12,702
Average Assessments value to lien for Finished Lots	5.56x <sup>(4)</sup>
Average Assessments value to lien for Completed Homes	27.81x <sup>(4)</sup>
<i>Projected Average Annual Installment per Lot upon issuance of the Bonds</i>	\$1,737 <sup>(5)</sup>
<i>Projected Average Annual Installments for Finished Lots as tax rate equivalent</i>	\$2.4511
<i>Projected Average Annual Installments for Completed Homes as tax rate equivalent</i>	\$0.4902 <sup>(4)</sup>
<i>Projected Maximum Annual Installment per Lot upon issuance of the Bonds</i>	\$1,905 <sup>(5)</sup>
<i>Projected Maximum Annual Installments for Finished Lots as tax rate equivalent</i>	\$2.6885
<i>Projected Maximum Annual Installments for Completed Homes as tax rate equivalent</i>	\$0.5377 <sup>(4)</sup>

<sup>(1)</sup> Assumes the Bonds are issued.  
<sup>(2)</sup> As of November 26, 2018, reported by the Landowner. All homes are expected to be constructed by Lennar.  
<sup>(3)</sup> Reflects the assessed taxable values, as of January 1, 2018, and as certified by the Travis Central Appraisal District, and constructed home counts provided in the Landowner's quarterly reports related to the Initial Improvement Area #1 Bonds.  
<sup>(4)</sup> Reflects average home prices and lot values in Improvement Area #1 of \$353,297 and \$70,659, respectively, as provided in the Service and Assessment Plan.  
<sup>(5)</sup> Inclusive of the Additional Interest for the Delinquency Reserve Account and the Prepayment Reserve Account, and the currently budgeted Administrative Expenses per year.

**2018 Assessed Valuation of Improvement Area #1**

As reported by the Travis Central Appraisal District, the 2018 taxable assessed valuation for all of Improvement Area #1 is approximately \$89,929,450, as of January 1, 2018.

## ASSESSMENT PROCEDURES

### General

Capitalized terms used under this caption and not otherwise defined in this Limited Offering Memorandum shall have the meaning given to such terms in the Service and Assessment Plan. As required by the PID Act, when the City determines to defray a portion of the costs of the Improvement Area #1 Improvements through Improvement Area #1 Assessments, it must adopt a resolution generally describing the Improvement Area #1 Improvements and the land within Improvement Area #1 of the District to be subject to Improvement Area #1 Assessments to pay the costs therefor. The City has caused an assessment roll to be prepared (the "Improvement Area #1 Assessment Roll"), which Improvement Area #1 Assessment Roll shows the land within Improvement Area #1 assessed, the amount of the benefit to and the Improvement Area #1 Assessment against each lot or parcel of land and the number of Annual Installments in which the Improvement Area #1 Assessment is divided. The Assessment Roll was filed with the City Clerk and made available for public inspection. Statutory notice was given to the owners of the property to be assessed and a public hearing was conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Improvement Area #1 Improvements and funding the same with Improvement Area #1 Assessments. The City levied the Improvement Area #1 Assessments and adopted the Improvement Area #1 Assessment Ordinance on June 20, 2013. After such adoption, the Improvement Area #1 Assessments became legal, valid and binding liens upon the property against which the Improvement Area #1 Assessments are made.

Under the PID Act, the costs of Improvement Area #1 Improvements to be defrayed through Improvement Area #1 Assessments may be assessed by the City against the assessable property in Improvement Area #1 of the District so long as the special benefit conferred upon the Assessed Parcels by the Improvement Area #1 Improvements equals or exceeds the Improvement Area #1 Assessments. The costs of the Improvement Area #1 Improvements may be assessed using any methodology that results in the imposition of equal shares of cost on Assessed Parcels similarly benefited. The allocation of benefits and assessments to the benefitted land within Improvement Area #1 of the District is presented in the Service and Assessment Plan, which should be read in its entirety. See "APPENDIX C — Form of Service and Assessment Plan."

### Assessment Methodology

The Service and Assessment Plan describes the special benefit received by each parcel of assessable property as a result of the Improvement Area #1 Improvements, provides the basis and justification for the determination that such special benefit exceeds the Improvement Area #1 Assessments levied, and establishes the methodology by which the City allocated the special benefit of the Improvement Area #1 Improvements to parcels in a manner that resulted in equal shares of costs being apportioned to parcels similarly benefited. As described in the Service and Assessment Plan, a portion of the costs of the Improvement Area #1 Improvements are being funded with proceeds of the Bonds, which are payable from and secured by Pledged Revenues, including the Improvement Area #1 Assessments.

As set forth in the Service and Assessment Plan, the benefits received by the Improvement Area #1 Improvements were spread among the benefitted parcels (the "Assessed Property") based on the ratio of the estimated build out value of each parcel to the total estimated build out value for all parcels within Improvement Area #1. As parcels are subsequently divided, the Improvement Area #1 Assessments will be further apportioned based on the ratio of the estimated build out values of the newly created parcels. For single family residential units, when final residential building sites are subdivided by condominium plats or plans, Improvement Area #1 Assessments will be apportioned proportionately among each unit type based on the ratio of the estimated average build out value for the lot type at the time thereof.

The City has determined that allocating the Improvement Area #1 Assessments to the Assessed Property based on the relative estimated build out value of each parcel will result in the imposition of equal shares of the Improvement Area #1 Assessments on parcels similarly situated. The Improvement Area #1 Assessments and the interest thereon are expected to be paid in annual installments as described in the Service and Assessment Plan (the "Annual Installments"). The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Landowner and all future owners within Improvement Area #1. See "APPENDIX C — Form of Service and Assessment Plan."

## **Collection and Enforcement of Assessment Amounts**

Under the PID Act, the Annual Installments may be collected in the same manner and at the same time as regular ad valorem taxes of the City. The Improvement Area #1 Assessments may be enforced by the City in the same manner that an ad valorem tax lien against real property is enforced. Delinquent installments of the Improvement Area #1 Assessments incur interest, penalties and attorney's fees in the same manner as delinquent ad valorem taxes. Under the PID Act, the Assessment Lien is a first and prior lien against the property assessed, superior to all other liens and claims except liens or claims for State, county, school district or municipality ad valorem taxes. See "BONDHOLDERS' RISKS — Assessment Limitations" herein.

The City has covenanted in the Indenture to collect, or cause to be collected, Improvement Area #1 Assessments as provided in the Improvement Area #1 Assessment Ordinance. No less frequently than annually, City staff or a designee of the City shall prepare, and the City Council shall approve, an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include an updated Improvement Area #1 Assessment Roll and a calculation of the Annual Installment for each Parcel. Annual Collection Costs shall be allocated among all Parcels in proportion to the amount of the Annual Installments for the Parcels.

The City covenanted, agreed and warranted in the Indenture that, for so long as any Bonds Similar Secured are Outstanding, 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 the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Improvement Area #1 Assessments.

To the extent permitted by law, notice of the Annual Installments will 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.

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.

The City has implemented the basic timeline and procedures for Improvement Area #1 Assessment collections and pursuit of delinquencies set forth in Exhibit C of the Continuing Disclosure Agreement of the Issuer set forth in APPENDIX E-1 and to comply therewith to the extent that the City reasonably determines that such compliance is the most appropriate timeline and procedures for enforcing the payment of delinquent Improvement Area #1 Assessments.

The City shall not be required under any circumstances to expend any funds for delinquent collection costs in connection with its covenants and agreements under the Indenture or otherwise other than funds on deposit in the Administrative Fund.

Annual Installments will be paid to the City or its agent. Annual Installments are due when billed on or about October 1 each year, and become delinquent on February 1. In the event Improvement Area #1 Assessments are not timely paid, there are penalties and interest as set forth below:

Date Payment <u>Received</u>	Cumulative <u>Penalty</u>	Cumulative <u>Interest</u>	<u>Total</u>
February	6%	1%	7%
March	7%	2%	9%
April	8%	3%	11%
May	9%	4%	13%
June	10%	5%	15%
July	12%	6%	18%

After July, the penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, a 20% attorney's collection fee may be added to the total penalty and interest charge. In general, property subject to lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. An automatic stay by creditors or other entities, including governmental units, could prevent governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In most cases, post-petition Improvement Area #1 Assessments are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

#### Assessment Amounts

**Improvement Area #1 Assessment Amounts.** Approximately 215 acres within Improvement Area #1 is subject to the Improvement Area #1 Assessments. The amounts of the Improvement Area #1 Assessments have been established by the methodology described in the Service and Assessment Plan. The Assessment Roll sets forth for each year the Annual Installment for each Parcel. The Annual Installments for Improvement Area #1 may not exceed the amounts shown on the Improvement Area #1 Assessment Roll. Pursuant to an ordinance passed by the City Council on June 20, 2013, as modified and amended through annual updates and through the amended and restated Service and Assessment Plan, the Improvement Area #1 Assessments were levied against the parcels comprising the Assessed Parcels in Improvement Area #1 as indicated on the Improvement Area #1 Assessment Roll. See "APPENDIX C — Form of Service and Assessment Plan." The Improvement Area #1 Assessments were originally levied in the amount of \$17,235,000, of which amount \$14,160,000 is currently outstanding. The Improvement Area #1 Assessments are allocated as follows:

#### Assessment Allocation by Parcel in Improvement Area #1

<u>Parcel(s)</u>	Number of <u>acres</u>	Total <u>Assessments</u>	Average Annual <u>Installments</u> <sup>(1)</sup>
Tracts 1-5 (future multifamily)	59.8	\$ 4,897,836	\$ 669,766
Tracts 6-7 (The Park at Estancia Ltd)	16.1	1,447,472	197,938
Tract 8 (future office/retail)	16	1,519,926	207,846
Tract 9 (Estancia Villas LLC)	16.3	1,594,897	218,110
Tract 11 Subdivided Portion (single family residential)		2,803,505	383,372
Tract 11 Remainder (undivided single family residential)	71.5	664,403	90,889
Tract 12 (undivided single family residential)	35.2	<u>1,231,872</u>	<u>168,422</u>
<b>Total</b>		<b>\$14,160,000</b>	<b>\$1,936,342</b>

<sup>(1)</sup> Based on the period from 2019 through 2028. Improvement Area #1 Assessments and corresponding Annual Installments will be capped at the Maximum Assessment. See "Maximum Assessments" below.

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**Expected Assessment Allocation by Lot Type for Single Family Lots in Improvement Area #1**

<u>Lot Type</u>	<u>Number of Units</u>	<u>Projected Buildout Value per Unit<sup>(1)</sup></u>	<u>Assessment Per Unit</u>	<u>Total Assessments</u>	<u>Average Annual Installments per Unit<sup>(2)</sup></u>	<u>Equivalent Tax Rate per \$100 AV</u>
Lot Type 1 (50')	158	\$320,000	\$10,473	\$1,654,741	\$1,432	\$0.4476
Lot Type 2 (60')	81	410,000	14,182	1,148,764	1,939	0.4730
Lot Type 3 (50')	120	350,000	14,136	1,696,349	1,933	0.5523
Lot Type 4 (60')	<u>11</u>	450,000	18,175	<u>199,927</u>	2,485	0.5523
<b>Total</b>	<b>370</b>			<b>\$4,699,780<sup>(3)</sup></b>		

<sup>(1)</sup> Derived from information obtained from the Service and Assessment Plan, and from lot counts and values provided by the Landowner.

<sup>(2)</sup> Based on the period from 2019 through 2028.

<sup>(3)</sup> Includes all Improvement Area #1 Assessments levied against Tracts 11 and 12.

The Annual Installments shown on the Improvement Area #1 Assessment Roll will be reduced to equal the actual costs of repaying the Bonds Similarly Secured, the 0.5% of additional interest and actual Annual Collection Costs (as provided for in the definition of such term), taking into consideration any other available funds for these costs, such as interest income on account balances.

*Method of Apportionment of Improvement Area #1 Assessments.* For purposes of the Service and Assessment Plan, the City Council has determined that the Improvement Area #1 Assessments shall be allocated to the Assessed Parcels according to estimated buildout value per Assessed Parcel. If an Assessed Parcel is divided, the Improvement Area #1 Assessment of such Parcel before the division shall be reallocated to the newly created Parcels by City staff or by a third party consultant contracted by the City to administer the PID (the "PID Administrator") (and approved by the City Council in the next Annual Service Plan Update) based on the ratio of estimated build out value of each Assessed Parcel to estimated build out value of all newly-created Assessed Parcels. If the division is by a recorded subdivision plat, the Improvement Area #1 Assessment of such Parcel before the division shall be reallocated to the newly created lots by the PID Administrator (and approved by the City Council in the next Annual Service Plan Update) based on the ratio of estimated build out value of each Lot Type of Assessed Parcels to estimated build out value of all newly-created Assessed Parcels. See "APPENDIX C — Form of Service and Assessment Plan."

The Bonds are secured by a first lien on and pledge of Pledged Revenues, including the Improvement Area #1 Assessments. See "SECURITY FOR THE BONDS SIMILARLY SECURED" and "APPENDIX C — Form of Service and Assessment Plan."

**Maximum Assessments in Improvement Area #1**

Pursuant to the Service and Assessment Plan, the City has established a maximum Improvement Area #1 Assessment ("Maximum Assessment") for each parcel based on Lot Type and expected lot/unit count. The Maximum Assessment is equal to: (1) for multifamily parcels, \$5,843 per multifamily dwelling unit, and (2) for all other lot types, an amount that produces an Annual Installment for the year in which the Maximum Assessment Calculation Date occurs resulting in an equivalent tax rate that does not exceed 125% of the City's tax rate in the fiscal year the Maximum Assessment is determined (the "Maximum Equivalent Tax Rate") based on the estimated buildout for such lot type. The Maximum Assessment Calculation Date means 30 days prior to subdividing by plat, issuance of a site development permit, creating units by a horizontal condominium regime, or any other action that would cause the uses within a parcel to differ from the uses shown on Exhibit I and Exhibit K of the Service and Assessment Plan. As further described below, if the allocated Improvement Area #1 Assessment exceeds the Maximum Assessment for any parcel, the owner of such parcel must prepay the portion of the Improvement Area #1 Assessment that exceeds the Maximum Assessment. The City's 2018 tax rate is \$0.4403 per \$100 of taxable assessed value.

## **Prepayment of Improvement Area #1 Assessments**

*Voluntary Prepayments.* Pursuant to the PID Act and the Indenture, the owner of any property assessed may voluntarily prepay (a "Prepayment") all or part of any Improvement Area #1 Assessment levied against any lot or parcel, together with accrued interest to the date of payment, at any time. Upon receipt of such Prepayment, such amounts will be applied towards the redemption or payment of the Bonds Similarly Secured. Amounts received at the time of a Prepayment which represent a payment of principal, interest, or penalties on a delinquent installment of an Assessment are not to be considered a Prepayment, but rather are to be treated as payment of regularly scheduled Improvement Area #1 Assessments.

*Mandatory Prepayments.* If the Improvement Area #1 Assessment for any lot or parcel exceeds the Maximum Assessment on the Maximum Assessment Calculation Date, the owner shall partially prepay the Improvement Area #1 Assessment for each Assessed Property that exceeds the Maximum Assessment in an amount sufficient to reduce the Improvement Area #1 Assessment to the Maximum Assessment.

Additionally, if (i) Assessed Property is transferred to a party that is exempt from the payment of the Assessment under applicable law, or (ii) an owner of Assessed Property causes the Assessed Property to become Non-Benefited Property, the owner of such Assessed Property shall pay to the City the full amount of the Assessment, plus all Prepayment Costs and Delinquent Collection Costs, prior to any such transfer or act, in accordance with the Service and Assessment Plan.

## **Reduction of Improvement Area #1 Assessments**

If as a result of cost savings or an Improvement Area #1 Improvement not being constructed, the Actual Costs of completed Improvement Area #1 Improvements are less than the Improvement Area #1 Assessments levied for such Improvement Area #1 Improvements, the City Council shall reduce each Improvement Area #1 Assessment related to such Improvement Area #1 Improvements on a pro-rata basis such that the sum of the resulting reduced Improvement Area #1 Assessments, for all Assessed Properties receiving benefit from the Improvement Area #1 Improvements, equals the reduced Actual Costs. The Improvement Area #1 Assessments shall not, however, be reduced to an amount less than the applicable outstanding Bonds Similarly Secured.

## **Priority of Lien**

The Improvement Area #1 Assessments or any reassessment, the expense of collection, and reasonable attorney's fees, if incurred, constitute a first and prior lien against the property assessed, superior to all other liens and claims except liens or claims for the State, county, school district or municipality ad valorem taxes, and are a personal liability of and charge against the owners of the property regardless of whether the owners are named. The lien is effective from the date of the Improvement Area #1 Assessment Ordinance until the Improvement Area #1 Assessment is paid, and may be enforced by the City in the same manner as an ad valorem tax levied against real property may be enforced by the City. The owner of any property assessed may pay the entire Improvement Area #1 Assessment levied against any lot or parcel, together with accrued interest to the date of payment, at any time.

## **Foreclosure Proceedings**

In the event of delinquency in the payment of any Annual Installment, except for unpaid Improvement Area #1 Assessments on homestead property (unless the lien associated with the assessment attached prior to the date the property became a homestead), the City is empowered to order institution of an action in state district court to foreclose the lien of such delinquent Annual Installment. In such action the real property subject to the delinquent Annual Installments may be sold at judicial foreclosure sale for the amount of such delinquent Annual Installments, plus penalties and interest.

Any sale of property for nonpayment of an installment or installments of an Improvement Area #1 Assessment will be subject to the lien established for remaining unpaid installments of the Improvement Area #1 Assessment against such property and such property may again be sold at a judicial foreclosure sale if the purchaser thereof fails to make timely payment of the non-delinquent installments of the Improvement Area #1 Assessments

against such property as they become due and payable. Judicial foreclosure proceedings are not mandatory. In the event a foreclosure is necessary, there could be a delay in payments to owners of the Bonds Similarly Secured pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale. It is possible that no bid would be received at the foreclosure sale, and in such event there could be an additional delay in payment of the principal of and interest on Bonds Similarly Secured or such payment may not be made in full. The City is not required under any circumstance to purchase or make payment for the purchase of the delinquent Improvement Area #1 Assessment on the corresponding Assessed Parcel.

The City has covenanted in the Indenture to 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, provided that the City is not required to expend any funds for collection and enforcement of Improvement Area #1 Assessments other than funds on deposit in the Administrative Fund. Pursuant to the Indenture, Foreclosure Proceeds (excluding Delinquent Collection Costs) constitute Pledged Revenues to be deposited into the Pledged Revenue Fund upon receipt by the City and distributed in accordance with the Indenture. See “APPENDIX B — Form of Indenture.” See also “APPENDIX E-1 — Form of Disclosure Agreement of the Issuer” for a description of the expected timing of certain events with respect to collection of the delinquent Improvement Area #1 Assessments.

The City will not be obligated to fund foreclosure proceedings out of any funds other than in the Administrative Fund. If Pledged Revenues are insufficient to pay foreclosure costs, the owners of the Bonds Similarly Secured may be required to pay amounts necessary to continue foreclosure proceedings. See “APPENDIX B — Form of Indenture” and “APPENDIX C — Form of Service and Assessment Plan.”

## THE CITY

### Administration

Incorporated in 1839, the City operates under a Council-Manager form of government under its home rule charter. As a result of an amendment to the Austin City Charter approved at an election held in November, 2012, the configuration of the City Council has changed from a seven member council, comprised of a Mayor and six council members elected at large, to an eleven member council, with the Mayor elected at large, and the remaining members elected from ten single member districts. The first council election held in accordance with the 2012 amendment to the City Charter was held November 4, 2014. See “APPENDIX A – General Information Regarding the City – General Information” in this document.

By charter, the City Council appoints a City Manager for an indefinite term who acts as the chief administrative and executive officer of the City. The duties include, among others, the supervision of all City departments, the preparation and administration of an annual budget and the preparation of a report on the finances and administrative activities of the City.

#### *City Manager – Spencer Cronk*

Mr. Spencer Cronk joined the City as City Manager on February 12, 2018. Before joining the City of Austin, Mr. Cronk was Minneapolis City Coordinator (City Administrator). He directed the management of Minneapolis city government by assisting the Mayor and City Council in defining City policy and establishing priorities, mobilizing department heads and staff to implement the Mayor and Council’s priorities, and working to strengthen the management and administrative systems of the City. Mr. Cronk previously served as Commissioner of the Minnesota Department of Administration, a role he was appointed to by Governor Mark Dayton in 2011. As Commissioner, Mr. Cronk led the state’s real property, purchasing, fleet, demographic analysis and risk management divisions responsible for more than \$2 billion in State purchasing and the historic renovation of the Minnesota State Capitol. Additionally, Mr. Cronk also served as chair of the Minnesota Public Data Governance Advisory Committee, and as a member of the Environmental Quality Board and the Minnesota Indian Affairs Council. Before joining the State of Minnesota, Mr. Cronk served as executive director of organizational development and senior advisor for the Department of Small Business Services for the City of New York, under former Mayor Michael Bloomberg. His accomplishments there included the design and implementation of a comprehensive performance-management system and the development

of a program for integrating new employees, which was used citywide as a best practice template for the City of New York's 300,000 employees. Mr. Cronk has served a number of community organizations and agencies, including as an Advisory Council member for Northern Spark, a member of the Minnesota Advisory Board of the Trust for Public Land, and a member of the Itasca Project Task Force on Socioeconomic Disparities in the Twin Cities. He was a recipient of the Minneapolis/St. Paul Business Journal's "40 Under 40" Award in 2013. Mr. Cronk received his bachelor's degree with honors from the University of Wisconsin–Madison. He is a graduate of Harvard University's Senior Executives in State and Local Government Program and was a Public Affairs Fellow with the Coro New York Leadership Center.

*Deputy City Manager/Chief Financial Officer – Elaine Hart, CPA*

Ms. Elaine Hart received her B.B.A. in Accounting from The University of Texas at Arlington. Effective upon the adoption of the City's fiscal year 2019 budget, Ms. Hart became Deputy City Manager. Her career with the City spans more than 20 years, including over 10 years in public power. Ms. Hart served as Interim Chief Financial Officer for two months before being appointed to the position of Chief Financial Officer in April 2012. Prior to her appointment as Chief Financial Officer, she served as Senior Vice President of Finance and Corporate Services for Austin Energy, the municipally-owned electric utility. During her tenure at the City (service not continuous), she has also served in other financial capacities, including the City's Chief Financial Officer in the late 1980s, Assistant Finance Director, City Controller and Deputy City Auditor. Ms. Hart also has private sector auditing, accounting and consulting experience.

*Deputy Chief Financial Officer – Greg Canally*

Mr. Greg Canally is the Deputy Chief Financial Officer for the City of Austin over the Treasury Office, Purchasing Office & Capital Contract Office, and worked as the Finance lead on economic development, transportation initiatives, facility master planning, and a variety of information technology issues for the City. Mr. Canally has been with the City of Austin for 17 years, entirely in the Finance Department. From 2004 through 2008, he was the City's Budget Officer. He is a past member of Government Finance Officers Association's Committee on Economic Development and Capital Planning. Prior to his work in municipal government, Mr. Canally worked as a project manager/economist for HDR Engineering, working with all levels of government to implement Water Planning solutions in Texas. Mr. Canally holds a Bachelor of Science in Economics from Villanova University and a Master of Science in Economics from the University of Texas at Austin.

See "APPENDIX A – General Information Regarding the City" for more information.

## THE DISTRICT

### General

The PID Act authorizes municipalities, such as the City, to create public improvement districts within their boundaries or extraterritorial jurisdiction, and to impose assessments within the public improvement district to pay for certain improvements. The District was created by the City in accordance with the PID Act by a resolution adopted by the City Council on June 6, 2013 (the "Creation Resolution"), for the purpose of, among others, funding the Improvement Area #1 Improvements. The District is not a separate political subdivision of the State of Texas and is governed by the City Council. The property within the District has been annexed by the City for limited purposes. The District contains approximately 593.791 acres of land, and Improvement Area #1 contains approximately 215 acres of land subject to Improvement Area #1 Assessments. A map of the property within the District, including Improvement Area #1, is included on page iv hereof.

### Powers and Authority of the City

Pursuant to the PID Act, the City may establish and create the District and undertake, or reimburse a property owner or developer for the costs of, improvement projects that confer a special benefit on property located within the District, whether located within the City limits or the City's extraterritorial jurisdiction. The PID Act provides that the City may levy and collect Improvement Area #1 Assessments on property in Improvement Area #1 of the District,



or portions thereof, payable in periodic installments based on the benefit conferred by an improvement project to pay all or part of its cost.

Pursuant to the PID Act and the Creation Resolution, the City has the power to undertake, or reimburse a property owner or developer for the costs of, the financing, acquisition, construction or improvement of the Improvement Area #1 Improvements. See “THE IMPROVEMENTS.” Pursuant to the authority granted by the PID Act and the Creation Resolution, the City has determined to undertake the construction, acquisition or purchase of certain water, wastewater, drainage, roadway, hardscape, landscape and hike and bike trail public improvements comprising the Improvement Area #1 Improvements and to finance a portion of the costs thereof through the issuance of the Bonds. The City has further determined to provide for the payment of debt service on the Bonds through Pledged Revenues. See “ASSESSMENT PROCEDURES” herein and “APPENDIX C — Form of Service and Assessment Plan.”

**District Collection and Delinquency History of Assessments in Improvement Area #1**

Pursuant to an ordinance passed by the City Council on June 20, 2013, the City levied the Improvement Area #1 Assessments on assessable property in Improvement Area #1. The annual installments of Improvement Area #1 Assessments were billed beginning in October of 2014. The following table shows the collection and delinquency history of the Improvement Area #1 Assessments.

**Collection and Delinquency of Improvement Area #1 Assessments**

Fiscal Year Ending 9/30	Annual Installments Levied	Parcels Levied <sup>(1)</sup>	Delinquent Amount as of 3/1	Delinquent Percentage as of 3/1	Delinquent Amount as of 9/1	Delinquent Percentage as of 9/1	Annual Installments Collected
2015	\$1,772,155.00	4	-	0.00%	-	0.00%	\$1,772,155.00
2016	1,766,370.00	79	\$9,375.00	0.53%	\$6,513.00	0.37%	1,759,857.00
2017	1,745,225.20	184	7,744.98	0.44%	6,454.15	0.37%	1,738,801.05
2018	1,786,810.05	244	3,654.94	0.20%	1,010.30	0.06%	1,785,799.75

<sup>(1)</sup> Pursuant to Section 31.031, Texas Tax Code, certain veterans, persons aged 65 or older, and the disabled, who qualify for an exemption under either Section 11.13(c), 11.32, or 11.22, Texas Tax Code, are eligible to pay property taxes in four equal installments (“Installment Payments”). Effective January 1, 2018, pursuant to Section 31.031(a-1), Texas Tax Code, the Installment Payments are each due before February 1, April 1, June 1, and August 1. Each unpaid Installment Payment is delinquent and incurs penalties and interest if not paid by the applicable date.

**Improvement Area #1 Assessment Payer Concentration.** The following table shows the top assessment-payers in Improvement Area #1 for Fiscal Year 2019:

Owner	Total Annual Installments	Percentage of Total Annual Installments
SLF III – Onion Creek LP	\$ 824,984.71	45.32%
Lennar Homes of Texas Land & Construction Ltd	243,761.07	13.39%
Estancia Villas LLC	205,030.88	11.26%
The Park at Estancia Ltd	186,068.28	10.22%
Total Annual Installments Levied	\$1,820,227.47	

**Foreclosure History.** As of November 1, 2018, there has never been a foreclosure sale of any assessed property within Improvement Area #1.

**Prepayments of Improvement Area #1 Assessments.** As of November 1, 2018, there have been no prepayments of Improvement Area #1 Assessments.

## THE IMPROVEMENTS

### General

A portion of the costs of the Improvement Area #1 Improvements were initially funded with the Initial Improvement Area #1 Bonds and the remainder of the costs of the Improvement Area #1 Improvements will be financed with the proceeds of the Bonds. The Improvement Area #1 Improvements have been dedicated to the City or to Travis County (the "County"). The Landowner was responsible for the completion of the construction, acquisition or purchase of the Improvement Area #1 Improvements, and the Landowner or its designee acted as construction manager. From the proceeds of the Bonds, the City will pay the Landowner for a portion of the project costs actually incurred in developing and constructing the Improvement Area #1 Improvements within or serving the District.

### Development Plan

The current development plan for the public improvements that are to be financed through the District (the "Authorized Improvements") is divided into three phased improvement areas. See "THE DEVELOPMENT" and "APPENDIX C — Form of Service and Assessment Plan." The Landowner has completed construction of all the Improvement Area #1 Improvements. The Landowner is currently designing and pursuing governmental approvals in preparation for the construction of the Improvement Area #2 Improvements. The Landowner expects that the construction of the Authorized Improvements for Improvement Area #3 will occur after the construction of the Improvement Area #2 Improvements.

***Improvement Area #1 Improvements.*** The Landowner completed construction of the Improvement Area #1 Improvements, including water, wastewater, roadway, drainage, hardscape, landscape and hike and bike trail public improvements located inside and outside the District, in the first quarter of 2016. Water and wastewater improvements were dedicated to the City for ownership and maintenance. Roadway improvements, including related drainage improvements, were dedicated to Travis County for ownership and maintenance. The Improvement Area #1 Improvements include:

Wastewater Line #1. Wastewater line #1 consists of a wastewater collection system ranging from 8"-24" in diameter with a depth ranging from 8 feet deep to 50 feet deep. Wastewater line #1 also includes a 180 LF bore and a vortex manhole that will tie into an existing City wastewater interceptor located along Onion Creek. The property is located parallel to Onion Creek and a portion of Old San Antonio Road. Wastewater line #1 will benefit Improvement Area #1. Wastewater line #1 has been constructed to City standards and specifications and has been dedicated to and maintained by the City.

Wastewater Line #2. Wastewater line #2 consists of a wastewater collection system to service the onsite development. Wastewater line #2 will tie into the offsite wastewater line and will eventually convey flows to an existing City wastewater interceptor. Wastewater line #2 will benefit Improvement Area # 1. Wastewater line #2 was constructed to City standards and specifications and has been dedicated to and maintained by the City.

Water Line. The water Line consists of a water distribution system ranging from 8"-16" in diameter. The water Line will tie into an existing City water transmission main located along the IH-35 frontage road adjacent to the property. The water line will benefit Improvement Area # 1. The water line has been constructed to City standards and specifications and has been dedicated to and maintained by the City.

Estancia Parkway (Phase I). Estancia Parkway (Phase I) is a 90-foot parkway consisting of roadway with retaining walls, turn lanes, curb and gutter systems, and revegetation of all disturbed areas within the right-of-way. Estancia Parkway provides a link between Old San Antonio Road and Camino Vaquero Parkway. It will eventually connect the property out to Puryear Parkway in Phase II. The roadway has been constructed to City and County standards and specifications and has been dedicated to and maintained by the County.

Camino Vaquero Parkway. Camino Vaquero Parkway is a 90 foot parkway consisting of roadway with retaining walls, turn lanes, curb and gutter systems, and revegetation of all disturbed areas within the right-of-way. Camino Vaquero Parkway provides a link between IH-35 southbound access road and Estancia Parkway. It will eventually connect to a new IH-35 acceleration and deceleration lane into and out of the property. The roadway has been constructed to City and County standards and specifications and has been dedicated to and maintained by the County.

Existing Central Pond Improvements. These will include a reconstructed outlet structure to the existing pond located near the center of the property. This will allow the pond to function as a detention structure for Camino Vaquero Parkway and Estancia Parkway (Phase I). The central pond improvements have been constructed to City and County standards and specifications including a public drainage easement to the City and County but maintained by the Master POA.

Wet Pond North. Wet pond north has been designed for fully-developed conditions for Improvement Area # 1. The inlet and outlet structures have been designed assuming fully-developed conditions of all development that will eventually drain to the wet pond north. Flow dissipaters and spreaders will be used to ensure a smooth transition from channel to sheet flow. Temporary rock berm will be utilized at all discharge points to reduce velocities and control erosion until permanent vegetation and controls are established. All storm sewer and drainage conveyance will be contained within proposed drainage easements. Wet pond north has been constructed to City and County standards and specifications including a public drainage easement to the City and County but maintained by the Master POA.

Wet Pond West. Wet pond west has been designed for fully-developed conditions for Improvement Area #1. The inlet and outlet structures have been designed assuming fully-developed conditions of all development that will eventually drain to wet pond west. Flow dissipaters and spreaders will be used to ensure a smooth transition from channel to sheet flow. Temporary rock berm will be utilized at all discharge points to reduce velocities and control erosion until permanent vegetation and controls are established. All storm sewer and drainage conveyance will be contained within proposed drainage easements. The project has been constructed to City and County standards and specifications including a public drainage easement to the City and County but maintained by the Master POA.

TxDOT Ramp Relocations and Engineering Cost ("TxDOT Ramp Flip"). The existing ramps to the access road along the frontage of IH-35 prevent access to Camino Vaquero Parkway without exiting IH-35 near Onion Creek Parkway. Per discussions with TxDOT and with their support, the north entrance ramp near Onion Creek will become an exit ramp from IH-35 to the access road. The south exit ramp will become an entrance ramp to IH35 from the access road. Surveying and geotechnical information have been prepared by Owner to assist TxDOT with the design and construction of the ramps. The ramps have been designed to TxDOT standards and specifications and once constructed, will be owned and maintained by TxDOT.

Drainage. This will consist of drainage improvements to support the installation of Camino Vaquero Parkway and Estancia Parkway, as well as onsite development within Improvement Area #1. Runoff conveyance will consist of box culverts and storm sewer system sized to convey the 100 year storm to the ponds that are proposed to be constructed. The roadway runoff will be routed to one of three ponds located within the development which were designed for detention and water quality purposes. The drainage improvements have been constructed to City and County standards and specifications and dedicated to and maintained by the County.

Entry Monumentation. This shall consist of the construction of two entrance monuments, one at the intersection of IH-35 and Camino Vaquero Parkway and one at the intersection of Old San Antonio Road and Estancia Parkway. The entry monumentation is located within a public easement and maintained by the Master POA.

Hardscape. This shall consist of the installation of hardscape to include sidewalks, fencing, driveway improvements, parking, lighting, and signage within the PID. The hardscape will be constructed to City and County standards and specifications. The hardscape is located within the County right-of-way and within a public easement and maintained by the Master POA.

Landscaping. This shall consist of the installation of landscaping including plants, shrubs, and trees within Improvement Area # 1. The landscaping will be installed to City and County standards and specifications. The landscaping is located within the County right-of-way and within an easement granted to the County and will be maintained by the Master POA.

Hike and Bike Trail System. The hike and bike trail system will be located parallel to Old San Antonio Road and Onion Creek and will connect the parks and trail system within Improvement Area #1 together. The trails will consist of a mixture of improved pathways with several ancillary improvements (benches, playscapes, points of interest, etc.) along or near the pathways. The hike and bike trail system will be constructed to City and County standards and specifications. The portion of the Hike & Bike Trail System located within the public park will be owned and maintained by the City, and the portion of the hike and bike trail system located outside of the public park will be maintained by the Master POA and covered by an easement granted to the County or City.

Erosion Control. This consists of the required Erosion and Sedimentation Control Infrastructure, both permanent and temporary controls, as required by the City, County, Texas Commission on Environmental Quality, and Environmental Protection Agency. These controls include, but are not limited to, silt fence, rock berms, stabilized construction entrances, matting and revegetation. The Erosion and Sedimentation Controls will be installed to City, County, TCEQ and EPA specifications and standards. They are located as needed within Improvement Area #1 for protection of slopes and to prevent sedimentation discharge into the watershed.

Miscellaneous Soft Costs (fees, fiscals, etc.). This consists of the fees and fiscal posting requirements of the City and County. They include inspection fees, fiscal for installation of improvements, recording fees for easements and plats, submittal fees for review of plans and specifications by both the County and the City.

The following table reflects the actual costs of the Improvement Area #1 Improvements:

<u>Type of Improvement</u>	<u>Cost<sup>(1)</sup></u>	<u>Percent Complete</u>
Wastewater Line #1	\$1,488,735	100%
Wastewater Line #2	174,745	100%
Water Line	1,226,448	100%
Estancia Parkway (Phase 1)	2,697,181	100%
Camino Vaquero Parkway	507,363	100%
Existing Central Pond Improvements	179,080	100%
Wet Pond North	464,459	100%
Wet Pond West	464,459	100%
TxDOT Ramp Flip	200,000	100%
Drainage	1,833,040	100%
Monumentation	568,875	100%
Hardscape	456,876	100%
Landscape	970,206	100%
Hike and Bike Trail System	345,799	100%
Erosion Control	816,017	100%
Miscellaneous Soft Costs	<u>1,416,789</u>	100%
Total	<u>\$13,810,072</u>	100%

<sup>(1)</sup> Excludes costs related to the issuance of the Bonds and the Initial Improvement Area #1 Bonds. Excludes cost overruns and related development costs which were paid by the Landowner and are not subject to reimbursement from proceeds of Bonds or Improvement Area #1 Assessments.

The total costs of the Improvement Area #1 Improvements including costs related to the issuance of the Bonds and the Initial Improvement Area #1 Bonds in an amount of \$17,701,837, were funded or are being funded in

part by the Initial Improvement Area #1 Bonds (in an initial principal amount of \$12,590,000), and the Bonds (in a principal amount of \$4,265,000). The remaining costs were paid by a contribution from the Landowner.

The Appraisal (as defined below) estimates that the combined value of the property within Improvement Area #1 of the District after construction, acquisition or purchase of the Improvement Area #1 Improvements is \$149,400,000. See “APPRAISAL OF PROPERTY WITHIN IMPROVEMENT AREA #1.” The cost of the Improvement Area #1 Improvements was \$17,701,837 (inclusive of District formation costs and Bond issuance costs). See “SOURCES AND USES OF FUNDS.” Based on value of the property provided in the Appraisal and the outstanding principal of the Bonds and the Initial Improvement Area #1 Bonds, the ratio of the value to lien across Improvement Area #1 of the District is approximately 10.6:1.

**Improvement Area #2 Improvements.** The Landowner is currently designing and pursuing governmental approvals in preparation for the construction of the Improvement Area #2 Improvements, which include water, wastewater, roadway and drainage public improvements that benefit Improvement Area #2 and are located inside and outside the District. The Landowner expects to complete such improvements, in the second quarter of 2020. Water and wastewater improvements will be dedicated to the City for ownership and maintenance. Roadway and drainage improvements will be dedicated to Travis County or TxDOT for ownership and maintenance. **The Improvement Area #2 Improvements are not necessary to complete the development of Improvement Area #1.**

The following table reflects the expected costs of the Improvement Area #2 Improvements:

**Improvement Area #2 Improvement Costs<sup>(1)</sup>**

<u>Type of Improvement</u>	<u>Total Cost</u>
Estancia Parkway Extension	\$3,710,688
Avenida Mercado Street	1,613,254
OSR Turn Lanes at Avenida Mercado	338,905
West Water Quality/Detention Pond	1,038,651
Water Line Improvements (SBFR)	260,892
Wastewater Improvements (OSR)	463,838
SBFR Right Turn Lane at Mercado	<u>143,000</u>
Total	<u>\$7,569,228</u>

<sup>(1)</sup> Does not include approximately \$2,066,510 in costs related to the issuance of the Improvement Area #2 Bonds.

The Landowner expects to begin construction on the Improvement Area #2 Improvements within 120 days of the issuance of the Bonds and the Improvement Area #2 Bonds, and expects to complete them by the second quarter of 2020. As of July 31, 2018, the Landowner has spent approximately \$386,150 in design, engineering and other soft costs in preparation for the construction of the Improvement Area #2 Improvements.

**Additional Improvements.** In addition to the Improvement Area #1 Improvements, the Landowner spent approximately \$2,305,811 constructing the East Water Quality Pond, which will not be reimbursed to the Landowner through the District.

**The Development Agreement**

Pursuant to the Development Agreement, the Landowner agreed to dedicate to the City 33.6 acres in the District to form an “Onion Creek Park” and an additional 57.6 acres in the District as additional parkland, and to construct a trail system within the District. Additionally, the Landowner agreed to reserve approximately 25.3 acres in the District as private parkland for use by the residents.

The Landowner also agreed to construct certain water infrastructure, including looped water lines and related easements, and wastewater infrastructure, including gravity lines, a lift station, force main and related easements, to connect the Development to the City’s water and wastewater systems, a portion of which were Improvement Area #1 Improvements, a portion of which are Improvement Area #2 Improvements, and a portion of which will be constructed at a later date as development of the Development proceeds.

The City annexed the District for the limited purposes of planning and zoning only. See “THE DEVELOPMENT — Zoning/Permitting.” The City further agreed to not full purpose annex property within the District before the earlier of (i) if bonds secured by assessments of the District have been issued on such portion of the District, such bonds have been retired and the assessments have been released, or (ii) July 16, 2034. The City and the Landowner agreed that the City would not issue bonds secured by assessments with terms greater than 15 years.

### **The Financing Agreement**

The Landowner and the City of Austin entered into the Estancia Hill Country Public Improvement District Financing Agreement, dated as of June 20, 2013, as amended by a First Amendment dated November 29, 2018 (“Financing Agreement”). Pursuant to the Financing Agreement, the Landowner has the right to construct public improvements for the District including the Improvement Area #1 Improvements, according to certain rules and regulations of the City, and to be reimbursed for a portion of the costs of such construction through assessments and/or the proceeds of bonds. The Financing Agreement provides that the Landowner may assign such Agreement to any party so long as the assignee has demonstrated to the City’s satisfaction that the assignee has the financial, technical, and managerial capacity, the experience, and expertise to perform any duties or obligations so assigned. The unsold land owned by Landowner and its affiliates in the District is part of an investment fund, Stratford Land Fund III, that is anticipated to reach the end of the scheduled life of the investment fund sometime between June 30, 2019 and December 31, 2019, subject to potential further extensions. The investors in this investment fund have directed Landowner and its affiliates to sell the remaining land in the District, together with the related rights and obligations, including the rights under the Reimbursement Agreement related to the District. Landowner anticipates that the remainder of the land in the District will be sold in 2019 in one or more sales, after the closing of the Bonds and the Improvement Area #2 Bonds. It is anticipated that a buyer may complete the construction of the Improvement Area #2 Improvements and would become the Landowner’s successor under the Financing Agreement. See “BONDHOLDERS’ RISK – Dependence Upon Landowner,” and also “The LANDOWNER,” for more information regarding the Landowner and the entities under common control.

### **Ownership and Maintenance of Improvements**

The Improvement Area #1 Improvements were dedicated to and accepted by the City, the County, or TxDOT, as applicable, and will constitute a portion of the governmental authority's infrastructure improvements. The City, the County, TxDOT, the Master POA or an owner’s association will provide for the ongoing maintenance and repair of the Improvement Area #1 Improvements constructed and conveyed, as outlined in the Service and Assessment Plan.

## **THE DEVELOPMENT**

### **Overview**

Landowner, its affiliates, or subsequent owners and developers are planning the Development as a master-planned mixed use community with single-family residential, multifamily, retail and office/commercial components as further described below. A boundary map of the Development is included on page iv.

The Development is located on the west side of IH 35, south of Onion Creek, east and west of Old San Antonio Road and north of Puryear Road in south central Travis County. The Development was purchased by the Landowner with cash in December 2007. At the time, the land had a few outbuildings which have been removed and no infrastructure. To date the Landowner has invested substantial additional funds to achieve the limited purpose annexation by the City, Planned Unit Development (“PUD”) zoning entitlements, creation of the District and construction of the Improvement Area #1 Improvements.

Improvement Area #1 includes approximately 215 acres subject to the Improvement Area #1 Assessments, which is ultimately expected to consist of approximately 370 detached single family residential units, approximately 92.2 acres of multifamily residential units and approximately 16.0 acres of office and commercial development.

Improvement Area #2 includes approximately 97.3 acres that will be subject to the Improvement Area #2 Assessments that the Landowner expects will consist of approximately 161 detached single family residential units,

approximately 51.3 acres of multifamily residential housing and approximately 16.3 acres of office and commercial development.

Improvement Area #3 includes approximately 180.6 acres, a portion of which are expected to be subject to future special assessments.

Landowner's current expectations regarding the build-out of the entire Development and sale of units therein are shown in the following tables.

**Expected Build-Out Schedule of Development**

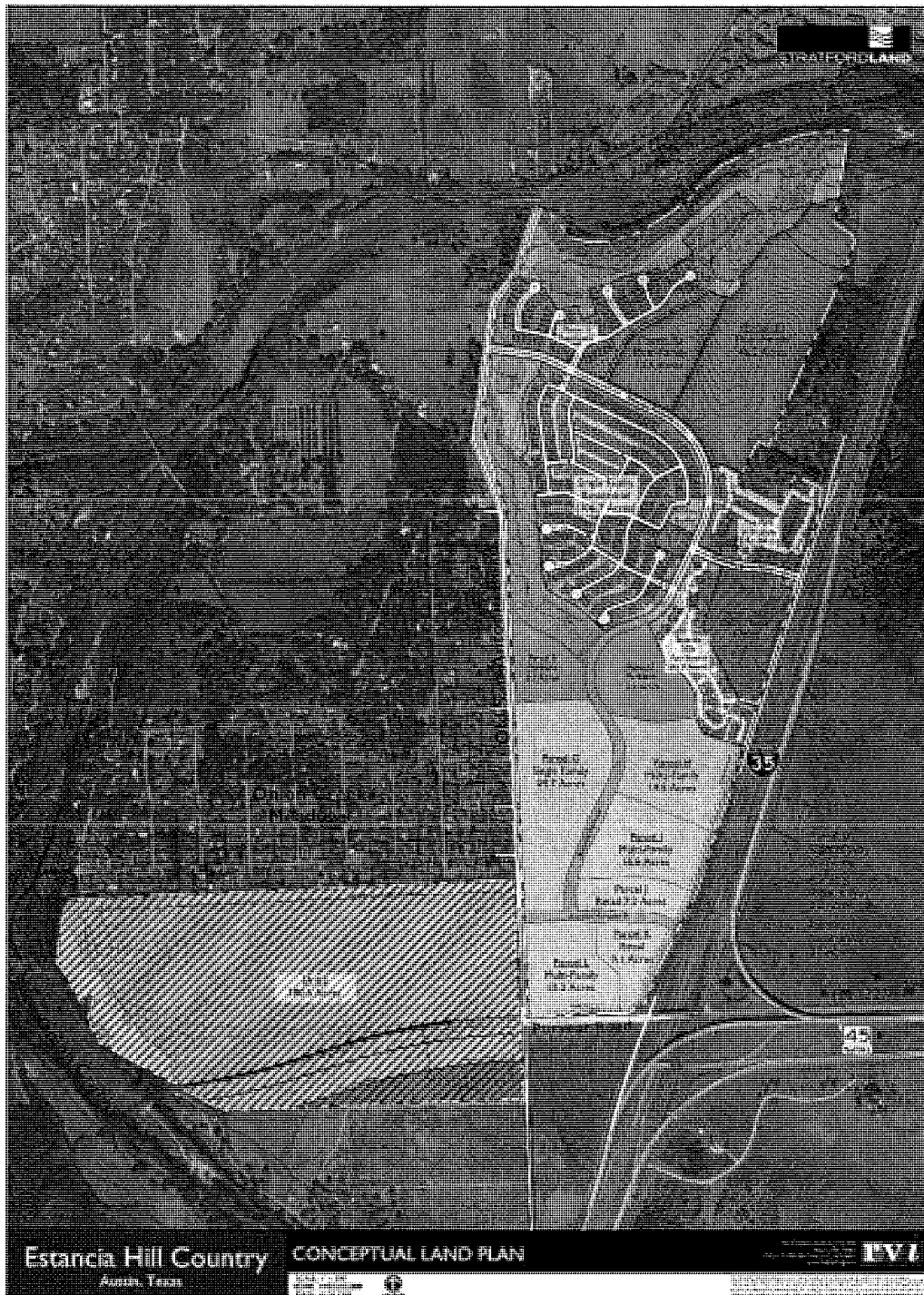
Improvement Area	Single-Family Units	Multi-family Units	Office/Retail Sq Ft	Expected Master Infrastructure Completion Date	Expected Final Sale Date of Single Family Units by Builders
1	370	1,888	232,320	1st Quarter, 2016	2 <sup>nd</sup> Quarter, 2021 <sup>(1)</sup>
2	161	1,050	156,816	2nd Quarter, 2020	4 <sup>th</sup> Quarter, 2022 <sup>(2)</sup>
3	tbd	tbd	tbd	tbd	tbd

<sup>(1)</sup> All single-family units in Improvement Area #1 are expected to be constructed by Lennar.

<sup>(2)</sup> All single-family units in Improvement Area #2 are expected to be constructed by M/I Homes of Austin, LLC.

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The Landowner's current conceptual land plan (which is subject to change), is shown below.





**Current and Expected Build Out of the Development**

*Improvement Area #1.* The Landowner has sold approximately 106.7 acres zoned to allow single-family housing and approximately 32.4 acres zoned to allow multifamily housing within Improvement Area #1 to developers. The current and expected build out of the Development, which is subject to change, is shown in the table below.

**Improvement Area #1 – Current and Expected Build Out**

Improvement Area #1 Parcel	Existing or Proposed Land Use	Expected Units	Estimated Value/Unit	Expected Total Buildout Value	Developer <sup>(1)</sup>
Parcel 1	Multifamily	286 Apartments	\$ 140,000	\$ 39,984,000	tbd
Parcel 2	Multifamily	462 Apartments	140,000	64,680,000	tbd
Parcel 3	Multifamily	174 Apartments	140,000	24,402,000	tbd
Parcel 4	Multifamily	170 Apartments	140,000	23,814,000	tbd
Parcel 5	Multifamily	164 Apartments	140,000	22,932,000	tbd
Parcel 6	Multifamily	153 Apartments	140,000	21,462,000	The Park at Estancia, Ltd.
Parcel 7	Multifamily	185 Apartments	140,000	25,872,000	The Park at Estancia, Ltd.
Parcel 8	Retail	232,320 Sq. Ft.	150	34,848,000	tbd
Parcel 9	Multifamily	312 Apartments	140,000	43,680,000	Estancia Villas LLC
Parcel 11	Lot Type 1	158 Houses	320,000	50,560,000	Lennar
	Lot Type 2	81 Houses	410,000	33,210,000	Lennar
	Lot Type 3	47 Houses	350,000	16,450,000	Lennar
				100,220,000	
Parcel 12	Lot Type 3	73 Houses	350,000	25,550,000	Lennar
	Lot Type 4	11 Houses	450,000	4,950,000	Lennar
<b>Total</b>				<u>30,500,000</u>	
				<b>\$ 432,394,000</b>	

<sup>(1)</sup> Parcels 11 and 12 were acquired by Lennar in 2013, and construction of single family homes is ongoing. Parcel 9 was acquired by Estancia Villas LLC in 2015, and construction of apartments is complete. Parcels 6 and 7 were acquired by The Park at Estancia, Ltd. in 2017, and construction of apartments is ongoing. Parcels 1, 2, 3, 4, 5 and 8 are owned by Landowner.

The number of single family homes constructed in Improvement Area #1 as of November 26, 2018 are shown in the following table:

**Completed Single-Family Home Construction in Improvement Area #1<sup>(1)</sup>**

Lot Size (Typical)	Expected Final Lot Count	Total Platted Lots	Total Completed Homes	Homes/Lots Under Contract with Homebuyers	Homes/Lots Sold to Homebuyers
50'	278	158	132	12	139
60'	92	81	68	3	66
Total	370	239	200	15	205

<sup>(1)</sup> All single-family units in Improvement Area #1 are expected to be constructed by Lennar.

The Landowner's current expectations regarding estimated home prices in Improvement Area #1 of the District are as follows:

**Estimated Single Family Lot and Home Prices in Improvement Area #1<sup>(1)</sup>**

<u>Lot Type</u>	<u>Lot Size (Typical)</u>	<u>Total Lots</u>	<u>Average Base Home Price</u>	<u>Projected Completion of Construction</u>
1	50'	158	\$320,000	2 <sup>nd</sup> Quarter, 2021
2	60'	81	410,000	2 <sup>nd</sup> Quarter, 2021
3	50'	120	350,000	2 <sup>nd</sup> Quarter, 2021
4	60'	<u>11</u>	<u>450,000</u>	2 <sup>nd</sup> Quarter, 2021
Total/Avg		370	\$353,297	

<sup>(1)</sup> All single-family units in Improvement Area #1 are expected to be constructed by Lennar.

Based on information received from the purchasers, the Landowner believes the multi-family properties in Improvement Area #1 are being developed as described below:

**Multi-Family Residential Development in Improvement Area #1**

<u>Owner</u>	<u>Acres</u>	<u>Units</u>	<u>Average Rents</u>	<u>Anticipated Completion</u>
Estancia Villas LLC	16.3	312	Approx. \$1.34 psf	Complete
The Park at Estancia Ltd	<u>16.1</u>	<u>320</u>	Approx. \$1.43 psf	2 <sup>nd</sup> Quarter, 2020
Total	32.4	632		

**Improvement Area #2.** The Landowner expects the property in Improvement Area #2 to be developed as follows:

**Expected Buildout of Improvement Area #2**

<u>Initial Parcel</u>	<u>Planned Use</u>	<u>Planned Number of Units</u>	<u>Projected Buildout Value per Unit</u>	<u>Projected Total Buildout Value</u>
2	Multifamily	350 units	\$120,000	\$ 42,000,000
4	Multifamily	350 units	120,000	42,000,000
6	Commercial	65,340 sq. ft.	150	9,801,000
8	Commercial	91,476 sq. ft.	150	13,721,400
9	Multifamily	350 units	120,000	42,000,000
10	Single Family	137 units (market)	325,000	44,525,000
		24 units (affordable)	185,000	<u>4,440,000</u>
<b>Total</b>				<b>\$198,487,400</b>

**Land Sales to Builders in Improvement Area #2.** The Landowner has entered into a contract with M/I Homes of Austin, LLC to purchase 29.7 acres in Improvement Area #2 zoned to allow for single family homes. The contract is scheduled to close on January 31, 2019, unless extended. The Landowner's current expectations regarding estimated home prices in Improvement Area #2 of the District are as follows:

**Estimated Single Family Lot and Home Prices in Improvement Area #2<sup>(1)</sup>**

<u>Lot Type</u>	<u>Quantity</u>	<u>Average Base Home Price</u>	<u>Expected Final Absorption</u>
Market Rate	137	\$325,000	4 <sup>th</sup> Quarter, 2022
Affordable Housing	24	185,000	4 <sup>th</sup> Quarter, 2022
Total	161		

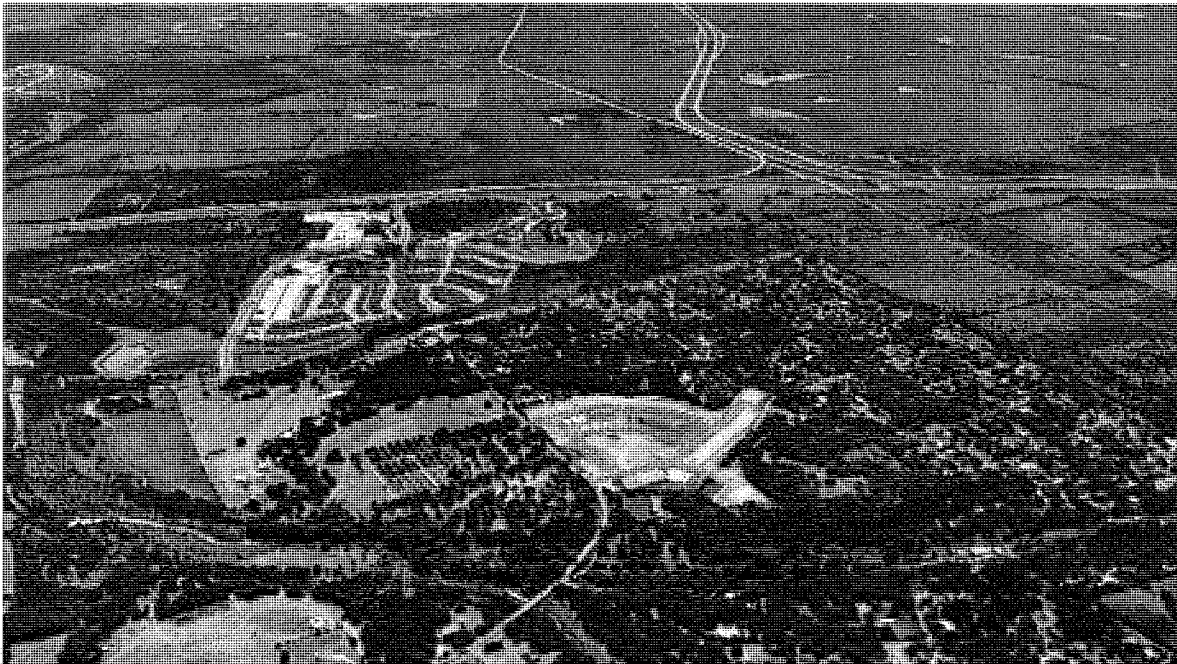
<sup>(1)</sup> All single-family units in Improvement Area #2 are expected to be constructed by M/I Homes of Austin, LLC.

Additionally, the Landowner received offers and inquiries from other parties interested in purchasing property zoned to allow for multifamily or commercial development in Improvement Area #2. Although the Landowner is continuing to market all remaining property in Improvement Area #2, it believes that the remaining portions will be better priced once construction of the Improvement Area #2 Improvements is underway, allowing for the Landowner to continue selling portions of the Development individually or as a whole.

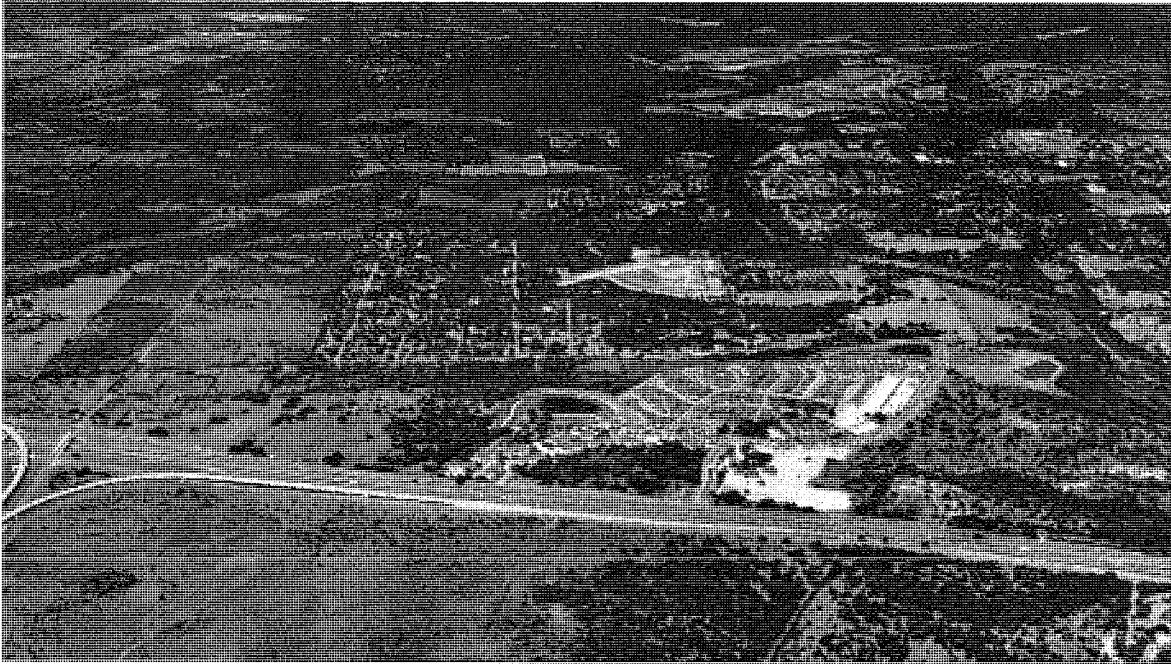
**Improvement Area #3.** Improvement Area #3 is anticipated to contain a varying mix of residential housing but will ultimately depend on market conditions at the time of development.

**Photographs of the Development**

View from the west:



View from the east:



#### **Additional Obligations**

The Landowner expects that construction and installation of public improvements within and serving Improvement Area #3 will occur after construction of the Improvement Area #2 Improvements. Those improvements are expected to be financed in whole or in part with proceeds of Improvement Area #3 Bonds secured by special assessment revenues levied and collected on parcels in Improvement Area #3. The City also reserves the right to issue Additional Obligations for any purpose permitted by the Act, including those described above.

The Bonds, the Initial Improvement Area #1 Bonds, the Improvement Area #2 Bonds and any Improvement Area #3 Bonds or Additional Obligations issued by the City are separate and distinct issues of securities.

#### **Zoning/Permitting**

The Preliminary Plan was approved through Travis County on November 15, 2011, and subsequently amended on December 3, 2014. The Preliminary Plan vests development rights over the entire Development in accordance with local and state regulations.

The Landowner has secured PUD zoning from the City following the City's annexation for the limited purposes of planning and zoning. The PUD zoning ordinance was adopted by the City in June 2013 and effective July 1, 2013, pursuant to City Ordinance 2013-0620-077 (as amended by Ordinance 2014-1211-177), and allows flexibility for each phase of the Development to be developed in a manner to meet market demand at the time of development of each phase, including a mixture of residential, mixed-use, commercial, industrial and open space uses within the Development in conformity with the limitations and conditions set forth in the PUD zoning ordinance. The PUD zoning sets design and construction standards, environmental and water quality impacts, affordable housing requirements, and transportation and bicycle planning. It also requires the Landowner to dedicate up to 9 acres for an intermodal transportation facility and 2 acres for a future fire/EMS station in Improvement Area #3 of the District. The PUD zoning provides for tailored design regulations within the Development and special waivers from standard City Code requirements.

## **Education**

Improvement Area #1 is within Austin Independent School District. Other portions of the District are partially within Austin Independent School District and partially within Hays Consolidated Independent School District. The land plan for the Development does not include a school site.

The Development is served by Menchaca Elementary School in the Austin Independent School District, which is rated as “about average” by GreatSchools.org, and also by Tom Green Elementary in the Hays Consolidated Independent School District, which is rated “below average.” According to the Texas Education Agency (“TEA”) annual school report cards, both Tom Green Elementary and Menchaca Elementary were rated as “Met Standard” (the TEA categories for public schools are Met Standard, Improvement Required or Not Rated). Both Austin Independent School District and Hays Consolidated Independent School District were rated as “Met Standard” in the 2016-2017 Texas Academic Performance Report from the TEA.

## **Amenities**

The primary theme of community amenities for the Development is expected to revolve around the parks and trail system. The Development Agreement requires approximately 116.5 acres of public and private park land along with a network of trails designed to connect each of the park areas. See “THE IMPROVEMENTS – Development Agreement.” Onion Creek is a natural amenity that runs along the northern and western sides of part of the property.

## **Environmental**

*Site Evaluation.* Several environmental studies of the Development have been prepared, including Phase 1 Environmental Site Assessments on November 1, 2007 and May 13, 2015, and a City of Austin Environmental Assessment (collectively, the “Phase 1 – ESA”). The Development as planned provides enhanced water quality facilities, preserving the headwaters of several tributaries and preserving open space.

Based on the information as presented in the Phase 1 – ESA there is no evidence that the Development is currently under federal or state environmental regulatory review or enforcement action and the site reconnaissance, regulatory database review and historical source review revealed no evidence of recognized environmental conditions involving the site.

*Endangered Species.* According to the website for the United States Fish and Wildlife Service, the following endangered species are known or believed to occur in Travis County: Whooping Crane, Golden-cheeked warbler, Barton Springs salamander, Austin Blind Salamander, Bee Creek Cave harvestman, Bone Cave harvestman, Tooth Cave pseudoscorpion, Tooth Cave Spider, Kretschmarr Cave mold beetle, and Tooth Cave ground beetle. According to the website for the United States Fish and Wildlife Service, the following threatened species are known or believed to occur in Travis County: Piping Plover, Red Knot, Georgetown Salamander, and Jollyville Plateau Salamander. The Landowner is not aware of any endangered or threatened species located on District property.

## **Easement Rights**

The previous owners of the property in the District have retained rights to access and use the water under the property from a well located within Improvement Area #3, though they do not hold the right to construct additional wells on the property. Additionally, the previous owners and certain other parties hold easements for water lines, electric lines and telephone lines on the property.

## **Geotechnical Exploration**

A Geotechnical Data Report (the “Geotech”) was prepared for the Improvement Area #1 Improvements by Raba Kistner, dated March 23, 2012. The Geotech analyzed the soil layer composition and groundwater at various points in Improvement Area #1 of the District.

## Utilities

The City will provide both water and wastewater service to the Development. Pursuant to the Development Agreement, the Landowner (and/or its successors) is required to construct certain facilities within the District necessary for the City to provide water and wastewater service, a portion of which facilities are Authorized Improvements. See "THE IMPROVEMENTS."

Additional utilities are provided by the following entities:

Gas	Texas Gas Service
Phone/Data	AT&T
Electric	Austin Energy (Improvement Area #1) or Pedernales Electric Cooperative (Improvement Area #2)
Cable	AT&T

## THE LANDOWNER

### General

In general, the activities of a developer in a development such as the District include purchasing the land, designing the subdivision, including the utilities and streets to be installed and any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, sewer, and drainage facilities, as well as telephone and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. The relative success or failure of a developer to perform such activities within a development may have a material effect on the security of the revenue bonds, such as the Bonds, issued by a public improvement district. A developer is generally under no obligation to a public improvement district, such as the District, to develop the property which it owns in a development. Furthermore, there is no restriction on the developer's right to sell any or all of the land which the developer owns within a development. In addition, a developer is ordinarily the major tax and assessment payer within a district during its development.

### SLF III – Onion Creek, L.P.

SLF III – Onion Creek, L.P. owns all of the property within Improvement Area #2 of the District, and Tracts 1, 2, 3, 4, 5 and 8 in Improvement Area #1. Another eighteen (18) entities affiliated with SLF III – Onion Creek, L.P. each own approximately 10 acres, for a total of approximately 180.6 acres, within Improvement Area # 3 of the District.

The Development is an investment of Stratford Land Fund III, L.P. ("Stratford Land Fund III") a private equity fund sponsored and managed by Stratford Land Manager, L.P. (together with its predecessors and affiliates, "Stratford Land").

### Stratford Land

Established in 1983 and based in the United States, Stratford Land is a real estate investment manager focusing on high growth corridors in the "Sunbelt" region from North Carolina to Florida and across to Texas, Arizona and southern California. Stratford Land, through its investment vehicles, has invested in approximately \$800 million of land acquisitions and development. Until 1998, Stratford Land formed and managed a series of 19 separate single-asset partnerships to invest in land. Since 1998, Stratford Land's primary investment management vehicles include five funds that have invested in land investments (equity and debt) such as the Development.

Investment vehicles sponsored by Stratford Land have owned 85 properties totaling in excess of 65,000 acres across the southern United States. Planned for various uses, these investment vehicles often obtain project entitlements

and in some cases, construct master infrastructure, and then sell pods to developers. Occasionally, Stratford Land investment vehicles develop the vertical improvements.

The unsold land owned by Landowner and its affiliates in the District is part of an investment fund, Stratford Land Fund III, that is anticipated to reach the end of the scheduled life of the investment fund sometime between June 30, 2019 and December 31, 2019, subject to potential further extensions. The investors in this investment fund have directed Landowner and its affiliates to sell the remaining land in the District, together with the related rights and obligations, including the rights under the Reimbursement Agreement related to the District. Landowner anticipates that the remainder of the land in the District will be sold in 2019 in one or more sales, after the closing of the Bonds and the Improvement Area #2 Bonds. It is anticipated that a buyer may complete the construction of the Improvement Area #2 Improvements and would become the Landowner’s successor under the Financing Agreement. See “THE IMPROVEMENTS – The Financing Agreement,” and “BONDHOLDERS’ RISK – Dependence Upon Landowner.”

### Stratford Equity Investing

Stratford Land uses a proprietary model for purchasing land in major metro, coastal and mountain areas where the prospects for growth, spurred by jobs and population increases, are superior. Key indicators include market, political and financial forces. Downside risk is limited through an extensive due diligence and underwriting process.

Stratford Land acquires land that may be completely undeveloped, partially developed or in the process of being developed with “horizontal” infrastructure. Land purchases are typically held and sold over an average of three-to-seven years. The primary source of deal flow is off-market opportunities identified by Stratford Land’s on-the-ground investment teams handling each respective market. Target acquisitions include land:

- for any product type including office, retail, industrial, multi-family and single-family residential;
- for single product uses as well as land for mixed-use or master-planned community development;
- parcels ranging from infill tracts under 10 acres to multi-phased master-planned communities in the thousands of acres;
- located in primary growth corridors or in redeveloping infill areas in Texas, Arizona, southern California, Colorado and the eastern seaboard from Virginia to Florida;
- in submarkets within these areas that have superior attributes related to user demand, access, visibility, development potential, utility and entitlement availability, and community support for development.

### Stratford Land Projects

The following table shows representative current and former projects of the various Stratford Land funds.

<u>Project</u>	<u>Location</u>	<u>Fund</u>	<u>Acres at Acquisition</u>	<u>Districts in Place</u>
Ruby Jones I & II	Raleigh, NC	I	296.50	NA
Cardon: Pendev	Houston, TX	II	866.57	NA
Cardon: Vernon	Vernon, TX	II	567.55	NA
Cardon: Woodard Ranch	Houston, TX	II	873.31	NA
Cole Ranch	Denton, TX	II	3,406.12	NA
Concord / Cabarrus	Charlotte, NC	II	193.02	NA
Deer Valley	Phoenix, AZ	II	317.39	NA
Indian Trail	Ridge Road, NC	II	96.97	NA
Lake Lee	Monroe, NC	II	343.87	NA
Lake Norman	Davidson Township, NC	II	52.65	NA
McCarty	San Marcos, TX	II	259.52	NA
Waterstone	Hillsborough, NC	II	320.00	SAD
Yarrington	San Marcos, TX	II	192.80	NA
Baytown	Houston, TX	III	669.58	MUD
Bush 75	Richardson, TX	III	219.36	NA

Brick Landing	Myrtle Beach, NC	III	31.63	NA
Cardon: Bonds Ranch	Ft Worth, TX	III	711.00	NA
Cardon: Hwy 288	Houston, TX	III	1,587.50	NA
Castle Hills	Castle Hills, TX	III	133.32	PID, Fresh Water Supply District
East Argent	Hilton Head, SC	III	602.51	NA
Estancia Hill Country	Austin, TX	III	599.16	PID
Harmon 287	Fort Worth, TX	III	28.65	NA
RiverPort	Hardeeville, SC	III	5,136.83	MID
Storm Ranch	Prescott, AZ	III	291.87	NA
Suwanee Gateway	Atlanta, GA	III	112.93	NA
The Canyon	Dallas, TX	III	202.35	MMD/TIF
Vistancia	Phoenix, AZ	III	4,632.00	Community Facilities District
West 10 (Katy)	Houston, TX	III	465.04	MUD
Alico Lakes	Fort Meyers, FL	IV	34.11	NA
Altama	Brunswick, GA	IV	5,621.66	NA
Big Pasture	Brunswick, GA	IV	17,847.66	NA
Billyville	Brunswick, GA	IV	210.32	NA
BlackHawk	Austin, TX	IV	196.16	WCID
Chisholm Trail	Fort Worth, TX	IV	624.75	NA
McKinney Ranch	McKinney, TX	IV	19.82	NA
Culebra	San Antonio, TX	IV	111.40	NA
Dripping Springs	Dripping Springs, TX	IV	187.27	PID
Euless/Bear Creek	Euless, TX	IV	194.03	NA
Rozelle	San Antonio, TX	IV	113.96	NA
Park View	Los Angeles, CA	IV	42.10	NA
Horizon West "Hamlin"	Orlando, FL	IV	860.04	Community Facilities District
Northport/Westport	Savannah, GA	IV	421.61	NA
Lakelands	Myrtle Beach, SC	IV	7,390.00	MID
Mill Creek	LaGrange, GA	IV	381.48	Tax Assessment District
Millenia	San Diego, CA	IV	206.52	Community Facilities District
Sinclair	Sea Island, GA	IV	128.85	NA
Steubing Farm	San Antonio, TX	IV	168.98	NA
Traditions	Fort Worth, TX	IV	1,104.84	MUD
Windcrest	San Antonio, TX	IV	111.00	NA
			52,983.48	

## Senior Management Biography

### Phillip Wiggins – *President, Chief Executive Officer & Founder*

Mr. Wiggins has over 35 years of experience in land investment and brokerage. He began his real estate career in 1980 as a land broker. In 1983, he co-founded The Stratford Group, the first of several entities involved in real estate activities related to land. Since 1980, Wiggins and his associates have brokered in excess of \$1.5 billion of land. In 1998, Mr. Wiggins was the sole founder of The Stratford Company, a land investment company, and in 2006, he was the sole founder of Stratford Realty Capital, a hard asset lender. He has raised in excess of \$960 million of equity for Stratford Land through a series of real estate funds. Currently, Stratford Land has two regional offices covering the United States.

Mr. Wiggins was born and raised in Dallas, Texas. He graduated from Highland Park High School in 1973. He attended the University of Mississippi and received his B.A. in 1977 with honors in political science and sociology.



He worked for Burroughs Corporation (1977-1979) in Memphis, Tennessee and won the company's Legion of Honor award for outstanding sales performance. In 1979, he left Burroughs to take a Rotary Fellowship to study economics in Geneva, Switzerland.

**Ocie L. Vest, P.E. – Senior Vice President, Entitlements**

Mr. Vest joined Stratford Land in 2007. His primary responsibility is directing the underwriting and due diligence research associated with the purchase of new properties. Mr. Vest also directs land development strategies associated with governing agency entitlements, permits and approvals.

Mr. Vest has over 30 years of experience as a professional engineer in private land development including master planned communities, retail, office, industrial and multifamily projects. Prior to joining Stratford Land, Mr. Vest served as Vice President and Director of Engineering for Hunt Realty Corporation where he directed the underwriting, due diligence and entitlement strategy for several master planned communities in Texas and Colorado. Prior to joining Hunt Realty, Mr. Vest was the Senior Vice President of Huitt-Zollars, a top 200 ENR engineering and architectural firm, serving as the Market Sector Leader of the firm's Urban Development Group. At Huitt-Zollars, Mr. Vest was responsible for the firm's urban development projects including client development, sourcing new projects, project entitlements, development strategy and project permitting strategy. Mr. Vest holds a bachelor's degree in civil engineering from the University of Texas at Arlington and is a Registered Professional Engineer in Texas, California and Nevada.

**Christian Nilsson – Investment Manager – Central and South Texas**

Christian Nilsson joined Stratford Land in 2013 and serves as the Investment Manager of Central and South Texas. In this role, Mr. Nilsson assists in identifying, evaluating, and underwriting potential equity opportunities for Stratford Land; oversees the asset management of Texas projects; and works on the sales and marketing activities for projects across Texas.

Prior to Stratford Land, Christian worked as a consultant for Montgomery Coscia Greulich LLP. There he worked with companies to help design and implement financial strategies for start-up businesses and consulted on various accounting activities. Before Montgomery Coscia Greulich LLP, Mr. Nilsson worked for Inland American Communities (First Worthing) as well as Orix Capital Markets. Mr. Nilsson graduated from Baylor University with a BBA in Finance and Real Estate and has accumulated over 10 years' experience in the real estate field.

**History and Financing of the District**

*The Property Acquisition.* The historic Heep Ranch originally consisted of 10,000 acres on both sides of IH 35 and was a significant dairy and Hereford Cattle ranch operated by Herman Heep, a sixth generation native Texan. The ranching operations ended in the 1970's, but many acres were still owned by descendants up to 2007. In 2007 SH 45 SE, a toll-road connector to SH 130, began being constructed through the original land opening up the land for other economic opportunities. In 2007, Hatsy Heep Shaffer sold approximately 599 acres of the ranch, including all of the property in the District to SLF III – Onion Creek, L.P.

The Landowner obtained approval for the Preliminary Plan through Travis County which vests development over build-out for the entire Development. The City of Austin approved service extension requests for water and wastewater with existing lines to the Development that are adequate for full build-out.

*The Development Financing.* Stratford Land Fund III, acting through a subsidiary, SLF III – Holding, L.P., has a line of credit facility with Bank OZK, formerly known as Bank of the Ozarks, (the "Line of Credit") which it uses to fund development of its various properties. As of September 1, 2018, the Line of Credit had an outstanding loan balance of \$13,256,406, with a maximum borrowing capacity remaining under the Line of Credit of \$3,037,655. The Line of Credit is scheduled to terminate on February 24, 2019. The facility pays an interest rate of the LIBOR index plus 375 basis points (with a floor rate of 5.00%), and is secured by a first lien on property, improvements and appurtenances owned by certain subsidiaries of Stratford Land Fund III, including the property within Improvement

Area #1 of the District owned by Landowner. Stratford Land Fund III, either independently or acting through a subsidiary, has no present intention to seek an extension of the Line of Credit.

The PID Act provides that the Assessment Lien is a first and prior lien against the assessed property within Improvement Area #1 of the District and is superior to all other liens and claims except liens or claims for state, county, school district, or municipality ad valorem taxes. Generally, at or prior to delivery of the Bonds, any lender with a lien on property within Improvement Area #1 is required to consent to and acknowledge the creation of the District, the levy of the Improvement Area #1 Assessments and the subordination of the lien securing its respective loan to the assessment liens on property within the District securing payment of the Improvement Area #1 Assessments. As a result, the lien on the property within the District securing the Improvement Area #1 Assessments will have priority over any liens on the property within the District securing such loans.

#### **THE SERVICE AND ASSESSMENT PLAN CONSULTANT**

P3Works, LLC has been engaged by PFM Financial Advisors, LLC as the Service and Assessment Plan Consultant. P3Works, LLC prepared the 2018 Amended and Restated Service and Assessment Plan adopted by the City. P3Works, LLC has not been engaged by the City to provide ongoing PID administration services. The Service and Assessment Plan Consultant is a consulting firm focused on providing municipalities throughout Texas services relating to the formation and administration of public improvement districts, and has offices in Austin, Texas and Keller, Texas.

#### **APPRAISAL OF PROPERTY WITHIN IMPROVEMENT AREA #1**

##### **The Appraisal**

*General.* Paul Hornsby & Company (the “Appraiser”), prepared an appraisal report for the City dated September 20, 2018, based upon a physical inspection of the District conducted on August 9, 2018 (the “Appraisal”). The Appraisal was prepared at the request of the City. The Appraisal is attached hereto as APPENDIX F and should be read in its entirety. The conclusions reached in the Appraisal are subject to certain assumptions, hypothetical conditions and qualifications, which are set forth therein. See “APPENDIX F — Appraisal of Improvement Area #1.”

*Value Estimates.* The Appraiser estimated the market value of the fee simple interest in twelve tracts of land comprising Improvement Area #1 of the District under the condition that the Improvement Area #1 Improvements have been completed as proposed, and that any rollback taxes on the property have been paid. See “THE IMPROVEMENTS — Development Plan.”

The combined value estimate for the assessable property within Improvement Area #1 of the District using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal, as of completion of the Improvement Area #1 Improvements, is \$149,440,000. None of the City, the Landowner, the Financial Advisor nor the Underwriter make any representation as to the accuracy, completeness, assumptions or information contained in the Appraisal. The assumptions or qualifications with respect to the Appraisal are contained therein. There can be no assurance that any such assumptions will be realized, and the City, the Landowner, the Financial Advisor and the Underwriter make no representation as to the reasonableness of such assumptions.

#### **BONDHOLDERS’ RISKS**

*Before purchasing any of the Bonds, prospective investors and their professional advisors should carefully consider all of the risk factors described below which may create possibilities wherein interest may not be paid when due or that the Bonds may not be paid at maturity or otherwise as scheduled, or, if paid, without premium, if applicable. The following risk factors (which are not intended to be an exhaustive listing of all possible risks associated with an investment in the Bonds) should be carefully considered prior to purchasing any of the Bonds. Moreover, the order of presentation of the risks summarized below does not necessarily reflect the significance of such investment risks.*

**THE BONDS ARE SPECIAL OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY'S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE.**

The ability of the City to pay debt service on the Bonds as due is subject to various factors that are beyond the City's control. These factors include, among others, (a) the ability or willingness of property owners within Improvement Area #1 of the District to pay Improvement Area #1 Assessments levied by the City, (b) cash flow delays associated with the institution of foreclosure and enforcement proceedings against property within Improvement Area #1 of the District, (c) general and local economic conditions which may impact real property values, the ability to liquidate real property holdings and the overall value of real property development projects, and (d) general economic conditions which may impact the general ability to market and sell the property within the District, it being understood that poor economic conditions within the City, State and region may slow the assumed pace of sales of such property.

The rate of development of the property in the District is directly related to the vitality of the residential housing industry. In the event that the sale of the lands within the District should proceed more slowly than expected and the Landowner is unable to pay the Improvement Area #1 Assessments, only the value of the lands, with improvements, will be available for payment of the debt service on the Bonds, and such value can only be realized through the foreclosure or expeditious liquidation of the lands within Improvement Area #1 of the District. There is no assurance that the value of such lands will be sufficient for that purpose and the expeditious liquidation of real property through foreclosure or similar means is generally considered to yield sales proceeds in a lesser sum than might otherwise be received through the orderly marketing of such real property.

The Underwriter is not obligated to make a market in or repurchase any of the Bonds, and no representation is made by the Underwriter, the City or the City's Financial Advisor that a market for the Bonds will develop and be maintained in the future. If a market does develop, no assurance can be given regarding future price maintenance of the Bonds.

The City has not applied for or received a rating on the Bonds. The absence of a rating could affect the future marketability of the Bonds. There is no assurance that a secondary market for the Bonds will develop or that holders who desire to sell their Bonds prior to the stated maturity will be able to do so.

#### **Assessment Limitations**

Annual Installments of Improvement Area #1 Assessments are billed to property owners in Improvement Area #1 in the District. Annual Installments are due and payable, and bear the same penalties and interest for non-payment, as for ad valorem taxes as set forth under "ASSESSMENT PROCEDURES" herein. Additionally, Annual Installments established by the Service and Assessment Plan correspond in number and proportionate amount to the number of installments and principal amounts of Bonds maturing in each year, and the annual collection costs for such year. See "ASSESSMENT PROCEDURES" herein. The unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Annual Installments of Improvement Area #1 Assessment payments in the future.

In order to pay debt service on the Bonds, it is necessary that Annual Installments are paid in a timely manner. Due to the lack of predictability in the collection of Annual Installments in the District, the City has established a Reserve Account in the Reserve Fund, to be funded from the proceeds of the Bonds, to cover delinquencies. The

Annual Installments are secured by the Assessment Lien. However, there can be no assurance that foreclosure proceedings will occur in a timely manner so as to avoid depletion of the Reserve Account and delay in payments of debt service on the Bonds. See “BONDHOLDERS’ RISKS — Bondholders’ Remedies and Bankruptcy” herein.

Upon an ad valorem tax lien foreclosure event of a property within Improvement Area #1 of the District, any Improvement Area #1 Assessment that is also delinquent will be foreclosed upon in the same manner as the ad valorem tax lien (assuming all necessary conditions and procedures for foreclosure are duly satisfied). To the extent that a foreclosure sale results in insufficient funds to pay in full both the delinquent ad valorem taxes and the delinquent Improvement Area #1 Assessments, the liens securing such delinquent ad valorem taxes and delinquent Improvement Area #1 Assessments would likely be extinguished. Any remaining unpaid balance of the delinquent Improvement Area #1 Assessments would then be an unsecured personal liability of the original property owner.

Based upon the language of Texas Local Government Code, § 372.017(b), case law relating to other types of assessment liens and opinions of the Texas Attorney General, the Assessment Lien as it relates to installment payments that are not yet due should remain in effect following an ad valorem tax lien foreclosure, with future installment payments not being accelerated. Texas Local Government Code § 372.018(d) supports this position, stating that an Assessment Lien runs with the land and the portion of an assessment payment that has not yet come due is not eliminated by foreclosure of an ad valorem tax lien.

The Assessment Lien is superior to any homestead rights of a property owner that were properly claimed after the adoption of the Improvement Area #1 Assessment Ordinance. However, an Assessment Lien may not be foreclosed upon if any homestead rights of a property owner were properly claimed prior to the adoption of the Improvement Area #1 Assessment Ordinance (“Pre-existing Homestead Rights”) for as long as such rights are maintained on the property. It is unclear under Texas law whether or not Pre-existing Homestead Rights would prevent the Assessment Lien from attaching to such homestead property or instead cause the Assessment Lien to attach, but remain subject to, the Pre-existing Homestead Rights.

Under Texas law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future. As of the date of adoption of the Improvement Area #1 Assessment Ordinance, no such homestead rights had been claimed. Furthermore, the Landowner is not eligible to claim homestead rights and the Landowner represents that it owned all property within Improvement Area #1 of the District as of the date of the Improvement Area #1 Assessment Ordinance. Consequently, there are and can be no homestead rights on the Assessed Parcels superior to the Assessment Lien and, therefore, the Assessment Liens may be foreclosed upon by the City.

Failure by owners of the parcels to pay Annual Installments when due, depletion of the Reserve Fund, delay in foreclosure proceedings, or the inability of the City to sell parcels which have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent installments of Improvement Area #1 Assessments levied against such parcels may result in the inability of the City to make full or punctual payments of debt service on the Bonds.

THE IMPROVEMENT AREA #1 ASSESSMENTS CONSTITUTE A FIRST AND PRIOR LIEN AGAINST THE PROPERTY ASSESSED, SUPERIOR TO ALL OTHER LIENS AND CLAIMS EXCEPT LIENS AND CLAIMS FOR STATE, COUNTY, SCHOOL DISTRICT OR MUNICIPALITY AD VALOREM TAXES AND IS A PERSONAL OBLIGATION OF AND CHARGE AGAINST THE OWNERS OF PROPERTY LOCATED WITHIN IMPROVEMENT AREA #1 OF THE DISTRICT.

#### **Effects of Future Legislation**

In October 2017, the Texas House and the Texas Senate issued interim charges to the Committee on Special Purpose Districts and the Intergovernmental Relations Committee (collectively, the “Interim Committees”), respectively, requesting the study of special purpose districts and public improvement districts and potential bond issuance reforms. The charges to the Interim Committees included review, hearings and testimony related to changes to and oversight of bonds secured by special assessments. Prior to the 2019 Texas legislative session, it is expected

that the Interim Committees will make recommendations to the Legislature on how to regulate special assessment revenue bonds, and possibly establish parameters on the use of public improvement districts as financing vehicles. As of the date hereof, the Interim Committees have not made any recommendations pursuant to the interim charges.

It is impossible to predict what new proposals the Interim Committees may present to the Legislature regarding the PID Act and the issuance of special assessment revenue bonds, what bills may be introduced during upcoming legislative sessions, whether such new proposals or any previous proposals will be recommended by the Interim Committees or new bills regarding the same will be passed by the Texas Senate and House of Representatives and signed by the Governor, and, if enacted, the form thereof. It is impossible to predict with certainty the impact that any such future legislation will or may have on the security for the Bonds or the Improvement Area #2 Bonds, or the ability of the City to issue Additional Obligations.

### **Risks Related to the Current Real Estate Market**

In the past, the real estate market has experienced significant slowing of new home sales and new home closings due in part to the subprime mortgage crisis involving adjustable rate mortgages and other creative mortgage financing tools that allowed persons with higher credit risk to buy homes. The economic crisis that resulted from higher interest rates, at a time when many subprime mortgages were due to reset their interest rates, has served to reduce the availability of mortgages to many potential home buyers, making entry into the real estate market more difficult. Downturns in the real estate market and other factors beyond the control of the Landowner, including general economic conditions, may impact the timing of parcel, lot and home sales within the District.

### **Competition**

The housing industry in the Austin area is very competitive, and none of the Landowner, the City, the City's Financial Advisor or the Underwriter can give any assurance that the building programs which are planned will ever commence. The competitive position of the Landowner or of any home builder in the sale of developed lots or the construction and sale of single-family residential units is affected by most of the factors discussed in this section, and such competitive position is directly related to maintenance of market values in the District.

There can be no assurances that other similar projects will not be developed in the future or that existing projects will not be upgraded or otherwise able to compete with the Development.

### **Loss of Tax Exemption**

The Indenture contains covenants by the City intended to preserve the exclusion from gross income of interest on the Bonds for federal income tax purposes. As discussed under the caption "TAX MATTERS" herein, interest on the Bonds could become includable in gross income for purposes of federal income taxation, retroactive to the date the Bonds were issued, as a result of future acts or omissions of the City in violation of its covenants in the Indenture.

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

### **Bankruptcy**

The payment of Improvement Area #1 Assessments and the ability of the City to foreclose on the lien of a delinquent unpaid Assessment may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. Although bankruptcy proceedings would not cause the Improvement Area #1 Assessments to become extinguished, bankruptcy of a property owner in all likelihood would result in a delay in prosecuting foreclosure proceedings. Such a delay would increase the likelihood of a delay

or default in payment of the principal of and interest on the Bonds, and the possibility that delinquent Improvement Area #1 Assessments might not be paid in full.

### **Direct and Overlapping Indebtedness, Assessments and Taxes**

The ability of an owner of property within the District to pay the Improvement Area #1 Assessments could be affected by the existence of other taxes and assessments imposed upon the property. Public entities whose boundaries overlap those of the District currently impose ad valorem taxes on the property within the District and will likely do so in the future. Such entities could also impose assessment liens on the property within the District. The imposition of additional liens, or for private financing, may reduce the ability or willingness of the property owners to pay the Improvement Area #1 Assessments.

Pursuant to the Development Agreement, the City has agreed not to annex for full purpose or impose ad valorem taxes on the property within Improvement Area #1 prior to the final maturity date of the Bonds. See "OVERLAPPING TAXES AND DEBT."

### **Depletion of Reserve Account of the Reserve Fund**

Failure of the owners of property within the District to pay the Improvement Area #1 Assessments when due could result in the rapid, total depletion of the Reserve Fund prior to replenishment from the resale of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of and interest on the Bonds if sufficient amounts are not available in the Reserve Account of the Reserve Fund. The Indenture provides that if, after a withdrawal from the Reserve Fund, the amount in the Reserve Fund is less than the Reserve Account Requirement, the Trustee shall transfer an amount from the Pledged Revenue Fund to the Reserve Account of the Reserve Fund sufficient to cure such deficiency, as described under "SECURITY FOR THE BONDS SIMILARLY SECURED — Reserve Account of the Reserve Fund" herein.

### **Hazardous Substance**

While governmental taxes, assessments and charges are a common claim against the value of a parcel, other less common claims may be relevant. One of the most serious in terms of the potential reduction in the value that may be realized to the assessment is a claim with regard to a hazardous substance. In general, the owners and operators of a parcel may be required by law to remedy conditions relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or "Superfund Act," is the most well-known and widely applicable of these laws. It is likely that, should any of the parcels of land located in the District be affected by a hazardous substance, the marketability and value of parcels would be reduced by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

The value of the land within the District does not take into account the possible liability of the owner (or operator) for the remedy of a hazardous substance condition of the parcel. The City has not independently verified, and is not aware, that the owner (or operator) of any of the parcels within the District has such a current liability with respect to such parcel; however, it is possible that such liabilities do currently exist and that the City is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the land within the District resulting from the existence, currently, of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of a parcel that is realizable upon a delinquency.

See "THE DEVELOPMENT — Environmental" for discussion of a Phase One ESA performed on the property within the District.

## **Regulation**

Development within the District may be subject to future federal, state and local regulations. Approval may be required from various agencies from time to time in connection with the layout and design of development in the District, the nature and extent of public improvements, land use, zoning and other matters. Failure to meet any such regulations or obtain any such approvals in a timely manner could delay or adversely affect development in the District and property values.

## **100-Year Flood Plain**

Approximately 14.7 acres within Improvement Area #1 are located within an official FEMA 100 year flood plain as shown on the current Federal Emergency Management Agency's Flood Insurance Rate Map Panels 48453C0595H, 48453C0680H and 48453C0685H (the "Flood Plain"). All of the lands in the District identified to be within the developed floodplain will be located within dedicated open space, park or drainage easements. As the Development is developed the final location of the floodplain will be determined and will be contained within drainage easements or dedicated lots.

Additionally, FEMA will from time to time revise its Flood Insurance Rate Maps. None of the City, the Underwriter, or the Landowner make any representation as to whether FEMA may revise its Flood Insurance Rate Maps, whether such revisions may result in homes that are currently outside of the 100-year flood plain from being included in the 100-year flood plain in the future, or whether extreme flooding events may exceed the Flood Plain.

The National Weather Service has recently completed a historical rainfall study ("Atlas 14"). In response, the City expects to update its floodplain maps and related regulations. None of the City, the Underwriter or the Landowner make any representation as to when such process will be complete or what effect, if any, it might have the Development.

## **Risk from Weather Events**

All of Texas, including the City, is subject to extreme weather events that can cause loss of life and damage to property through weather events that include strong winds, flooding and heavy rains. It is impossible to predict such weather events and the impact they may have on land within the District.

## **Bondholders' Remedies and Bankruptcy**

In the event of default in the payment of principal of or interest on the Bonds Similarly Secured or the occurrence of any other Event of Default under the Indenture, and upon the written request of at least 25% of the owners of the Bonds Similarly Secured then Outstanding, the Trustee shall proceed to protect and enforce its rights and the rights of the owners of the Bonds Similarly Secured under the Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for mandamus or the specific performance of any covenant or agreement contained therein or in aid or execution of any power granted or for the enforcement of any proper legal or equitable remedy, as the Trustee shall deem most effectual to protect and enforce such rights. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the City's obligations under the Bonds Similarly Secured or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds Similarly Secured in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The owners of the Bonds Similarly Secured cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds Similarly Secured. The enforceability of the rights and remedies of the owners of the Bonds Similarly Secured further may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. In this regard, should the City file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the City to seek judicial foreclosure of its Assessment Lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "BONDHOLDERS' RISKS — Bankruptcy Limitation to Bondholders' Rights" herein.

Any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a property owner within the District pursuant to the Federal Bankruptcy Code could, subject to its discretion, delay or limit any attempt by the City to collect delinquent Assessments, or delinquent ad valorem taxes, against such property owner.

In addition, in 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) (“Tooke”) that a waiver of sovereign immunity must be provided for by statute in “clear and unambiguous” language. In so ruling, the Court declared that statutory language such as “sue and be sued”, in and of itself, did not constitute a clear and unambiguous waiver of sovereign immunity. In *Tooke*, the Court noted the enactment in 2005 of sections 271.151-.160, Texas Local Government Code (the “Local Government Immunity Waiver Act”), which, according to the Court, waives “immunity from suit for contract claims against most local governmental entities in certain circumstances.” The Local Government Immunity Waiver Act covers cities and relates to contracts entered into by cities for providing goods or services to cities.

In *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W. 3d 427 (Tex. 2016) (“Wasson”), the Texas Supreme Court (the “Court”) addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that “a city’s proprietary functions are not done pursuant to the ‘will of the people’” and protecting such municipalities “via the [S]tate’s immunity is not an efficient way to ensure efficient allocation of [S]tate resources”. While the Court recognized that the distinction between governmental and proprietary functions is not clear, the Wasson opinion held that the Proprietary-Governmental Dichotomy applies in a contract-claims context. The Court reviewed Wasson again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory guidance at the time of inception of the contractual relationship. Notwithstanding the foregoing new case law issued by the Court, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgement, is justiciable against a municipality.

Because it is unclear whether the Texas legislature has effectively waived the City’s sovereign immunity from a suit for money damages in the absence of City action, the Trustee or the owners of the Bonds may not be able to bring such a suit against the City for breach of the Bonds or the Indenture covenants. As noted above, the Indenture provides that owners of the Bonds may exercise the remedy of mandamus to enforce the obligations of the City under the Indenture. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally-imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of moneys due under a contract).

#### **No Acceleration**

The Indenture does not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the terms of the Bonds or the Indenture.

#### **Bankruptcy Limitation to Bondholders’ Rights**

The enforceability of the rights and remedies of the owners of the Bonds may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. The City is authorized under Texas law to voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. 901-946. The City may proceed under Chapter 9 if it (1) is generally not paying



its debts, or unable to meet its debts, as they become due, (2) desires to effect a plan to adjust such debts, and (3) has either obtained the agreement of or negotiated in good faith with its creditors, is unable to negotiate with its creditors because negotiation is impracticable, or reasonably believes that a creditor may attempt to obtain a preferential transfer.

If the City decides in the future to proceed voluntarily under the Federal Bankruptcy Code, the City would develop and file a plan for the adjustment of its debts, and the Bankruptcy Court would confirm the plan if (1) the plan complies with the applicable provisions of the Federal Bankruptcy Code, (2) all payments to be made in connection with the plan are fully disclosed and reasonable, (3) the City is not prohibited by law from taking any action necessary to carry out the plan, (4) administrative expenses are paid in full, (5) all regulatory or electoral approvals required under Texas law are obtained and (6) the plan is in the best interests of creditors and is feasible. The rights and remedies of the owners of the Bonds would be adjusted in accordance with the confirmed plan of adjustment of the City's debt.

### **Management and Ownership**

The management and ownership of the Landowner and related property owners could change in the future. Purchasers of the Bonds should not rely on the management experience of such entities. There are no assurances that such entities will not sell the subject property or that officers will not resign or be replaced. In such circumstances, a new Landowner or new officers in management positions may not have comparable experience in projects comparable to the Development.

The unsold land owned by Landowner and its affiliates in the District is part of an investment fund, Stratford Land Fund III, that is anticipated to reach the end of the scheduled life of the investment fund sometime between June 30, 2019 and December 31, 2019, subject to potential further extensions. The investors in this investment fund have directed Landowner and its affiliates to sell the remaining land in the District, together with the related rights and obligations, including the rights under the Reimbursement Agreement related to the District. Landowner anticipates that the remainder of the land in the District will be sold in 2019 in one or more sales, after the closing of the Bonds and the Improvement Area #2 Bonds. It is anticipated that a buyer may complete the construction of the Improvement Area #2 Improvements and would become the Landowner's successor under the Financing Agreement. See "THE LANDOWNER."

### **General Risks of Real Estate Investment and Development**

The ability of builders to sell or lease retail space, commercial space and apartment units to maximum occupancy levels within the District may be affected by unforeseen changes in the general economic conditions, fluctuations in the real estate market and other factors beyond the control of the owner of the retail space, commercial space, or multifamily apartments. In the event that a large number of rental, commercial or multifamily projects are constructed outside of the District, and compete with the Development, the demand for residential housing and commercial properties within the District could be reduced, thereby adversely affecting the continued development of the Development, or its attraction to businesses and residents.

Investments in undeveloped or developing real estate are generally considered to be speculative in nature and to involve a high degree of risk. The Development will be subject to the risks generally incident to real estate investments and development. Many factors that may affect the Development, including the completion of the Improvement Area #2 Improvements as planned, as well as the operating revenues of the Landowner, including those derived from the Development, are not within the control of the Landowner. Such factors include changes in national, regional and local economic conditions; changes in long and short term interest rates; changes in the climate for real estate purchases; changes in demand for or supply of competing properties; changes in local, regional and national market and economic conditions; unanticipated development costs, market preferences and architectural trends; unforeseen environmental risks and controls; the adverse use of adjacent and neighboring real estate; changes in interest rates and the availability of mortgage funds to buyers of the homes to be built in the Development, which may render the sale of such homes difficult or unattractive; acts of war, terrorism or other political instability; delays or inability to obtain governmental approvals; changes in laws; moratorium; acts of God (which may result in uninsured losses); strikes; labor shortages; energy shortages; material shortages; inflation; adverse weather conditions; contractor or subcontractor defaults; and other unknown contingencies and factors beyond the control of the Landowner.

Furthermore, the operating revenues of the Landowner may be materially adversely affected if specific conditions in the land purchase contracts are not met. Failure to meet the land purchase contract's conditions allows the applicable purchaser to terminate its obligation to purchase land from the Landowner and obtain its earnest money deposit back. See "THE DEVELOPMENT — Current and Expected Buildout of the Development" herein.

The progress of development within the District is also dependent upon the City providing an adequate supply of water and sufficient capacity for the collection and treatment of wastewater. If the City fails to supply water and wastewater services to the property in the District, the Development cannot be substantially completed. See "THE DEVELOPMENT — Utilities."

The Development cannot be initiated or completed without the Landowner obtaining a variety of governmental approvals and permits, some of which have already been obtained. Certain permits are necessary to initiate construction of each phase of the Development and to allow the occupancy of residences and to satisfy conditions included in the approvals and permits. There can be no assurance that all of these permits and approvals can be obtained or that the conditions to the approvals and permits can be fulfilled. The failure to obtain any of the required approvals or fulfill any one of the conditions could cause materially adverse financial results for the Landowner.

A slowdown of the development process and the related absorption rate within the Development because of any or all of the foregoing could affect adversely land values. The timely payment of the Bonds depends on the willingness and ability of the Landowner and any subsequent owners to pay the Improvement Area #1 Assessments when due. Any or all of the foregoing could reduce the willingness and ability of such owners to pay the Improvement Area #1 Assessments and could greatly reduce the value of the property within the District in the event such property has to be foreclosed.

#### **Use of Appraisal**

Caution should be exercised in the evaluation and use of appraisal results. An appraisal is an estimate of market value as of a specified date based upon assumptions and limiting conditions and any extraordinary assumptions specific to the relevant valuation. It is not a precise measure of value but is based on a subjective comparison of related activity taking place in the real estate market. The valuation set forth in an appraisal is based on various assumptions of future expectations and while the appraiser's forecasts for properties in the District is considered to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future. The Bonds will not necessarily trade at values determined solely by reference to the underlying value of the properties in the District.

In performing its analyses, an appraiser makes numerous assumptions with respect to general business, economic and regulatory conditions and other matters, many of which are beyond the appraiser's, underwriter's and City's control, as well as to certain factual matters. Furthermore, the appraiser's analysis, opinions and conclusions are necessarily based upon market, economic, financial and other circumstances and conditions existing prior to the valuation.

#### **Dependence Upon Landowner**

The Landowner, as the owner of several of the Assessed Parcels in Improvement Area #1 of the District, currently has the obligation for payment of 45.32% of the total Improvement Area #1 Assessments. The ability of the Landowner to make full and timely payment of the Improvement Area #1 Assessments will directly affect the ability of the City to meet its debt service obligations with respect to the Bonds. The sole assets of the Landowner are land within the District, related permits and development rights and minor operating accounts. The source of funding for future land development activities and infrastructure within the District also consists of proceeds from Improvement Area #2 Bonds and proceeds of parcel sales, as well as possible bank financing and equity contributions by the Landowner and its partners. There can be no assurances given as to the financial ability of the Landowner to advance any funds to the City to supplement revenues from the Improvement Area #1 Assessments if necessary, or as to whether the Landowner will advance such funds.

The unsold land owned by Landowner and its affiliates in the District is part of an investment fund, Stratford Land Fund III, that is anticipated to reach the end of the scheduled life of the investment fund sometime between June 30, 2019 and December 31, 2019, subject to potential further extensions. The investors in this investment fund have directed Landowner and its affiliates to sell the remaining land in the District, together with the related rights and obligations, including the rights under the Reimbursement Agreement related to the District. Landowner anticipates that the remainder of the land in the District will be sold in 2019 in one or more sales, after the closing of the Bonds and the Improvement Area #2 Bonds. It is anticipated that a buyer may complete the construction of the Improvement Area #2 Improvements and would become the Landowner's successor under the Financing Agreement. See "THE LANDOWNER."

## TAX MATTERS

### Tax Exemption

The delivery of the Bonds is subject to the opinion of Bond Counsel to the effect that interest on the Bonds for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof. A form of Bond Counsel's opinion is reproduced as Appendix D. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the City made in a certificate dated the date of delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance by the City with the provisions of the Order subsequent to the issuance of the Bonds. The Order contains covenants by the City with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Bonds is commenced, under current procedures the IRS is likely to treat the City as the "taxpayer," and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the City may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust ("FASIT"), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether

or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

#### **Tax Accounting Treatment of Discount and Premium on Certain Bonds**

The initial public offering price of certain Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Bonds (the "Premium Bonds") may be greater than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity.

Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

## LEGAL MATTERS

### Legal Proceedings

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General to the effect that the Bonds are valid and legally binding obligations of the City under the Constitution and laws of the State, payable from the Trust Estate and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the legal opinion of Bond Counsel, to a like effect.

Norton Rose Fulbright US LLP, serves as Bond Counsel to the City. McCall, Parkhurst & Horton L.L.P. serves as Disclosure Counsel to the City. Orrick, Herrington & Sutcliffe LLP serves as Underwriter's Counsel. The legal fees paid to Bond Counsel, Disclosure Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Bonds.

### Legal Opinions

The City will furnish the Underwriter a transcript of certain certified proceedings incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State, to the effect that the Bonds are valid and binding special obligations of the City. The City will also furnish the legal opinion of Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding special obligations of the City under the Constitution and laws of the State. The legal opinion of Bond Counsel will further state that the Bonds, including principal of and interest thereon, are payable from and secured by a pledge of and lien on the Trust Estate. Bond Counsel will also provide a legal opinion to the effect that interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described above under the caption "TAX MATTERS." A copy of the opinion of Bond Counsel is attached hereto as "APPENDIX D — Form of Opinion of Bond Counsel."

Except as noted below, Bond Counsel did not take part in the preparation of the Limited Offering Memorandum, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Limited Offering Memorandum under the captions or 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 such firm is of the opinion that the information relating to the Bonds, the Bond Ordinance, the Improvement Area #1 Assessment Ordinance and the Indenture contained therein fairly and accurately describes the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Bond Ordinance, the Improvement Area #1 Assessment Ordinance and the Indenture.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

### Litigation — The City

At the time of delivery and payment for the Bonds, the City will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to its knowledge, overtly threatened against the City affecting the existence of the

District, or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof, in accordance with the Indenture, or the collection or application of the Improvement Area #1 Assessments securing the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Improvement Area #1 Assessment Ordinance, the Indenture, any action of the City contemplated by any of the said documents, or the collection or application of the Pledged Revenues, or in any way contesting the completeness or accuracy of this Limited Offering Memorandum or any amendment or supplement thereto, or contesting the powers of the City or its authority with respect to the Bonds or any action of the City contemplated by any documents relating to the Bonds.

#### **Litigation — The Landowner**

At the time of delivery and payment for the Bonds, Landowner will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory body, public board or body pending, or, to the best knowledge of Landowner, threatened against or affecting Landowner wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition or operations of Landowner or its general partner or would adversely affect (1) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Bond Ordinance, the Service and Assessment Plan, the Financing Agreement, or the Bond Purchase Agreement, or otherwise described in this Limited Offering Memorandum, or (2) the tax-exempt status of interest on the Bonds (individually or in the aggregate, a “Material Adverse Effect”). Additionally, principals of Landowner, Stratford Land Fund III, L.P. and other subsidiaries of Stratford Land Fund III, L.P. have been (but are not currently) parties to pending and threatened litigation related to their commercial and real estate development activities. Such litigation occurs in the ordinary course of business and is not expected to have a Material Adverse Effect.

#### **SUITABILITY FOR INVESTMENT**

Investment in the Bonds poses certain economic risks. See “BONDHOLDERS’ RISKS”. The Bonds are not rated by any nationally recognized municipal securities rating service. No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or make any representations, other than those contained in this Limited Offering Memorandum, and, if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. Additional information will be made available to each prospective investor, including the benefit of a site visit to the City and the opportunity to ask questions of the Landowner, as such prospective investor deems necessary in order to make an informed decision with respect to the purchase of the Bonds.

#### **ENFORCEABILITY OF REMEDIES**

The remedies available to the owners of the Bonds upon an event of default under the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay. See “BONDHOLDERS’ RISKS — Bondholders’ Remedies and Bankruptcy.” Under existing constitutional and statutory law and judicial decisions, including the federal bankruptcy code, the remedies specified by the Indenture and the Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors and enacted before or after such delivery.

#### **NO RATING**

No application for a rating on the Bonds has been made to any rating agency, nor is there any reason to believe that the City would have been successful in obtaining an investment grade rating for the Bonds had application been made.

## CONTINUING DISCLOSURE

### **The City**

Pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), the City and U.S. Bank National Association (in such capacity, the “Dissemination Agent”) will enter into a Continuing Disclosure Agreement (the “Disclosure Agreement of the Issuer”) for the benefit of the Owners of the Bonds (including owners of beneficial interests in the Bonds), to provide, by certain dates prescribed in the Disclosure Agreement of the Issuer, certain financial information and operating data relating to the City (collectively, the “City Reports”). The specific nature of the information to be contained in the City Reports is set forth in “APPENDIX E-1 — Form of Disclosure Agreement of the Issuer.” Under certain circumstances, the failure of the City to comply with its obligations under the Disclosure Agreement of the Issuer constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Disclosure Agreement of the Issuer would allow the Owners of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance.

The City has agreed to update information and to provide notices of certain specified events only as provided in the Disclosure Agreement of the Issuer. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided in this Limited Offering Memorandum, except as provided in the Disclosure Agreement of the Issuer. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Bonds at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of the Disclosure Agreement of the Issuer or from any statement made pursuant to the Disclosure Agreement of the Issuer.

### **The City Compliance with Prior Undertakings**

Multiple rating changes occurred with respect to certain obligations of the City between 2013 and 2016, and the City did not file event notices with respect to certain of such rating changes. Subsequently, notices of such rating changes that occurred in 2015 and 2016 were filed. The City has filed event notices with respect to the current ratings of certain of its outstanding obligations. Also, the City inadvertently omitted several tables from the annual financial information and operating data filing for the March 31, 2013 continuing disclosure report relating to certain obligations of the City. The City filed the omitted information on May 14, 2014. With respect to the City's continuing disclosure reports regarding its outstanding Airport System Revenue Bonds, the City determined that (i) a table regarding detailed Airport revenues was inadvertently omitted from such reports that were filed in 2013, however, the total of such Airport revenues was included in such annual filings and such table was included in subsequent annual continuing disclosure reports, and (ii) a table had transposed years in the presentation of data in such report that was filed in 2015, and the City filed corrected information for such table on May 8, 2015. On April 25, 2016, the City filed updated financial information and operating data to reflect audited financial information as well as updated information in the “Comparative Analysis of Electric Utility System and Water and Wastewater System Operations,” “Operating Statement Electric Utility System and Water and Wastewater System” and “The Electric Utility System and Water and Wastewater System (Plant Cost and Equity in Utility Systems)” tables previously filed. On June 30, 2017, the City filed updated financial information and operating data to reflect Fiscal Year 2016 information on the first page of the “Water Service Rates” table. The City has implemented procedures to ensure timely filing of all future financial information and event notices and will continue to provide updates to the financial information and operating data as changes occur.

### **The Landowner**

The Landowner and the Dissemination Agent will enter into a Continuing Disclosure Agreement (the “Disclosure Agreement of the Landowner”) for the benefit of the Owners of the Bonds (including owners of beneficial interests in the Bonds), to provide, by certain dates prescribed in the Disclosure Agreement of the Landowner, certain information regarding the Development and the Improvement Area #1 Improvements (collectively, the “Landowner Reports”). The specific nature of the information to be contained in the Landowner Reports is set forth in “APPENDIX E-2 — Form of Disclosure Agreement of the Landowner.” Under certain circumstances, the failure of the Landowner to comply with its obligations under the Disclosure Agreement of the Landowner constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under

the Disclosure Agreement of the Landowner would allow the Owners of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance.

The Landowner has agreed to (i) prepare and provide certain updated information in report form to the Dissemination Agent and (ii) provide notices of certain specified events, only as provided in the Disclosure Agreement of the Landowner. The Landowner has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided in this Limited Offering Memorandum, except as provided in the Disclosure Agreement of the Landowner. The Landowner makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Bonds at any future date. The Landowner disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of the Disclosure Agreement of the Landowner or from any statement made pursuant to the Disclosure Agreement of the Landowner. Concurrently with issuance of the Bonds, the Landowner will enter into a continuing disclosure agreement related to the Improvement Area #2 Bonds.

### **The Landowner's Compliance With Prior Undertakings**

Except as hereinafter described, during the last five years, the Landowner has complied in all material respects with its continuing disclosure agreements made in accordance with the Rule.

Due to an apparent administrative error, the disclosure agreement that was executed by the Landowner, the City and the Dissemination Agent in 2013 related to the "City of Austin, Texas, Special Assessment Revenue Bonds, Series 2013 (Estancia Hill Country Public Improvement District)" (the "2013 Bonds") contained reporting timelines that differed slightly from the form of disclosure agreement that was attached to the Official Statement for the 2013 Bonds.

The form of disclosure agreement attached to the Official Statement for the 2013 Bonds (the "Published 2013 Disclosure Agreement") provides for Quarterly Disclosure Reports to be provided to the MSRB within 30 days of the end of each of the following quarters: January 1, April 1, July 1 and October 1 (each a "Published 2013 Disclosure Agreement Filing Date").

The disclosure agreement that was executed by the parties (the "Executed 2013 Disclosure Agreement") requires that the Landowner provide Quarterly Disclosure Reports to the Dissemination Agent within 29 days (i.e. by January 30, April 30, July 30 and October 30 for quarters ending the 1st day of those months), and that the Dissemination Agent provide such reports to MSRB within 15 days after the Dissemination Agent's receipt thereof. The Landowner has been complying with the Executed 2013 Disclosure Agreement; however, the Quarterly Disclosure Report for the quarter ending January 1, 2017, was provided to the MSRB on March 31, 2017.

A review was made following discovery of this discrepancy in forms of disclosure agreement, which has determined that an additional ten Quarterly Disclosure Reports for quarters ending between July 1, 2014 and July 1, 2018 were filed between one and eight days after the applicable Published 2013 Disclosure Agreement Filing Date. The parties have instituted procedures intended to ensure that Quarterly Disclosure Reports for the 2013 Bonds are provided to the MSRB in accordance with the Published 2013 Disclosure Agreement.

### **UNDERWRITING**

FMSbonds, Inc. (the "Underwriter") has agreed to purchase the Bonds from the City at a purchase price of \$4,152,388.95 (the par amount of the Bonds, plus a net premium of \$15,338.95, less an underwriting discount of \$127,950.00, which includes the \$42,650.00 fee of Underwriter's Counsel). The Underwriter's obligations are subject to certain conditions precedent and if obligated to purchase any of the Bonds the Underwriter will be obligated to purchase all of the Bonds. The Bonds may be offered and sold by the Underwriter at prices lower than the initial offering prices stated on the inside cover page hereof, and such initial offering prices may be changed from time to time by the Underwriter.



## **REGISTRATION AND QUALIFICATION OF BONDS FOR SALE**

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any other jurisdiction. The City assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

## **LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS**

The PID Act and Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code, as amended) provide that the Bonds are negotiable instruments and investment securities governed by Chapter 8, Texas Business and Commerce Code, as amended, and are legal and authorized investments for insurance companies, fiduciaries, trustees, or for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State, the PFIA requires that the Bonds be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. See "NO RATING" above. In addition, the PID Act and various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states. No representation is made that the Bonds will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes.

The City made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes.

## **INVESTMENTS**

The City invests its funds in investments authorized by Texas law in accordance with investment policies approved by the City Council. Both Texas law and the City's investment policies are subject to change.

Under Texas law, the City is authorized to make investments meeting the requirements of the PFIA, which currently include (1) obligations, including letter of credit, of the United States or its agencies and instrumentalities; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor; (8) certificates of deposit and share certificates meeting the requirements of the PFIA that are issued by or through an institution that either has its main office or a branch office in Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (7) or in any other manner and amount provided by law for City deposits, or are invested by the City through a broker or depository institution that has its main office or a branch office in the State and otherwise meet the requirements of the PFIA; (9) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State; (10) certain bankers'

acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (11) commercial paper with a stated maturity of 270 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (12) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission (the "SEC") and that comply with SEC Rule 2a-7 (17 C.F.R. Section 270.2a-7); and (13) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and either (a) a duration of one year or more and invest exclusively in obligations described in under this heading, or (b) as a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. If specifically authorized in the authorizing document, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAA-m" or an equivalent by at least one nationally recognized rating service. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than eight years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Political subdivisions such as the City are authorized to implement securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (7) of the second paragraph under this caption, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm not less than "A" or its equivalent, or (c) cash invested in obligations that are described in clauses (1) through (7) and (11) through (13) of the first paragraph under this caption, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the name of the City and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less.

Under Texas law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for City funds, the maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds' investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the City shall submit an investment report detailing: (1) the

investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest for the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset and fund type invested at the beginning and end of the reporting period by the type of asset and fund type invested, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest City funds without express written authority from the City Council.

Under Texas law, the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers' with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the registered principal of business organizations seeking to sell securities to the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the officers of the City; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

#### **INFORMATION RELATING TO THE TRUSTEE**

The City has appointed U.S. Bank National Association, a national banking association organized under the laws of the United States, to serve as Trustee. The Trustee is to carry out those duties assignable to it under the Indenture. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Limited Offering Memorandum and assumes no responsibility for the contents, accuracy, fairness or completeness of the information set forth in this Limited Offering Memorandum or for the recitals contained in the Indenture or the Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the City of any of the Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such Bonds by the City. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Bonds, the technical or financial feasibility of the project, or the investment quality of the Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

Additional information about the Trustee may be found at its website at [www.usbank.com](http://www.usbank.com). Neither the information on the Trustee's website, nor any links from that website, is a part of this Limited Offering Memorandum, nor should any such information be relied upon to make investment decisions regarding the Bonds.

#### **SOURCES OF INFORMATION**

##### **General**

The information contained in this Limited Offering Memorandum has been obtained primarily from the City's records, the Landowner and its representatives and other sources believed to be reliable. In accordance with its responsibilities under the federal securities law, the Underwriter has reviewed the information in this Limited Offering

Memorandum in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of the transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Limited Offering Memorandum or any sale hereunder will create any implication that there has been no change in the financial condition or operations of the City or the Landowner described herein since the date hereof. This Limited Offering Memorandum contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized. The summaries of the statutes, resolutions, ordinances, indentures and engineering and other related reports set forth herein are included subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

#### **Source of Certain Information**

The information contained in this Limited Offering Memorandum relating to the description of the Improvement Area #1 Improvements generally and, in particular, the information included in the sections captioned “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 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 Improvement Area #1 Improvements, the Improvement Area #2 Improvements and the Development), “LEGAL MATTERS – Litigation – The Landowner,” and “CONTINUING DISCLOSURE — The Landowner” and “– The Landowner’s Compliance with Prior Undertakings” has been provided by the Landowner, and the Landowner warrants and represents that the information contained herein is true and correct in all material respects and 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 herein, in the light of the circumstances under which they were made, not misleading. At the time of delivery of the Bonds to the Underwriter, the Landowner will deliver a certificate to this effect to the City and the Underwriter.

#### **Experts**

The information regarding the Service and Assessment Plan in this Limited Offering Memorandum has been provided by P3Works, LLC and has been included in reliance upon the authority of such firm as experts in the field of development planning and finance.

The information regarding the Appraisal in this Limited Offering Memorandum has been provided by Paul Hornsby & Company, and has been included in reliance upon the authority of such firm as experts in the field of the appraisal of real property. Paul Hornsby & Company has consented to the inclusion of the Appraisal herein.

#### **Updating of Limited Offering Memorandum**

If, subsequent to the date of the Limited Offering Memorandum, the City learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Underwriter, of any adverse event which causes the Limited Offering Memorandum to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Bonds, the City will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the Limited Offering Memorandum satisfactory to the Underwriter; provided, however, that the obligation of the City to so amend or supplement the Limited Offering Memorandum will terminate when the City delivers the Bonds to the Underwriter, unless the Underwriter notifies the City on or before such date that less than all of the Bonds have been sold to ultimate customers; in which case the City’s obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the City delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

**FORWARD-LOOKING STATEMENTS**

Certain statements included or incorporated by reference in this Limited Offering Memorandum constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21e of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "anticipate," "budget" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER "CONTINUING DISCLOSURE" HEREIN.

**AUTHORIZATION AND APPROVAL**

The City Council has approved by ordinance the form and content of this Limited Offering Memorandum and has authorized this Limited Offering Memorandum to be used by the Underwriter in connection with the marketing and sale of the Bonds.

CITY OF AUSTIN, TEXAS

\_\_\_\_\_ /s/ Steve Adler

Mayor

ATTEST:

\_\_\_\_\_ /s/ Jannette S. Goodall

City Clerk

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## APPENDIX A

### GENERAL INFORMATION REGARDING THE CITY

The following information has been provided for informational purposes only.

The City of Austin (the “City”), chartered in 1839, has a Council-Manager form of government under its home rule charter. A change in governance affecting City Council size, composition, and term duration was approved by the voters with the passage of Propositions 1 – 3 on November 6, 2012. Under the new governance, the Mayor remains elected at-large and ten Councilmembers are elected by geographic district, with all serving four-year staggered terms subject to a maximum of two consecutive terms. The voters also approved moving elections from May to November in even-numbered years, the first of which was held in November 2014. The City Council is composed of a Mayor who is elected at large and 10 Councilmembers who are elected by geographic districts, all of whom serve four-year staggered terms subject to a maximum of two terms. A petition signed by 5% of the registered voters will waive the term limit for a member of the City Council. The City Manager, appointed by the City Council, is responsible to the City Council for the management of all City employees and administration of all City affairs.

The City, which is the capital of Texas, is the fourth largest city in the state (behind Houston, Dallas, and San Antonio) and the eleventh largest in the nation, with, according to the City’s estimates, an October 2017 population of 946,080. Over the past ten years, Austin’s population has increased by approximately 26.48%, or 199,975 residents. Geographically, the City consists of approximately 325 square miles. The current estimated median household income for residents of the City is \$56,849 according to Nielsen Site Reports. The City’s per capita income is estimated to be \$53,908 based on analysis of the Bureau of Economic Analysis information.

The City offers several broad-ranged educational opportunities for those individuals with a desire to learn. Austin is a highly educated city, with 46.8% of adults twenty-five years or older holding a bachelor’s or advanced degree, compared to 28% for Texas and 30% for the U.S. as a whole. Higher education is a significant aspect of life in the Austin area, which is host to six universities, a robust community college system, and numerous other institutions of higher learning. The University of Texas at Austin (UT), the sixth largest public university in the nation, is known as a world-class center of education and research and was ranked 18th among public universities in the 2018 U.S. News and World Report survey of undergraduate programs.

The City is nationally recognized as a great place to live due in part to its diverse, educated and eclectic population, as well as its promotion of a year-round outdoor active lifestyle. The City draws its special character from its physical setting along the Balcones Escarpment, wedged between coastal plains and dramatic cliffs, canyons, and juniper-carpeted rolling hills. Austin’s quality of life has become a critical economic development engine, and the City’s diverse demographic structure serves to support and enrich its quality of life.

### THE CITY

#### Historical Employment in the City (Average Annual)

The City of Austin

	Average Annual				
	2018 <sup>(2)</sup>	2017	2016	2015	2014
Civilian Labor Force	590,477	572,348	554,495	536,573	527,919
Total Employed	575,205	555,738	537,404	520,552	508,331
Total Unemployed	15,272	16,610	17,091	16,021	19,588
Unemployment Rate	2.6%	2.9%	3.1%	3.0%	3.7%

<sup>(1)</sup> Source: Texas Workforce Commission.

<sup>(2)</sup> Source: Data through May 2018.

**Ten Largest Employers in the City (As of September 30, 2017)**

The ten largest employers in the City are set forth in the table below.

<u>Employer</u>	<u>Product or Service</u>	<u>Employees</u>
State Government	Government	38,353
The University of Texas at Austin	Education	23,131
City of Austin	Government	13,825
Federal Government	Government	12,700
HEB Grocery	Grocery/Retail	12,198
Dell Computer Corporation	Computers	12,000
Austin Independent School District	Education	11,447
Seton Healthcare Network	Healthcare	10,270
St. David's Healthcare Partnership	Healthcare	8,598
Samsung Austin Semiconductor	Manufacturer	6,074

Source: The City's 2017 Comprehensive Annual Financial Report.



APPENDIX B  
FORM OF INDENTURE

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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



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-

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

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:

“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.

“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.

“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.

“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.

“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., Zagan XII, Ltd., Thirteen Canard, Ltd., Ruisseau XIV, Ltd., Dindon Fifteen, Ltd., Bois de Chene XVI, Ltd., Etourneau Seventeen, Ltd., Moineau XVIII, Ltd., each a



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.

“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.

“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.

## 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.

(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:

<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:

- (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.

(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



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.

(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.

(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

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.

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

<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

(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

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.

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.



(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;

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

REGISTERED

No. \_\_\_\_\_

\$ \_\_\_\_\_

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

“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.

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.

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

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

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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.



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

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,

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.]*

(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 § REGISTER NO. \_\_\_\_\_  
§  
THE STATE OF TEXAS §

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):

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

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

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 Fund;
- (iii) Project Fund;
- (iv) Reserve Fund;
- (v) Redemption Fund;
- (vi) Rebate Fund;
- (vii) Administrative Fund; and
- (viii) Reimbursement Fund.

(b) Creation of Accounts.

(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.

(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: \$3,331,978.95.

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.



(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.

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

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

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.

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

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.

Section 7.2. Collection and Enforcement of Improvement Area #1 Assessments.

(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,

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.



(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.

(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

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.

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.

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.

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

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

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



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

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

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.

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.

(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.

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,

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:

(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



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 whomsoever.

(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.

(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.

## 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

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.

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,

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.

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. 89 85<sup>th</sup> 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 85<sup>th</sup> Texas Legislature).

The Trustee represent 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.

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

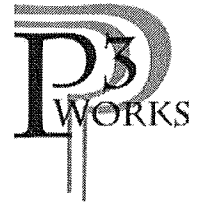
*Signature Page to Indenture of Trust*



APPENDIX C

FORM OF SERVICE AND ASSESSMENT PLAN

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ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT DISTRICT  
2018 AMENDED AND RESTATED SERVICE AND ASSESSMENT PLAN

DECEMBER 13, 2018  
SERVICE AND ASSESSMENT PLAN

## INTRODUCTION

On June 6, 2013, (the "Creation Date") the City Council approved that certain "Petition for the Creation of a Public Improvement District to Finance Improvements for Estancia Hill Country" which authorized the creation of the Estancia Hill Country Public Improvement District (the "District") to finance the Actual Costs for the benefit of certain property in the District, all of which is located in the limited purpose annexed jurisdiction of the City of Austin, Texas (the "City"), but not within its corporate limits.

On June 20, 2013, the City adopted a Service and Assessment Plan (the "Service and Assessment Plan") which identified the Authorized Improvements to be constructed, the costs of the Improvement Area #1 Improvements, the indebtedness to be incurred for the Improvement Area #1 Improvements, and the manner of assessing the property in the PID for the costs of the Improvement Area #1 Improvements. Pursuant to Texas Local Government Code Chapter 372, ("the Act"), a service and assessment plan must be reviewed and updated annually. This document is the 2018 Amended and Restated Service and Assessment Plan which serves to amend and restate the Service and Assessment Plan for the purpose of issuing PID Bonds (as so amended and updated the "2018 Amended and Restated Service and Assessment Plan"). This 2018 Amended and Restated Service and Assessment Plan also updates the Assessment Rolls.

Capitalized terms used in this 2018 Amended and Restated Service and Assessment Plan (as amended from time to time) shall have the meanings given to them in **Section I** unless otherwise defined in this 2018 Amended and Restated Service and Assessment Plan or unless the context in which a term is used clearly requires a different meaning. Unless otherwise defined, a reference to a "Section" or an "Exhibit" shall be a reference to a Section of this 2018 Amended and Restated Service and Assessment Plan or an Exhibit attached to and made a part of this 2018 Amended and Restated Service and Assessment Plan for all purposes.

The Act requires a service plan covering a period of at least five years and defining the annual indebtedness and projected cost of the Authorized Improvements (as updated, from time to time, a "Service Plan"). The Service Plan is contained in **Section IV**.

The Act requires that the Service Plan include an Assessment Plan that assesses the Actual Costs of the Authorized Improvements against Parcels in the District based on the special benefits conferred on the District by the Authorized Improvements (as updated, from time to time, an "Assessment Plan"). The Assessment Plan is contained in **Section V**.

The Act requires an assessment roll that states the assessment against each Parcel determined by the method chosen by the City Council (as updated from time to time and which may be in

one or more parts, the "Assessment Roll"). The assessment against each Parcel must be sufficient to pay the share of the Actual Costs apportioned to the Parcel and cannot exceed the special benefit conferred on the Parcel by the Authorized Improvements. The Assessment Roll for Improvement Area #1 is included in this 2018 Amended and Restated Service and Assessment Plan as **Exhibit F-1**. The Assessment Roll for Improvement Area #2 is included in this 2018 Amended and Restated Service and Assessment Plan as **Exhibit G-1**.

## SECTION I: DEFINITIONS

**“2018 Amended and Restated Service and Assessment Plan”** means this 2018 Amended and Restated Service and Assessment Plan, as it may be modified and updated from time to time.

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

**“Actual Costs”** mean, with respect to Authorized Improvements, the actual costs paid or incurred by or on behalf of owners and developers of the PID: (1) to plan, finance, design, acquire, construct, install, and dedicate such improvements to the City, County or TXDOT; (2) to prepare plans, specifications (including bid packages), contracts, and as-built drawings; (3) to obtain zoning, licenses, plan approvals, permits, inspections, and other governmental approvals; (4) to acquire easements and other right-of-way; (5) for third-party professional consulting services including, but not limited to, engineering, surveying, geotechnical, land planning, architectural, landscaping, legal, accounting, and appraisals; (6) of labor, materials, equipment, fixtures, payment and performance bonds and other construction security, and insurance premiums; (7) of fees charged by the City or any other political subdivision or governmental authority; (8) a construction management fee of 4% of the costs incurred by or on behalf of the Owner for the construction of such Authorized Improvement (excluding legal costs, taxes, governmental fees, insurance premiums, permits, financing costs, and appraisal costs) if the Owner is serving as the Construction Manager.

**“Additional Interest”** means the 0.50% additional interest charged on Assessments pursuant to Section 372.018 of the Act.

**“Administrator”** means the person or independent firm designated by the City Council to perform the duties and obligations of the "Administrator" in this 2018 Amended and Restated Service and Assessment Plan.

**“Administrative Expenses”** mean the actual or budgeted costs and expenses related to the operation of the District, the issuance and sale of PID Bonds, and the construction, operation, and maintenance of the Authorized Improvements, including, but not limited to, costs and expenses for: (1) the Administrator; (2) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (3) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (4) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (5) issuing, paying, and redeeming PID Bonds; (6) investing or depositing Assessments and Annual Installments; (7) complying with this 2018 Amended and Restated Service and Assessment Plan and the Act with respect to the issuance and sale of PID Bonds, including continuing disclosure requirements; (8) the paying agent/registrar and Trustee in connection with PID Bonds, including their respective

legal counsel; and (9) administering the construction of the Authorized Improvements. Administrative Expenses collected but not expended in any year shall be carried forward and applied to reduce Administrative Expenses for subsequent years.

**“Annual Installment”** means the annual installment payment of an Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Administrative Expenses; and (4) Additional Interest.

**“Annual Service Plan Update”** means an update to the 2018 Amended and Restated Service and Assessment Plan prepared no less frequently than annually by the Administrator and approved by the City Council.

**“Assessed Property”** means any Parcel within the District against which an Assessment is levied.

**“Assessment”** means an assessment levied against a Parcel imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on any Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the Act.

**“Assessment Ordinance”** means any Assessment Ordinance adopted by the City Council in accordance with the Act that levied Assessments within the District.

**“Assessment Roll”** means any Assessment Roll for Assessed Property within the District.

**“Assessment Plan”** assesses the Actual Costs of the Authorized Improvements against the Assessed Property based on the special benefits conferred on the Assessed Property by the Authorized Improvements, more specifically described in **Section V**.

**“Authorized Improvements”** mean improvements authorized by Section 372.003 of the Act as more specifically described in **Section III**.

**“Bond Issuance Costs”** mean the costs associated with issuing PID Bonds, including but not limited to attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, City costs, capitalized interest, reserve fund requirements, first year Administrative Expenses, underwriter’s discount, fees charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of PID Bonds.

**“City”** means the City of Austin, Texas.

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

**“County”** means Travis County, Texas.

**“Creation Date”** means June 6, 2013, the date the City authorized the creation of the District.

**“Delinquent Collection Costs”** mean, for an Assessed Property, interest, penalties, and other

costs and expenses authorized by the Act that directly or indirectly relate to the collection of delinquent Assessments, delinquent Annual Installments, or any other delinquent amounts due under this SAP, including costs and expenses to foreclose liens.

**“District”** means approximately 593.791 acres located within the limited purpose annexed jurisdiction of the City, as shown on **Exhibit B** and as more specifically described on **Exhibit A-1**.

**“Improvement Area #1”** means the partially developed area within the District identified as “Improvement Area #1” on **Exhibit B** and more specifically described on **Exhibit A-2**.

**“Improvement Area #1 Assessed Property”** means any and all Parcels within Improvement Area #1 against which an Improvement Area #1 Assessment is levied.

**“Improvement Area #1 Assessment Ordinance”** means Ordinance No. 20130620-052 adopted by the City Council on June 20, 2013 in accordance with the Act that levied the Improvement Area #1 Assessments.

**“Improvement Area #1 Assessment Roll”** means the Assessment Roll for the Improvement Area #1 Assessed Property within the District, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the Act, including updates prepared in connection with the issuance of PID Bonds or in connection with any Annual Service Plan Update. The Improvement Area #1 Assessment Roll is included in this 2018 Amended and Restated Service and Assessment Plan on **Exhibit F-1**, and the projected Annual Installments for Improvement Area #1 are shown on **Exhibit F-2**.

**“Improvement Area #1 Assessments”** mean the Assessments levied on Parcels within Improvement Area #1.

**“Improvement Area #1 Improvements”** mean the Authorized Improvements which provide a special benefit only to the Improvement Area #1 Assessed Property and are described in **Section III.A** hereto.

**“Improvement Area #1 Initial Bonds”** mean those certain City of Austin, Texas Special Assessment Revenue Bonds, Series 2013 (Estancia Hill Country Public Improvement District) that are secured by Improvement Area #1 Assessments.

**“Improvement Area #1 Parity Bonds”** mean those certain City of Austin, Texas Special Assessment Revenue Bonds, Series 2018 (Estancia Hill Country Public Improvement District Improvement Area #1) that are secured by Improvement Area #1 Assessments.

**“Improvement Area #2”** means the area currently under development within the District identified as “Improvement Area #2” on **Exhibit B** and more specifically described on **Exhibit A-3**.



**“Improvement Area #2 Assessed Property”** means any and all Parcels within Improvement Area #2, against which an Improvement Area #2 Assessment is levied.

**“Improvement Area #2 Assessment Ordinance”** means the ordinance by which this 2018 Amended and Restated Service and Assessment Plan will be adopted by the City Council in accordance with the Act that shall levy the Improvement Area #2 Assessments.

**“Improvement Area #2 Assessment Roll”** means the Assessment Roll for the Improvement Area #2 Assessed Property within the District, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the Act, including updates prepared in connection with the issuance of PID Bonds or in connection with any Annual Service Plan Update. The Improvement Area #2 Assessment Roll is included in this Amended and Restated Service and Assessment Plan on **Exhibit G-1**, and the projected Annual Installments for Improvement Area #2 are shown on **Exhibit G-2**.

**“Improvement Area #2 Assessments”** mean the Assessments levied on Parcels within Improvement Area #2.

**“Improvement Area #2 Bonds”** mean those certain City of Austin, Texas Special Assessment Revenue Bonds, Series 2018 (Estancia Hill Country Public Improvement District – Improvement Area #2) that are secured by Improvement Area #2 Assessments.

**“Improvement Area #2 Improvements”** mean the Authorized Improvements which provide a special benefit to the Improvement Area #2 Assessed Property and are described in **Section III.B** hereto.

**“Improvement Area #2 Reimbursement Agreement”** means that certain “Estancia Hill Country Public Improvement District Reimbursement Agreement (Improvement Area #2)” effective December 13, 2018, by and between the City and the Owner, in which the City agrees to pay the Owner for Actual Costs of the Improvement Area #2 Improvements not paid by proceeds of PID Bonds solely from a junior and subordinate pledge of the revenue collected from Assessments, including Annual Installments, all as further provided in the Indenture.

**“Improvement Area #2 Reimbursement Obligation”** means the obligation of the City to pay certain costs of Improvement Area #2 Improvements from Assessments levied on Improvement Area #2 Assessed Property pursuant to the Improvement Area #2 PID Reimbursement Agreement.

**“Improvement Area #3”** means the undeveloped area within the District identified as “Improvement Area #3” on **Exhibit B**.

**“Indenture”** means an Indenture or Indentures of Trust entered into in connection with the issuance of one or more series of PID Bonds, as amended from time to time, between the City

and the Trustee setting forth terms and conditions related to the applicable PID Bonds.

**“Lot”** means (1) for any portion of the District for which a final subdivision plat has been recorded in the official public records of the County, a tract of land described by "lot" in such final and recorded subdivision plat, and (2) for any portion of the District for which a horizontal condominium regime has been created, a tract of land described by "unit" in the final declaration of condominium regime.

**“Lot Type”** means a classification of final building Lots with similar characteristics (e.g. commercial, light industrial, multi-family, single family residential, etc.), as determined by the Administrator and confirmed by the City Council.

**“Lot Type 1”** means a Lot in Improvement Area #1 marketed by homebuilders as a 50’ lot and identified in the Declaration of Condominium Regime for Enclave at Estancia Condominiums (A Residential Condominium in Travis County Texas), as amended, as being a part of Phase 1, Phase 2, or Phase 3. **Exhibit F-3** shows the projected Lot Type 1 Annual Installments per Lot.

**“Lot Type 2”** means a Lot in Improvement Area #1 marketed by homebuilders as a 60’ lot and identified in the Declaration of Condominium Regime for Enclave at Estancia Condominiums (A Residential Condominium in Travis County Texas), as amended, as being a part of Phase 1, Phase 2, or Phase 3. **Exhibit F-4** shows the projected Lot Type 2 Annual Installments per Lot.

**“Lot Type 3”** means a Lot in Improvement Area #1 marketed by homebuilders as 50’ lots and identified in the Declaration of Condominium Regime for Enclave at Estancia Condominiums (A Residential Condominium in Travis County Texas), as amended as being a part of Phase 4, Phase 5, or later Phase. **Exhibit F-5** shows the projected Lot Type 3 Annual Installments per Lot.

**“Lot Type 4”** means a Lot in Improvement Area #1 marketed by homebuilders as 60’ lots and identified in the Declaration of Condominium Regime for Enclave at Estancia Condominiums (A Residential Condominium in Travis County Texas), as amended as being a part of Phase 4, Phase 5, or later Phase. **Exhibit F-6** shows the projected Lot Type 4 Annual Installments per Lot.

**“Maximum Assessment”** means, for each Lot Type other than multifamily residential, an Assessment equal to the lesser of: (1) the amount calculated pursuant to **Section VI.A**, and (2) an amount that produces an Annual Installment for the year in which the Maximum Assessment Calculation Date occurs resulting in the Maximum Equivalent Tax Rate. For multifamily residential uses within Improvement Area #1 or Improvement Area #2, the Maximum Assessment is equal to \$5,843 per multifamily dwelling unit. The Maximum Assessment shall be calculated for Parcels whose Assessments are securing the PID Bonds on the Maximum Assessment Calculation Date.

**“Maximum Assessment Calculation Date”** means, for Parcels whose Assessments are securing the PID Bonds, 30 days prior to subdividing by plat, issuance of a site development permit,

creating units by a horizontal condominium regime, or any other action that would cause the uses within a Parcel to differ from the uses shown on **Exhibit I** and **Exhibit K**.

**“Maximum Equivalent Tax Rate”** means an amount that does not exceed 125% of the City’s tax rate in the fiscal year the Maximum Assessment is determined. The estimated buildout value for a Lot Type shall be determined by the Administrator and confirmed by a City representative by considering such factors as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, builder and developer contracts, discussions with homebuilders and developers, reports from third party consultants, information provided by the Owner, or any other information that may help determine assessed value.

**“Non-Benefited Property”** means Parcels that receive no special benefit from the Authorized Improvements as determined by the City Council which may include Public Property and Owner Association Property.

**“Owner(s)”** means SLF III – ONION CREEK, L.P., a Texas limited partnership, SEVENGREEN ONE, LTD., a Texas limited partnership, QUARTERSAGE II, LTD., a Texas limited partnership, REVERDE THREE, LTD., a Texas limited partnership, IV CAPITOL POINTE, LTD., a Texas limited partnership, STONE POINT FIVE, LTD., a Texas limited partnership, SALADIA VI, LTD., a Texas limited partnership, PALO GRANDE SEVEN, LTD., a Texas limited partnership, HIGH POINT GREEN VIII, LTD., a Texas limited partnership, GOLONDRINA NINE, LTD., a Texas limited partnership, X CORDONIZ, LTD., a Texas limited partnership, CIERVO ELEVEN, LTD., a Texas limited partnership, ZAGUAN XII, LTD., a Texas limited partnership, THIRTEEN CANARD, LTD., a Texas limited partnership, RUISSEAU XIV, LTD., a Texas limited partnership, DINDON FIFTEEN, LTD., a Texas limited partnership, BOIS DE CHENE XVI, LTD., a Texas limited partnership, ETOURNEAU SEVENTEEN, LTD., a Texas limited partnership, MOINEAU XVIII, LTD., a Texas limited partnership, or their assignees or successors. Pursuant to the PID Financing Agreement, the Owners acknowledged that SLF III – Onion Creek, L.P. has the authority to act on behalf of the remaining Owners with respect to matters under the PID Financing Agreement.

**“Owner Association Property”** means property within the boundaries of the District that is owned by or irrevocably offered for dedication to, whether in fee simple or through an easement, an Owner’s Association established or to be established for the benefit of a group of homeowners or property owners within the District.

**“Owner’s Association”** means the association(s) established for the benefit of property owners within the District.

**“Parcel”** or **“Parcels”** mean a specific property within the District identified by either a tax map identification number assigned by the Travis Central Appraisal District for real property tax purpose, by metes and bounds description, or by lot and block number in a final subdivision

plat recorded in the official public records of the County, or by any other means determined by the City.

**“PID Bonds”** mean the bonds to be issued by the City, in one or more series, to finance the Authorized Improvements that confer special benefit on the property within the District, which may include funds for any required reserves and amounts necessary to pay the Bond Issuance Costs, and to be secured by a pledge of the applicable Assessments pursuant to the authority granted in the Act, for the purposes of (i) financing the costs of Authorized Improvements and related costs, and (ii) reimbursement for Actual Costs paid prior to the issuance of the PID Bonds.

**“PID Financing Agreement”** means the Estancia Hill Country Public Improvement District Financing Agreement by and between the City and SLF III-Onion Creek, L.P. dated June 20, 2013, as may be amended from time to time.

**“Prepayment Costs”** mean interest and expenses to the date of Prepayment, plus any additional expenses related to the prepayment, reasonably expected to be incurred by or imposed upon the City as a result of any prepayment.

**“Public Property”** means real property, whether conveyed or dedicated in fee simple, as an easement, license, or otherwise, to the Federal Government, to the County, to the City, or to any other political subdivision, public or government agency, or public utility.

**“Service and Assessment Plan”** means the Service and Assessment Plan adopted by the City by Ordinance No. 20130620-052 June 20, 2013 as may be updated, amended, supplemented or restated from time to time.

**“Service Plan”** means a plan that covers a period of five years and defines the annual projected costs and indebtedness for the Authorized Improvements undertaken within the District during the five year period.

**“Trustee”** means the trustee (or successor trustee) under an Indenture.

**“TXDOT”** means the Texas Department of Transportation.

## SECTION II: THE DISTRICT

The District includes approximately 593.791 contiguous acres located within the City's extraterritorial jurisdiction, as described on **Exhibit A-1** and depicted on **Exhibit B**. Development of the District is anticipated to include single-family and multifamily residential, office, light industrial, retail and other uses, as well as parks, entry monuments, and associated rights-of-way, landscaping, and infrastructure necessary to provide roadways, drainage, and utilities to the PID.

Improvement Area #1 consists of approximately 214.9 contiguous acres located within the City's extraterritorial jurisdiction, as described on **Exhibit A-2** and depicted on **Exhibit B**. Improvement Area #1 is expected to contain approximately 370 single family units as well as approximately 92.2 acres of multifamily and approximately 16 acres of commercial.

Improvement Area #2 consists of approximately 131.0 contiguous acres located within the City's extraterritorial jurisdiction, as described on **Exhibit A-3** and depicted on **Exhibit B**. Improvement Area #2 is expected to contain approximately 161 single family units as well as approximately 51.3 acres of multifamily and approximately 16.3 acres of commercial.

Improvement Area #3 consists of approximately 180.6 contiguous undeveloped acres located within the City's extraterritorial jurisdiction, as depicted on **Exhibit B**. Improvement Area #3 does not currently contain any Assessed Property.

## SECTION III: AUTHORIZED IMPROVEMENTS

The City Council, based on information provided by the Owner and its engineer and reviewed by the City staff and by third-party consultants retained by the City, has determined that the improvements described below are Authorized Improvements authorized by the Act that confer a special benefit on the Assessed Property. Allocation of the Authorized Improvements is summarized on **Exhibit C**.

### A. Improvement Area #1 Improvements

- Wastewater Line #1

Wastewater line #1 consists of a wastewater collection system ranging from 8"-24" in diameter with a depth ranging from 8 feet deep to 50 feet deep. Wastewater line #1 also includes a 180 LF bore and a vortex manhole that will tie into an existing City wastewater interceptor located along Onion Creek. The property is located parallel to

Onion Creek and a portion of Old San Antonio Road. Wastewater line #1 will benefit Improvement Area #1. Wastewater line #1 has been constructed to City standards and specifications and has been dedicated to and maintained by the City.

- Wastewater Line #2

Wastewater line #2 consists of a wastewater collection system to service the onsite development. Wastewater line #2 will tie into the offsite wastewater line and will eventually convey flows to an existing City wastewater interceptor. Wastewater line #2 will benefit Improvement Area # 1. Wastewater line #2 was constructed to City standards and specifications and has been dedicated to and maintained by the City.

- Water Line

The water Line consists of a water distribution system ranging from 8"-16" in diameter. The water Line will tie into an existing City water transmission main located along the IH-35 frontage road adjacent to the property. The water line will benefit Improvement Area # 1. The water line has been constructed to City standards and specifications and has been dedicated to and maintained by the City.

- Estancia Parkway (Phase I)

Estancia Parkway (Phase I) is a 90-foot parkway consisting of roadway with retaining walls, turn lanes, curb and gutter systems, and revegetation of all disturbed areas within the right-of-way. Estancia Parkway provides a link between Old San Antonio Road and Camino Vaquero Parkway. It will eventually connect the property out to Puryear Parkway in Phase II. The roadway has been constructed to City and County standards and specifications and has been dedicated to and maintained by the County.

- Camino Vaquero Parkway

Camino Vaquero Parkway is a 90 foot parkway consisting of roadway with retaining walls, turn lanes, curb and gutter systems, and revegetation of all disturbed areas within the right-of-way. Camino Vaquero Parkway provides a link between IH-35 southbound access road and Estancia Parkway. It will eventually connect to a new IH-35 acceleration and deceleration lane into and out of the property. The roadway has been constructed to City and County standards and specifications and has been dedicated to and maintained by the County.

- Existing Central Pond Improvements

These will include a reconstructed outlet structure to the existing pond located near the center of the property. This will allow the pond to function as a detention structure for Camino Vaquero Parkway and Estancia Parkway (Phase I). The central pond

improvements have been constructed to City and County standards and specifications including a public drainage easement to the City and County but maintained by the Owner's Association.

- Wet Pond North

Wet pond north has been designed for fully-developed conditions for Improvement Area # 1. The inlet and outlet structures have been designed assuming fully-developed conditions of all development that will eventually drain to the wet pond north. Flow dissipaters and spreaders will be used to ensure a smooth transition from channel to sheet flow. Temporary rock berm will be utilized at all discharge points to reduce velocities and control erosion until permanent vegetation and controls are established. All storm sewer and drainage conveyance will be contained within proposed drainage easements. Wet pond north has been constructed to City and County standards and specifications including a public drainage easement to the City and County but maintained by the Owner's Association.

- Wet Pond West

Wet pond west has been designed for fully-developed conditions for Improvement Area #1. The inlet and outlet structures have been designed assuming fully-developed conditions of all development that will eventually drain to wet pond west. Flow dissipaters and spreaders will be used to ensure a smooth transition from channel to sheet flow. Temporary rock berm will be utilized at all discharge points to reduce velocities and control erosion until permanent vegetation and controls are established. All storm sewer and drainage conveyance will be contained within proposed drainage easements. The project has been constructed to City and County standards and specifications including a public drainage easement to the City and County but maintained by the Owner's Association.

- TxDOT Ramp Relocations and Engineering Cost

The existing ramps to the access road along the frontage of IH-35 prevent access to Camino Vaquero Parkway without exiting IH-35 near Onion Creek Parkway. Per discussions with TxDOT and with their support, the north entrance ramp near Onion Creek will become an exit ramp from IH-35 to the access road. The south exit ramp will become an entrance ramp to IH35 from the access road. Surveying and geotechnical information have been prepared by Owner to assist TxDOT with the design and construction of the ramps. The ramps have been designed to TxDOT standards and specifications and once constructed, will be owned and maintained by TxDOT.

- Drainage

This will consist of drainage improvements to support the installation of Camino Vaquero Parkway and Estancia Parkway, as well as onsite development within Improvement Area #1. Runoff conveyance will consist of box culverts and storm sewer system sized to convey the 100 year storm to the ponds that are proposed to be constructed. The roadway runoff will be routed to one of three ponds located within the development which were designed for detention and water quality purposes. The drainage improvements have been constructed to City and County standards and specifications and dedicated to and maintained by the County.

- Entry Monumentation

This shall consist of the construction of two entrance monuments, one at the intersection of IH-35 and Camino Vaquero Parkway and one at the intersection of Old San Antonio Road and Estancia Parkway. The entry monumentation is located within a public easement and maintained by the Owner's Association.

- Hardscape

This shall consist of the installation of hardscape to include sidewalks, fencing, driveway improvements, parking, lighting, and signage within the PID. The hardscape will be constructed to City and County standards and specifications. The hardscape is located within the County right-of-way and within a public easement and maintained by the Owner's Association.

- Landscaping

This shall consist of the installation of landscaping including plants, shrubs, and trees within Improvement Area # 1. The landscaping will be installed to City and County standards and specifications. The landscaping is located within the County right-of-way and within an easement granted to the County and will be maintained by the Owner's Association.

- Hike & Bike Trail System

The hike and bike trail system will be located parallel to Old San Antonio Road and Onion Creek and will connect the parks and trail system within Improvement Area #1 together. The trails will consist of a mixture of improved pathways with several ancillary improvements (benches, playscapes, points of interest, etc.) along or near the pathways. The hike and bike trail system will be constructed to City and County standards and specifications. The portion of the Hike & Bike Trail System located within the public park will be owned and maintained by the City, and the portion of the hike



and bike trail system located outside of the public park will be maintained by the Owner's Association and covered by an easement granted to the County or City.

- Erosion Control and Miscellaneous Bond Costs

This consists of the required Erosion and Sedimentation Control Infrastructure, both permanent and temporary controls, as required by the City, County, Texas Commission on Environmental Quality, and Environmental Protection Agency. These controls include, but are not limited to, silt fence, rock berms, stabilized construction entrances, matting and revegetation. The Erosion and Sedimentation Controls will be installed to City, County, TCEQ and EPA specifications and standards. They are located as needed within Improvement Area #1 for protection of slopes and to prevent sedimentation discharge into the watershed.

- Miscellaneous Soft Costs (fees, fiscals, etc.)

This consists of the fees and fiscal posting requirements of the City and County. They include inspection fees, fiscal for installation of improvements, recording fees for easements and plats, submittal fees for review of plans and specifications by both the County and the City.

## **B. Improvement Area #2 Improvements**

- Estancia Parkway Extension Improvements

This will consist of the extension of Estancia Parkway from the existing cul de sac in Improvement Area #1 to the intersection with Avenida Mercado as a four-lane divided roadway including grading, erosion control, curb and gutter paving, storm drainage, water, wastewater, street lights, street signs, striping, landscaping and irrigation. Estancia Parkway extension is a 90-foot-wide right of way consisting of roadway. Estancia Parkway provides a link between Old San Antonio Road and Camino Vaquero Parkway and will benefit the Improvement Area #2. The roadway will be constructed to City and County standards and specifications and will be dedicated to and maintained by the County upon completion and acceptance.

- Avenida Mercado Street Improvements

This will consist of the construction of Avenida Mercado from the south-bound frontage road of I-35 to the intersection with Old San Antonio Road as a four-lane divided roadway including grading, erosion control, curb and gutter paving, storm drainage, water, wastewater, street lights, street signs, striping, landscaping and irrigation. Avenida Mercado is a 90-foot-wide right of way consisting of roadway. Avenida Mercado provides a link between Old San Antonio Road and the south-bound frontage road of I-35 and will benefit Improvement Area #2. The roadway will be constructed to

City and County standards and specifications and will be dedicated to and maintained by the County upon completion and acceptance.

- Old San Antonio Road (OSR) Turn Lanes at Avenida Mercado Improvements

This will consist of the construction of left turn and right turn lanes on the existing Old San Antonio Road at the intersection with Avenida Mercado including grading, erosion control, asphalt paving, drainage, striping and landscaping. The turn lanes are necessary as the construction of Avenida Mercado will require the protected turning movements on OSR and will benefit Improvement Area #2. The turn lanes will be constructed to City and County standards and specifications and will be dedicated to and maintained by the County upon completion and acceptance.

- West Water Quality/Detention Pond Improvements

The west water quality/detention pond will be designed and constructed for fully-developed drainage conditions for Improvement Area # 2. The inlet and outlet structures have been designed assuming fully-developed conditions of all development that will eventually drain to the pond. Flow dissipaters and spreaders will be used to ensure a smooth transition from channel to sheet flow downstream of the pond. Temporary rock berms will be utilized at all discharge points to reduce velocities and control erosion until permanent vegetation and controls are established. All storm sewer and drainage conveyance will be contained within proposed drainage easements. The pond will be constructed to City and County standards and specifications including a public drainage easement to the City and County, but the pond will be maintained by the Owner's Association. The pond is located within a parcel, which is designated to be dedicated to the City for future park land.

- Water Line Improvements (SBFR)

The water line improvements consist of a looped water distribution system 16" in diameter. The water line will run along the west side of the south-bound frontage road of I-35 in a public easement and will tie into an existing City water main located along the IH-35 frontage road and to the water line improvements in Avenida Mercado and looped back north along the western side of Improvement Area #2. The water line will benefit Improvement Area # 2. The water line will be constructed to City standards and specifications and will be dedicated to and maintained by the City upon completion and acceptance.

- Wastewater Improvements (OSR)  
Wastewater improvements consists of a wastewater collection system ranging from 15"-18" in diameter with a depth ranging from 6 feet deep to 12 feet deep. Wastewater improvements will run in a public easement along the east side of Old San Antonio Road beginning at Avenida Mercado and will tie into an existing City wastewater line located on the south side of the Improvement Area #1 single-family residential development. The wastewater improvements will benefit Improvement Area #2. The wastewater improvements will be constructed to City and County standards and specifications and will be dedicated and maintained by the City upon completion and acceptance.
- South-Bound Frontage Road (SBFR) Right Turn Lane at Avenida Mercado Improvements  
This will consist of the construction of a right turn lane on the existing South-Bound Frontage Road of I-35 at the intersection with Avenida Mercado including grading, erosion control, asphalt paving, drainage, striping and landscaping. The turn lane is necessary as the construction of Avenida Mercado and its connection to the SBFR will require the protected turning movement from the SBFR onto Avenida Mercado and will benefit Improvement Area #2. The turn lane will be constructed to The Texas Department of Transportation (TxDOT) standards and specifications within the existing right of way of I-35 and will be dedicated to and maintained by TxDOT upon completion and acceptance.

### **C. Bond Issuance Costs**

- Debt Service Reserve Fund  
Equals the amount required under an Indenture in connection with the issuance of PID Bonds.
- Capitalized Interest  
Equals the capitalized interest payments on PID Bonds as reflected in an applicable Indenture.
- Underwriting Discount  
Equals a percentage of the par amount of a series of PID Bonds plus a fee for underwriter's counsel.
- Cost of Issuance  
Includes costs associated with issuing PID Bonds, including but not limited to attorney fees, financial advisory fees, first year Administrative Expenses, consultant fees, appraisal fees, printing costs, publication costs, City costs, fees charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of PID Bonds.

## SECTION IV: SERVICE PLAN

The Act requires the Service Plan to cover a period of at least five years and to define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the District during the five year period. The Service Plan must be reviewed and updated by the City Council at least annually. **Exhibit D** of this 2018 Amended and Restated Service and Assessment Plan summarizes the Service Plan for the District.

**Exhibit E** summarizes the sources and uses of funds required to construct the Authorized Improvements, fund required reserves, and issue the PID Bonds. The sources and uses of funds shown on **Exhibit E** shall be updated each year in the Annual Service Plan Update to reflect any budget revisions and Actual Costs.

## SECTION V: ASSESSMENT PLAN

The Act allows the City Council to apportion the Authorized Improvements to the Assessed Property based on the special benefit received by the Authorized Improvements. The Act provides that such costs may be apportioned: (i) equally per front foot or square foot; (ii) according to the value of property as determined by the City Council, with or without regard to improvements constructed on the property; or (iii) in any other manner approved by the City Council that results in imposing equal shares of such costs on property similarly benefited. The Act further provides that the governing body may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost between the municipality and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

The determination by the City Council of the assessment methodologies set forth below is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the current owners and all future owners and developers of the Assessed Property.

### A. Assessment Methodology

The City Council, acting in its legislative capacity based on information provided by the Owner and its engineer and reviewed by the City staff and by third-party consultants retained by the City, has determined that the Assessments shall be allocated as follows:

*1. Improvement Area #1*

The Improvement Area #1 Assessments relating to the Improvement Area #1 Improvements shall be allocated 100% to the Improvement Area #1 Assessed Property. The original Service and Assessment Plan allocated Improvement Area #1 Assessments across all Parcels within Improvement Area #1 based on the ratio of the estimated buildout value of each Parcel to the total buildout value for all Parcels within Improvement Area #1.

*2. Improvement Area #2*

The Improvement Area #2 Assessments relating to the Improvement Area #2 Improvements shall be allocated 100% to the Improvement Area #2 Assessed Property. The Improvement Area #2 Assessments shall be allocated across all Parcels within Improvement Area #2 based on the ratio of the estimated buildout value of each Parcel to the total buildout value for all Parcels within Improvement Area #2, as shown on **Exhibit I**.

*3. Improvement Area #3*

The methodology for allocating Assessments for Improvement Area #3 will be determined at the time the Assessments for Improvement Area #3 are levied.

**B. Assessments**

The Improvement Area #1 Assessments are shown on the Improvement Area #1 Assessment Roll, attached hereto on **Exhibit F-1**. The projected Improvement Area #1 Annual Installments are shown on **Exhibit F-2**. The projected Lot Type 1 Annual Installments per Lot are shown on **Exhibit F-3**. The projected Lot Type 2 Annual Installments per Lot are shown on **Exhibit F-4**. The projected Lot Type 3 Annual Installments per Lot are shown on **Exhibit F-5**. The projected Lot Type 4 Annual Installments per Lot are shown on **Exhibit F-6**. The projected Annual Installment for each remaining Parcel within Improvement Area #1 are shown on **Exhibits F-7 through Exhibit F-10**. The Improvement Area #2 Assessments are shown on the Improvement Area #2 Assessment Roll, attached hereto on **Exhibit G-1**. The projected Improvement Area #2 Annual Installments are shown on **Exhibit G-2**, and the projected Annual Installment for each Parcel within Improvement Area #2 are shown on **Exhibits G-3 through Exhibit G-8**.

### C. Findings of Special Benefit

The City Council, acting in its legislative capacity based on information provided by the Owner and its engineer and reviewed by the City staff and by third-party consultants retained by the City, has found and determined:

#### 1. Improvement Area #1

- a. The Improvement Area #1 Improvements cost plus Bond Issuance Costs allocable to Improvement Area #1 equal \$17,701,837, as shown on **Exhibit C**; and
- b. The Improvement Area #1 Assessed Property receives special benefit from the Improvement Area #1 Improvements equal to or greater than the Actual Cost of the Improvement Area #1 Improvements; and
- c. The sum of the Improvement Area #1 Assessments for all Lots within Improvement Area #1 equals \$17,235,000, of which \$14,160,000 remains outstanding, as shown on the Improvement Area #1 Assessment Roll attached hereto as **Exhibit F-1**; and
- d. The special benefit ( $\geq$  \$17,701,837) received by Improvement Area #1 Assessed Property from the Improvement Area #1 Improvements is greater than the amount of the original Improvement Area #1 Assessments (\$17,235,000) levied for the Improvement Area #1 Improvements.
- e. At the time the City Council levied the Improvement Area #1 Assessments, the Owner owned 100% of the Improvement Area #1 Assessed Property. The Owner acknowledged that the Improvement Area #1 Improvements confer a special benefit on the Improvement Area #1 Assessed Property and consented to the imposition of the Improvement Area #1 Assessments to pay for the Actual Costs associated therewith. The Owner ratified, confirmed, accepted, agreed to and approved: (i) the determinations and findings by the City Council as to the special benefits described herein and the Improvement Area #1 Assessment Ordinance; and (ii) the levying of Improvement Area #1 Assessments on the Improvement Area #1 Assessed Property.

#### 2. Improvement Area #2

- a. The Improvement Area #2 Improvements cost plus the Bond Issuance Costs allocable to Improvement Area #2 equal \$9,635,738, as shown on **Exhibit C**; and
- b. The Improvement Area #2 Assessed Property receives special benefit from the Improvement Area #2 Improvements equal to or greater than the Actual Cost of the Improvement Area #2 Improvements; and

- c. The sum of the Improvement Area #2 Assessments for all Lots within Improvement Area #2 equals \$9,635,312 as shown on the Improvement Area #2 Assessment Roll attached on **Exhibit G-1**; and
- d. The special benefit ( $\geq$  \$9,635,738) received by Improvement Area #2 Assessed Property from the Improvement Area #2 Improvements is equal to or greater than the amount of the Improvement Area #2 Assessments (\$9,635,312) levied for the Improvement Area #2 Improvements.
- e. At the time the City Council levied the Improvement Area #2 Assessments, the Owner owned 100% of the Improvement Area #2 Assessed Property. The Owner acknowledged that the Improvement Area #2 Improvements confer a special benefit on the Improvement Area #2 Assessed Property and consented to the imposition of the Improvement Area #2 Assessments to pay for the Actual Costs associated therewith. The Owner has ratified, confirmed, accepted, agreed to and approved: (i) the determinations and findings by the City Council as to the special benefits described herein and the Improvement Area #2 Assessment Ordinance; and (ii) the levying of Improvement Area #2 Assessments on the Improvement Area #2 Assessed Property.

#### **D. Administrative Expenses**

The costs of administering the District and collecting the Annual Installments shall be paid for on a pro rata basis by each Parcel based on the amount of outstanding Assessment remaining on the Parcel. The Administrative Expenses shall be collected as part of and in the same manner as Annual Installments in the amounts shown on the Assessment Roll, which may be revised based on Actual Costs incurred in Annual Service Plan Updates.

#### **E. Additional Interest**

The interest rate on Assessments levied on the Assessed Property may exceed the interest rate on the PID Bonds by the Additional Interest. The Additional Interest shall be collected as part of each Annual Installment. The Additional Interest shall be deposited and used as described in the Indenture for any PID Bonds.

## SECTION VI: TERMS OF THE ASSESSMENTS

### A. Reallocation of Assessments

#### 1. *Upon Division Prior to Recording of Subdivision Plat*

Upon the division of any Assessed Property (without the recording of a subdivision plat or creation of units by horizontal condominium regime), the Administrator shall reallocate the Assessment for the Assessed Property prior to the division among the newly divided Assessed Properties according to the following formula:

$$A = B \times (C \div D)$$

Where the terms have the following meanings:

A = the Assessment for the newly divided Assessed Property

B = the Assessment for the Assessed Property prior to division

C = the estimated buildout value of the newly divided Assessed Property

D = the sum of the estimated buildout value for all of the newly divided Assessed Properties

The calculation of the buildout value of an Assessed Property shall be performed by the Administrator based on information from the Owner, homebuilders, market studies, appraisals, official public records of the County, and any other relevant information regarding the Assessed Property. The calculation as confirmed by the City Council shall be conclusive.

The sum of the Assessments for all newly divided Assessed Properties shall equal the Assessment for the Assessed Property prior to subdivision. The calculation shall be made separately for each newly divided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in an update to this 2018 Amended and Restated Service and Assessment Plan approved by the City Council.

#### 2. *Upon Subdivision by a Recorded Subdivision Plat or creation of units by a horizontal condominium regime*

Upon the subdivision of any Assessed Property based on a recorded subdivision plat or creation of units by horizontal condominium regime, the Administrator shall reallocate the Assessment for the Assessed Property prior to the subdivision among the newly subdivided Lots based on buildout value according to the following formula:



$$A = [B \times (C \div D)]/E$$

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

C = the sum of the estimated average buildout value of all newly subdivided Lots with same Lot Type

D = the sum of the estimated average buildout value for all of the newly subdivided Lots excluding Non-Benefitted Property

E = the number of Lots with same Lot Type

Prior to the recording of a subdivision plat or creation of units by horizontal condominium regime, the Owner shall provide the City an estimated buildout value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat considering factors such as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, discussions with homebuilders, and any other factors that may impact value. The calculation of the estimated average buildout value for a Lot shall be performed by the Administrator and confirmed by the City Council based on information provided by the Owner, homebuilders, third party consultants, and/or the official public records of the County regarding the Lot.

The sum of the Assessments for all newly subdivided Lots shall not exceed the Assessment for the portion of the Assessed Property subdivided prior to subdivision. The calculation shall be made separately for each newly subdivided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in the next Annual Service Plan Update and approved by the City Council.

### *3. Upon Consolidation*

If two or more Lots or Parcels are consolidated, the Administrator shall allocate the Assessments against the Lots or Parcels before the consolidation to the consolidated Lot or Parcel, which allocation shall be approved by the City Council in the next Annual Service Plan Update.

## **B. Mandatory Prepayment of Assessments**

### *1. Maximum Assessment Exceeded*

If the Assessment for any Lot Type exceeds the Maximum Assessment on the Maximum Assessment Calculation Date, the owner must partially prepay the Assessment for each Assessed Property that exceeds the Maximum Assessment in an amount sufficient to reduce the Assessment to the Maximum Assessment. The owner of a Parcel shall notify the Administrator at least 30 days before the Maximum Assessment Calculation Date so that the Administrator can determine whether a prepayment is required. If a prepayment is required, the Administrator will notify the owner of the Parcel as well as the Owner, and the prepayment must be made prior to subdividing by plat, issuance of a site development permit, or creating units by a horizontal condominium regime.

If a prepayment of an Improvement Area #2 Assessment is due and owing pursuant to the provisions above (including providing the required notice to Owner) and remains unpaid for 90 days after such notice, the City, upon providing written notice to the Owner, may reduce the amount of the Improvement Area #2 Reimbursement Obligation and the Improvement Area #2 Assessments by a corresponding amount, provided that the Improvement Area #2 Assessments shall not be reduced to an amount less than the outstanding Improvement Area #2 Bonds.

### *2. Transfer to Exempt Person or Entity*

If the Assessed Property is transferred to a person or entity that is exempt from payment of the Assessment, the owner transferring the Assessed Property shall pay to the City the full amount of the Assessment, plus Prepayment Costs and Delinquent Collection Costs, prior to the transfer. If the owner of the Assessed Property causes the Assessed Property to become Non-Benefited Property, the owner causing the change in status shall pay to the City the full amount of the Assessment, plus Prepayment Costs and Delinquent Collection Costs, prior to the change in status.

## **C. Reduction of Assessments**

If as a result of cost savings or an Authorized Improvement not being constructed, the Actual Costs of completed Authorized Improvements are less than the Assessments levied for such Authorized Improvements, the City Council shall reduce each Assessment related to such Authorized Improvements on a pro-rata basis such that the sum of the resulting reduced Assessments for all Assessed Properties receiving benefit from the Authorized Improvements equals the reduced Actual Costs. The Assessments shall not, however, be reduced to an amount less than the outstanding PID Bonds.

The Administrator shall update (and submit to the City Council for review and approval as part

of the next Annual Service Plan Update) the Assessment Rolls and corresponding Annual Installments to reflect the reduced Assessments.

#### **D. Prepayment of Assessments**

The owner of the Assessed Property may pay, at any time, all or any part of an Assessment in accordance with the Act. If an Annual Installment has been billed prior to this prepayment, the Annual Installment shall be due and payable and shall be credited against the prepayment.

If an Assessment is paid in full, with interest: (1) the Administrator shall cause the Assessment to be reduced to zero and the Assessment Roll to be revised accordingly; (2) the Administrator shall cause the revised Assessment Roll to be approved by the City Council as part of the next Annual Service Plan Update; (3) the obligation to pay the Assessment and corresponding Annual Installments shall terminate; and (4) the City shall provide the owner with a recordable "Notice of PID Assessment Termination."

If an Assessment is paid in part, with interest: (1) the Administrator shall cause the Assessment to be reduced and the Assessment Roll revised accordingly; (2) the Administrator shall cause the revised Assessment Roll to be approved by the City Council as part of the next Annual Service Plan Update; and (3) the obligation to pay the Assessment and corresponding Annual Installments shall be reduced.

#### **E. Payment of Assessment in Annual Installments**

Assessments that are not paid in full shall be due and payable in Annual Installments. Annual Installments are subject to adjustment in each Annual Service Plan Update. **Exhibit F-2** shows the projected Improvement Area #1 Annual Installments, **Exhibit F-3** shows the projected Lot Type 1 Annual Installments per Lot, **Exhibit F-4** shows the projected Lot Type 2 Annual Installments per Lot, **Exhibit F-5** shows the projected Lot Type 3 Annual Installments per Lot, **Exhibit F-6** shows the projected Lot Type 4 Annual Installments per Lot, **Exhibits F-7 through F-10** shows the projected Annual Installments for each remaining Parcel within Improvement Area #1. **Exhibit G-2** shows the projected Improvement Area #2 Annual Installments and **Exhibits G-3 through G-8** shows the projected Annual Installments for each Parcel within Improvement Area #2.

The Administrator shall prepare and submit to the City Council for its review and approval an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include an updated Assessment Roll and updated calculations of Annual Installments. Annual Installments shall be reduced by any credits applied under the applicable Indenture, such as capitalized interest, interest earnings on account balances, and any other funds available to the Trustee for such purposes. Annual Installments shall be collected by the City in the same manner and at the same time as ad valorem taxes. Annual

Installments shall be subject to the penalties, procedures, and foreclosure sale in case of delinquencies as set forth in the Act and in the same manner as ad valorem taxes for the City. The City Council may provide for other means of collecting Annual Installments. Assessments shall have the lien priority specified in the Act.

Sales of the Assessed Property for nonpayment of Annual Installments shall be subject to the lien for the remaining unpaid Assessment against the Assessed Property, and the Assessed Property may again be sold at a judicial foreclosure sale if the landowner fails to timely pay the Annual Installments as they become due and payable.

The City reserves the right to refund PID Bonds in accordance with the Act. In the event of a refunding, the Administrator shall recalculate the Annual Installments so that total Annual Installments will be sufficient to pay the refunding bonds, and the refunding bonds shall constitute "PID Bonds."

Each Annual Installment of an Assessment, including interest on the unpaid principal of the Assessment, shall be updated annually. Each Annual Installment shall be delinquent if not paid prior to February 1 of the following year.

## **SECTION VII: ASSESSMENT ROLL**

The Improvement Area #1 Assessment Roll is attached on **Exhibit F-1** and the Improvement Area #2 Assessment Roll is attached on **Exhibit G-1**. The Administrator shall prepare and submit to the City Council for review and approval, proposed revisions to the Assessment Rolls as well as the Annual Installments as part of each Annual Service Plan Update.

## **SECTION VIII: ADDITIONAL PROVISIONS**

### **A. Calculation Errors**

If the owner of a Parcel claims that an error has been made in any calculation required by this 2018 Amended and Restated Service and Assessment Plan, including, but not limited to, any calculation made as part of any Annual Service Plan Update, the owner's sole and exclusive remedy shall be to submit a written notice of error to the City within 30 days of the mailing of a bill for the Annual Installment resulting from the 2018 Amended and Restated Service and Assessment Plan or any Annual Service Plan Update; otherwise, the owner shall be deemed to have unconditionally approved and accepted the calculation. Upon receipt of a written notice

of error from an owner, the City shall refer the notice to the Administrator who shall provide a written response to the City and the owner within 30 days of such referral. The City Council shall consider the owner's notice of error and the Administrator's response, and within 30 days the City Council shall make a final determination as to whether an error has been made. If the City Council determines that an error has been made, the City Council shall take such corrective action as is authorized by the Act, this 2018 Amended and Restated Service and Assessment Plan, the Assessment Ordinance, or the Indenture, or is otherwise authorized by the discretionary power of the City Council. The determination by the City Council as to whether an error has been made, and any corrective action taken by the City Council, shall be final and binding on the owner and the Administrator.

#### **B. Amendments**

Amendments to this 2018 Amended and Restated Service and Assessment Plan must be made by the City Council in accordance with the Act. To the extent permitted by the Act, this 2018 Amended and Restated Service and Assessment Plan may be amended without notice to owners of the Assessed Property: (1) to correct mistakes and clerical errors; (2) to clarify ambiguities; and (3) to provide procedures to collect Assessments, Annual Installments, and other charges imposed by this 2018 Amended and Restated Service and Assessment Plan.

#### **C. Administration and Interpretation**

The Administrator shall: (1) perform the obligations of the Administrator as set forth in this 2018 Amended and Restated Service and Assessment Plan; (2) administer the District for and on behalf of and at the direction of the City Council; and (3) interpret the provisions of this 2018 Amended and Restated Service and Assessment Plan. Interpretations of this 2018 Amended and Restated Service and Assessment Plan by the Administrator shall be in writing and shall be appealable to the City Council by owners or developers adversely affected by the interpretation. Appeals shall be decided by the City Council after holding a public hearing at which all interested parties have an opportunity to be heard. Decisions by the City Council shall be final and binding on the owners and developers and their successors and assigns.

#### **D. Severability**

If any provision of this 2018 Amended and Restated Service and Assessment Plan is determined by a governmental agency or court to be unenforceable, the unenforceable provision shall be deleted and, to the maximum extent possible, shall be rewritten to be enforceable. Every effort shall be made to enforce the remaining provisions.

## EXHIBITS

- Exhibit A-1** Description of Land Within District
- Exhibit A-2** Description of Land Within Improvement Area #1
- Exhibit A-3** Description of Land Within Improvement Area #2
- Exhibit A-4** Description for all Assessed Parcels Within Improvement Area #2
- Exhibit B** Map of District, Improvement Area #1, Improvement Area #2 and Improvement Area #3
- Exhibit C** Allocation of Authorized Improvements
- Exhibit D** Service Plan
- Exhibit E** Sources and Uses of Funds
- Exhibit F-1** Improvement Area #1 Assessment Roll
- Exhibit F-2** Projected Improvement Area #1 Annual Installments
- Exhibit F-3** Projected Lot Type 1 Annual Installments Per Lot
- Exhibit F-4** Projected Lot Type 2 Annual Installments Per Lot
- Exhibit F-5** Projected Lot Type 3 Annual Installments Per Lot
- Exhibit F-6** Projected Lot Type 4 Annual Installments Per Lot
- Exhibit F-7** Projected Improvement Area #1 Parcel 1-5 Annual Installments
- Exhibit F-8** Projected Improvement Area #1 Parcel 6 & 7 Annual Installments
- Exhibit F-9** Projected Improvement Area #1 Parcel 8 Annual Installments
- Exhibit F-10** Projected Improvement Area #1 Parcel 9 Annual Installments
- Exhibit G-1** Improvement Area #2 Assessment Roll
- Exhibit G-2** Projected Total Improvement Area #2 Annual Installments
- Exhibit G-3** Projected Improvement Area #2 Parcel 2 Annual Installments
- Exhibit G-4** Projected Improvement Area #2 Parcel 4 Annual Installments
- Exhibit G-5** Projected Improvement Area #2 Parcel 6 Annual Installments
- Exhibit G-6** Projected Improvement Area #2 Parcel 8 Annual Installments
- Exhibit G-7** Projected Improvement Area #2 Parcel 9 Annual Installments
- Exhibit G-8** Projected Improvement Area #2 Parcel 10 Annual Installments
- Exhibit H** Map of Improvement Area #2 Improvements
- Exhibit I** Initial Allocation of Improvement Area #2 Assessments
- Exhibit J** Allocation of Assessments for Tract 11 Remainder (Tax Parcel 851771)
- Exhibit K** Improvement Area #1 Land Use Assumptions

**EXHIBIT A-1**  
**DESCRIPTION OF LAND WITHIN DISTRICT**

Parcel Descriptions for Parcels within District

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

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

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

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

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

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

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

IN DOCUMENT NO. 2009078596, AS CORRECTED IN DOCUMENT NO. 2009093810 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

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

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

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

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

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

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

**TRACT 14:** BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.002 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078603 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

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



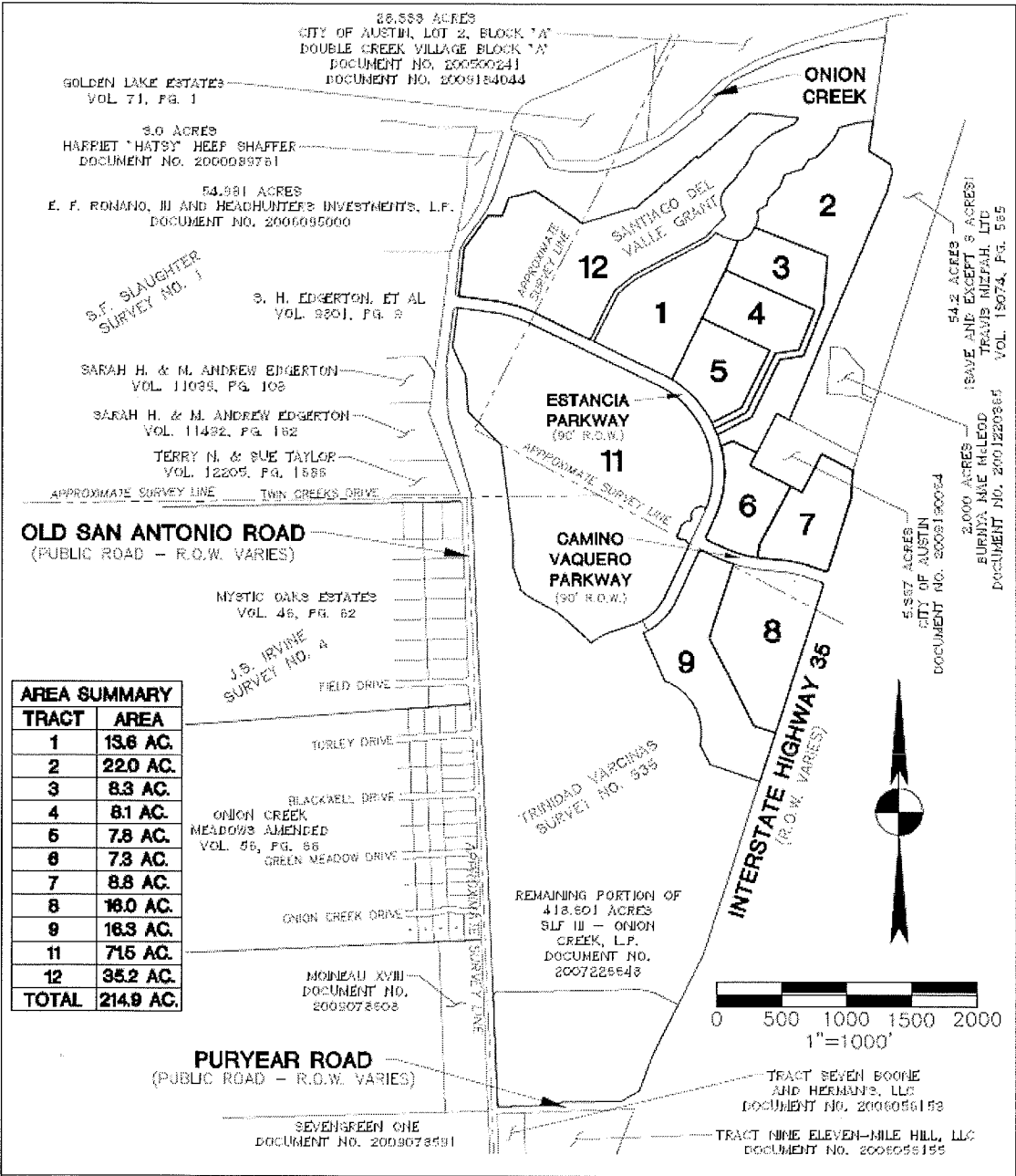
**TRACT 16:** BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.001 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078605 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

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

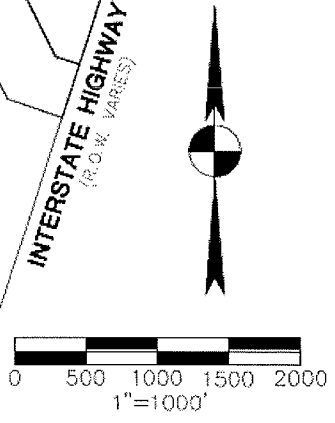
**TRACT 18:** BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.004 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078607 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

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

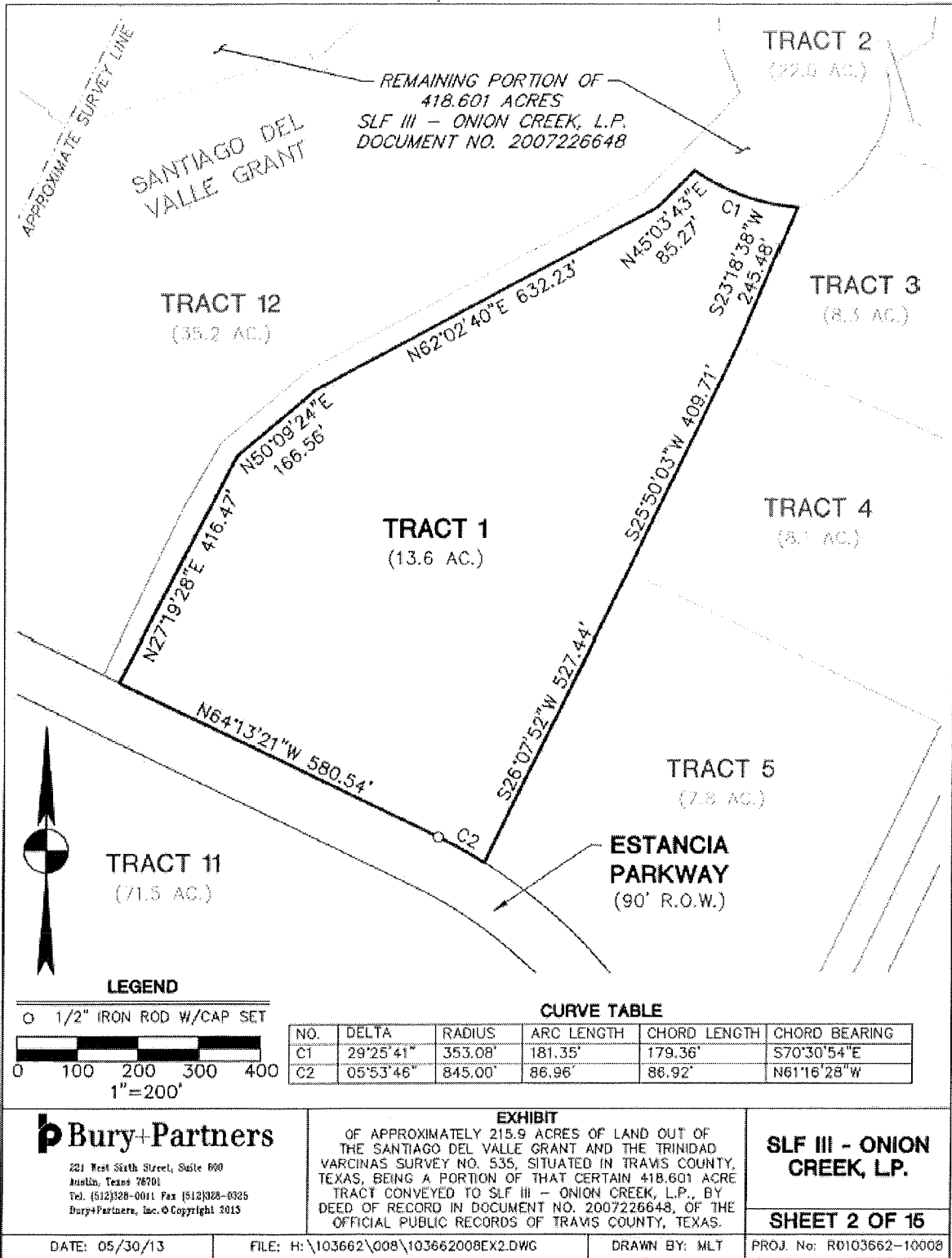
**EXHIBIT A-2**  
**DESCRIPTION OF LAND WITHIN IMPROVEMENT AREA #1**



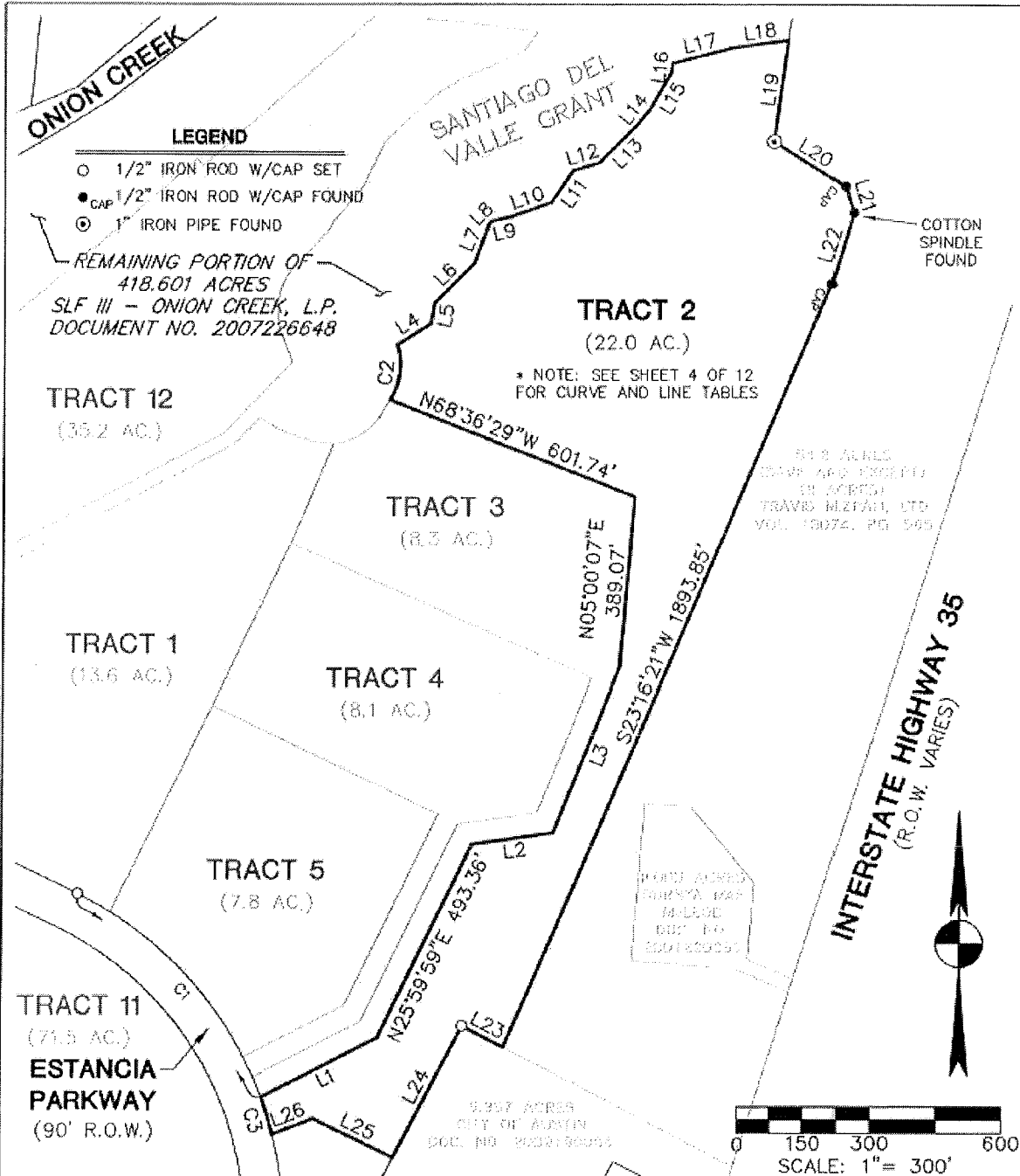
AREA SUMMARY	
TRACT	AREA
1	13.6 AC.
2	22.0 AC.
3	8.3 AC.
4	8.1 AC.
5	7.8 AC.
6	7.3 AC.
7	8.8 AC.
8	16.0 AC.
9	16.3 AC.
11	71.5 AC.
12	35.2 AC.
<b>TOTAL</b>	<b>214.9 AC.</b>



<p>221 West Sixth Street, Suite 800          Austin, Texas 78701          Tel. (512)390-2011 Fax (512)390-0325          Bury+Partners, Inc. © Copyright 2018</p>	<p><b>EXHIBIT</b>          OF APPROXIMATELY 214.9 ACRES OF LAND OUT OF THE SANTIAGO DEL VALLE GRANT AND THE TRINIDAD VARCINAS SURVEY NO. 535, SITUATED IN TRAVIS COUNTY, TEXAS, BEING A PORTION OF THAT CERTAIN 418.601 ACRE TRACT CONVEYED TO SLF III - ONION CREEK, L.P., BY DEED OF RECORD IN DOCUMENT NO. 2007226645, OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.</p>	<p><b>SLF III - ONION CREEK, L.P.</b></p>
	<p><b>SHEET 1 OF 15</b></p>	
DATE: 05/30/13	FILE: XXXXXXX	DRAWN BY: MLT
		PROJ. No. R0103662-10008



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<p><b>Bury+Partners</b></p> <p>221 West Sixth Street, Suite 809 Arling, Texas 76701 Tel. (512)328-0011 Fax (512)328-0225 Bury+Partners, Inc. © Copyright 2013</p>	<p><b>EXHIBIT</b></p> <p>OF APPROXIMATELY 215.9 ACRES OF LAND OUT OF THE SANTIAGO DEL VALLE GRANT AND THE TRINIDAD VARCINAS SURVEY NO. 535, SITUATED IN TRAVIS COUNTY, TEXAS, BEING A PORTION OF THAT CERTAIN 418.601 ACRE TRACT CONVEYED TO SLF III - ONION CREEK, L.P., BY DEED OF RECORD IN DOCUMENT NO. 2007226648, OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.</p>	<p><b>SLF III - ONION CREEK, L.P.</b></p>
	<p>DATE: 05/30/13</p>	<p>FILE: H:\103662\008\103662008EX2.DWG</p>
<p>DRAWN BY: MLT</p>	<p>PROJ. No: R0103662-10008</p>	

**LINE TABLE**

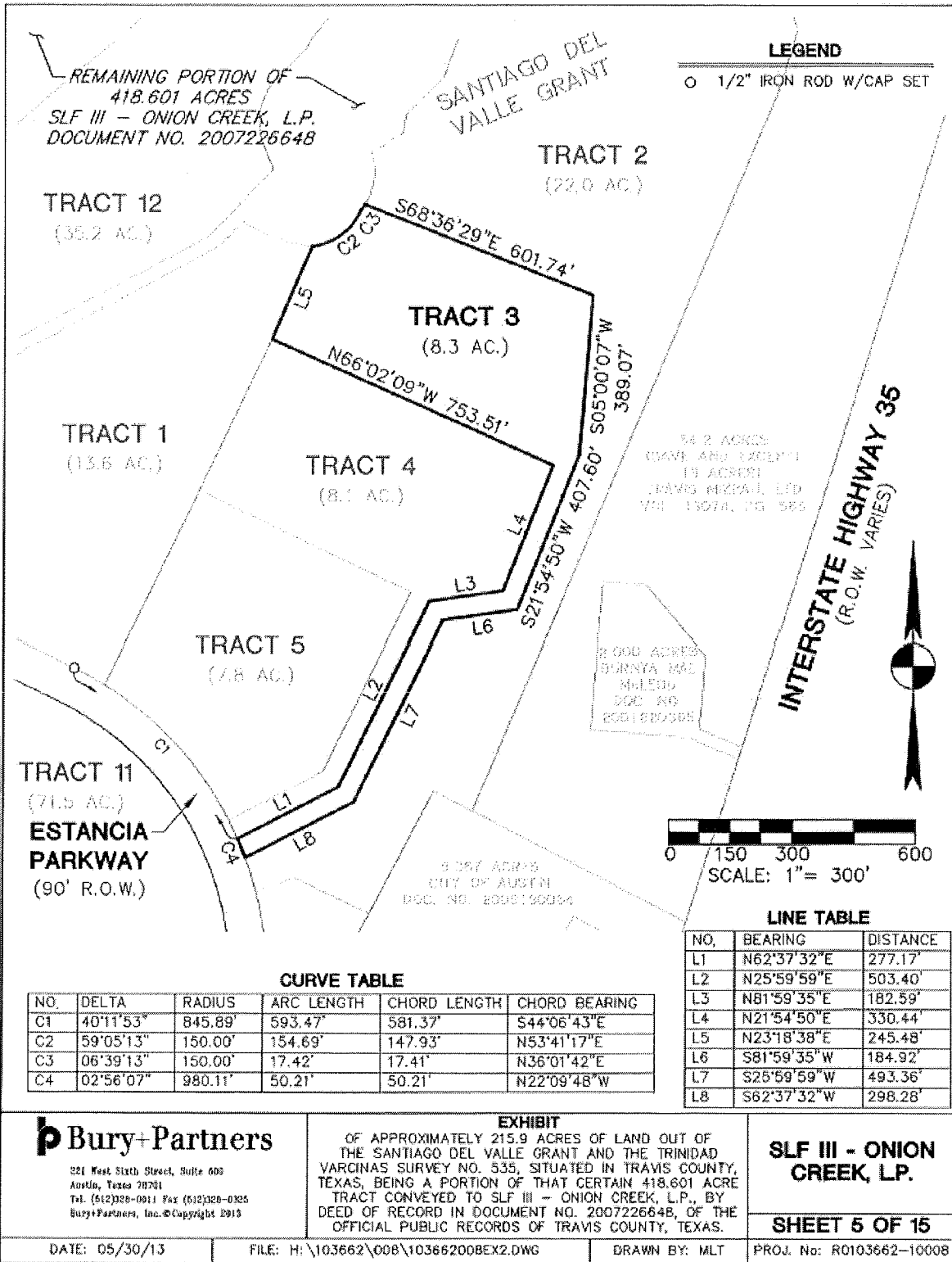
NO.	BEARING	DISTANCE
L1	N62°37'32"E	298.28'
L2	N81°59'35"E	184.92'
L3	N21°54'50"E	407.60'
L4	N57°54'36"E	90.04'
L5	N09°50'10"E	47.27'
L6	N45°21'15"E	127.97'
L7	N20°43'17"E	95.86'
L8	N44°41'28"E	8.83'
L9	N76°30'48"E	44.76'
L10	N70°30'51"E	97.20'
L11	N34°28'58"E	87.98'
L12	N73°19'34"E	61.30'
L13	N45°22'14"E	126.01'
L14	N39°13'36"E	43.42'
L15	N30°35'32"E	97.74'
L16	N05°00'12"E	20.83'
L17	N75°47'36"E	145.06'
L18	N82°12'59"E	129.06'
L19	S08°08'29"W	233.90'
L20	S57°50'45"E	189.84'
L21	S17°46'50"E	63.06'
L22	S16°38'57"W	169.38'
L23	N62°38'15"W	105.98'
L24	S27°21'45"W	339.75'
L25	N64°13'21"W	203.71'
L26	S68°46'24"W	99.72'

**CURVE TABLE**

NO.	DELTA	RADIUS	ARC LENGTH	CHORD LENGTH	CHORD BEARING
C1	43°38'41"	845.00'	643.67'	628.22'	S42°24'01"E
C2	49°59'13"	150.00'	130.87'	126.75'	N07°42'28"E
C3	06°01'32"	845.00'	88.86'	88.82'	N17°33'55"W

 <p>221 West Sixth Street, Suite 400 Austin, Texas 78701 Tel. (512)328-0011 Fax (512)328-0325 BuryPartners, Inc. © Copyright 2013</p>	<b>EXHIBIT</b> OF APPROXIMATELY 215.9 ACRES OF LAND OUT OF THE SANTIAGO DEL VALLE GRANT AND THE TRINIDAD VARCINAS SURVEY NO. 535, SITUATED IN TRAVIS COUNTY, TEXAS, BEING A PORTION OF THAT CERTAIN 418.601 ACRE TRACT CONVEYED TO SLF III - ONION CREEK, L.P., BY DEED OF RECORD IN DOCUMENT NO. 2007226648, OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.		<b>SLF III - ONION CREEK, LP.</b>
			<b>SHEET 4 OF 15</b>
DATE: 05/30/13	FILE: H:\103662\008\103662008EX2.DWG	DRAWN BY: MLT	PROJ. No: R0103662-10008

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REMAINING PORTION OF  
418.601 ACRES  
SLF III - ONION CREEK, L.P.  
DOCUMENT NO. 2007226648

SANTIAGO DEL VALLE GRANT

**LEGEND**  
○ 1/2" IRON ROD W/CAP SET

TRACT 12  
(35.2 AC.)

TRACT 2  
(22.0 AC.)

TRACT 3  
(8.3 AC.)

TRACT 1  
(13.6 AC.)

TRACT 4  
(8.1 AC.)

54.2 ACRES  
GRAVE AND ERECTED  
BY ADRIAN  
TRAVIS MEDICAL LTD  
TRM 13074, PG 583

TRACT 5  
(7.8 AC.)

2.000 ACRES  
BURNIA MAL  
MELEDO  
DOC NO  
2001800285

INTERSTATE HIGHWAY 35  
(R.O.W. VARIES)

TRACT 11  
(71.5 AC.)  
ESTANCIA PARKWAY  
(90' R.O.W.)

3.097 ACRES  
CITY OF AUSTIN  
DOC. NO. 2008190054

0 150 300 600  
SCALE: 1" = 300'

**CURVE TABLE**

NO.	DELTA	RADIUS	ARC LENGTH	CHORD LENGTH	CHORD BEARING
C1	40°11'53"	845.89'	593.47'	581.37'	S44°06'43"E
C2	59°05'13"	150.00'	154.69'	147.93'	N53°41'17"E
C3	06°39'13"	150.00'	17.42'	17.41'	N36°01'42"E
C4	02°56'07"	980.11'	50.21'	50.21'	N22°09'48"W

**LINE TABLE**

NO.	BEARING	DISTANCE
L1	N62°37'32"E	277.17'
L2	N25°59'59"E	503.40'
L3	N81°59'35"E	182.59'
L4	N21°54'50"E	330.44'
L5	N23°18'38"E	245.48'
L6	S81°59'35"W	184.92'
L7	S25°59'59"W	493.36'
L8	S62°37'32"W	298.28'

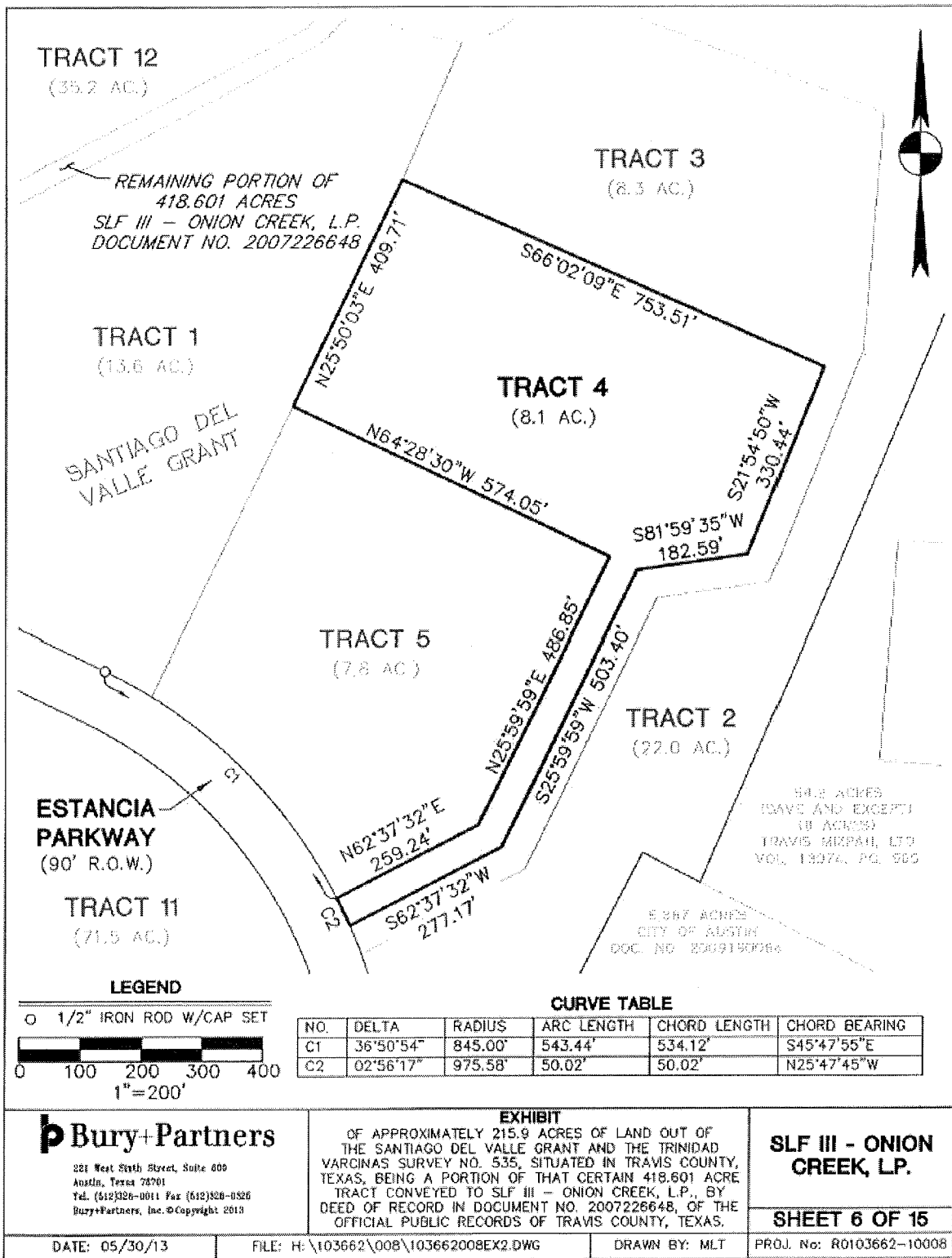
**Bury+Partners**  
321 West Sixth Street, Suite 600  
Austin, Texas 78701  
Tel. (512)388-0911 Fax (512)388-0305  
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**EXHIBIT**  
OF APPROXIMATELY 215.9 ACRES OF LAND OUT OF  
THE SANTIAGO DEL VALLE GRANT AND THE TRINIDAD  
VARGINAS SURVEY NO. 535, SITUATED IN TRAVIS COUNTY,  
TEXAS, BEING A PORTION OF THAT CERTAIN 418.601 ACRE  
TRACT CONVEYED TO SLF III - ONION CREEK, L.P., BY  
DEED OF RECORD IN DOCUMENT NO. 2007226648, OF THE  
OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

**SLF III - ONION  
CREEK, L.P.**

**SHEET 5 OF 15**

DATE: 05/30/13 FILE: H:\103662\008\103662008EX2.DWG DRAWN BY: MLT PROJ. No: R0103662-10008

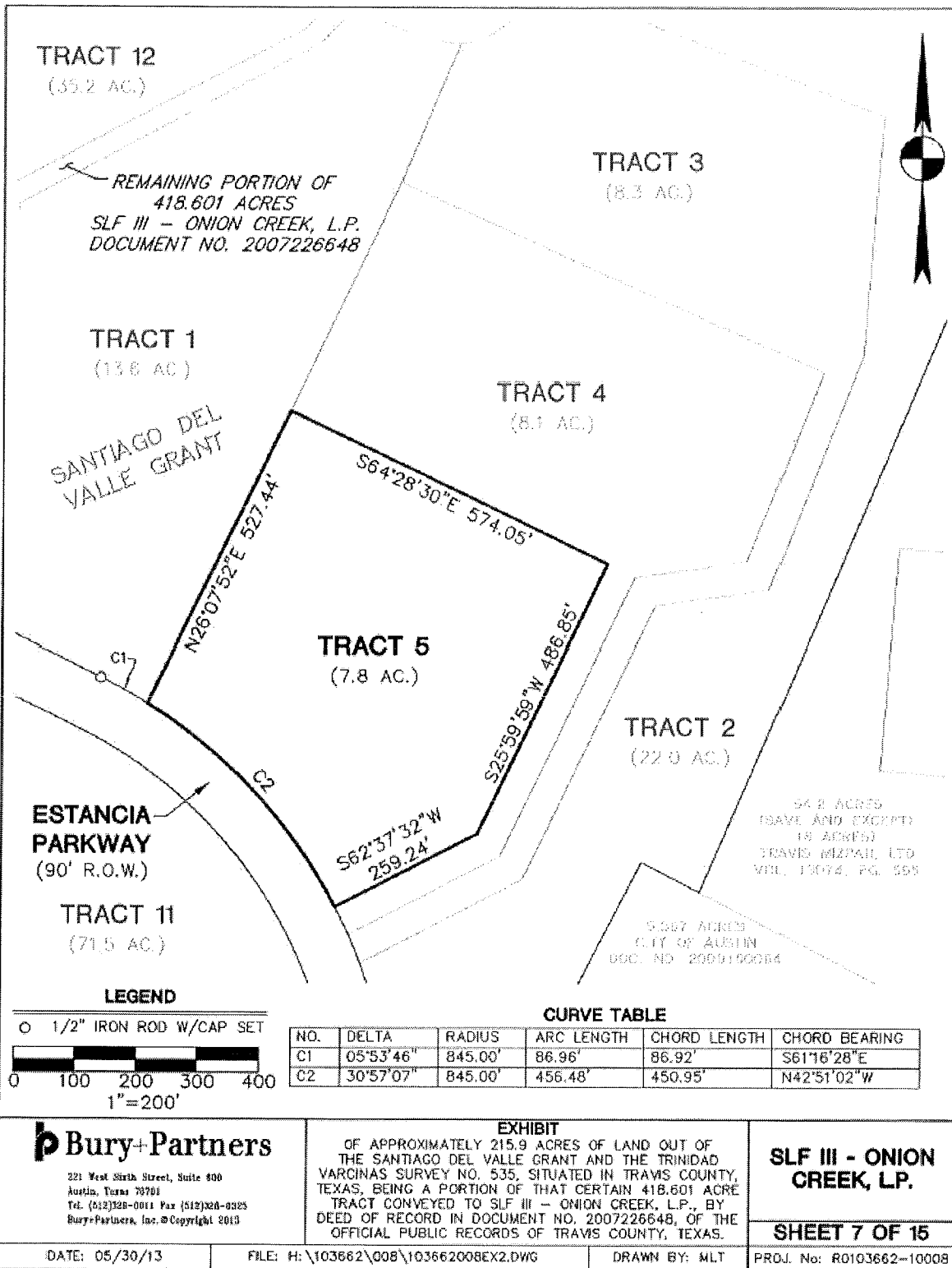


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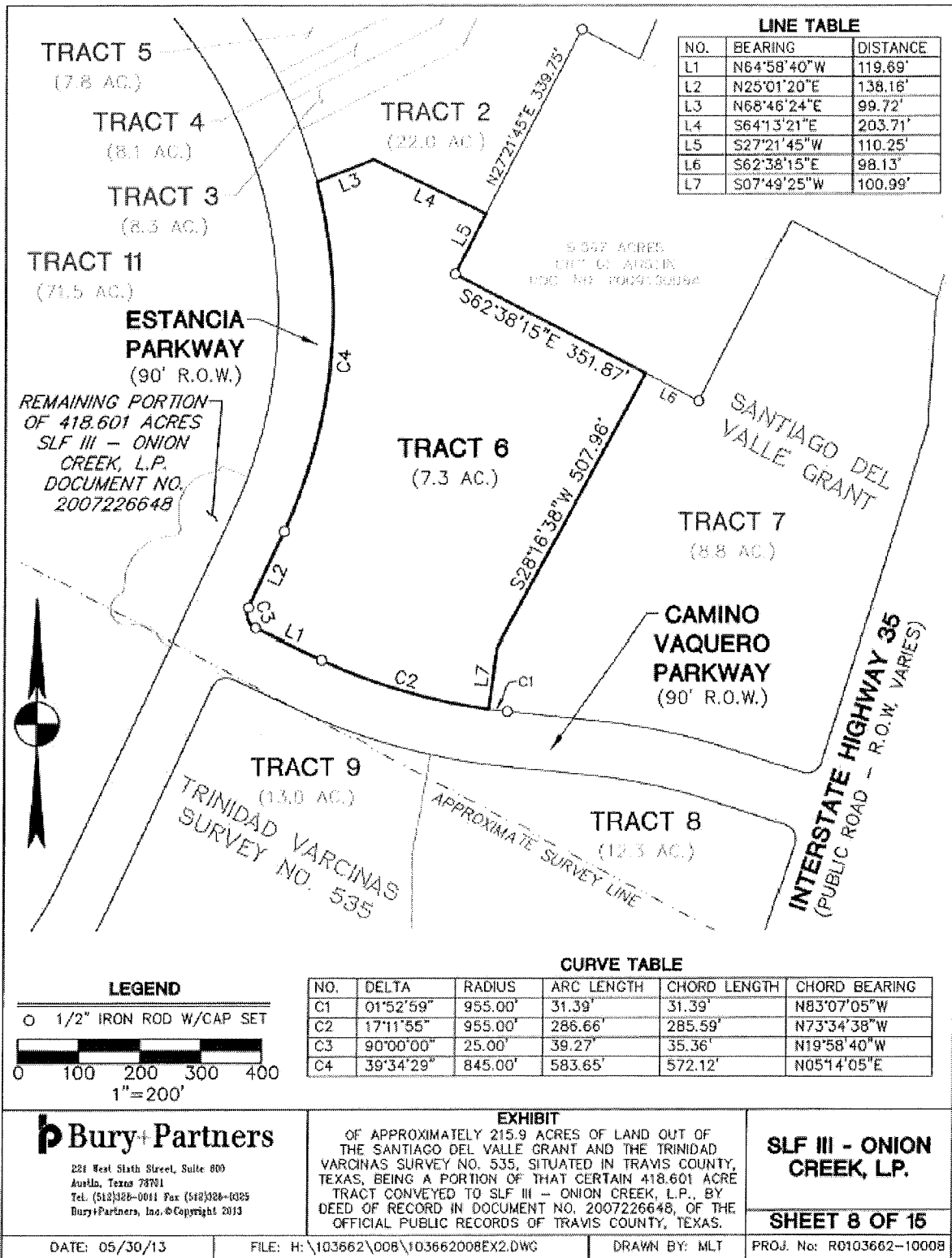
**EXHIBIT**  
OF APPROXIMATELY 215.9 ACRES OF LAND OUT OF THE SANTIAGO DEL VALLE GRANT AND THE TRINIDAD VARGINAS SURVEY NO. 535, SITUATED IN TRAVIS COUNTY, TEXAS, BEING A PORTION OF THAT CERTAIN 418.601 ACRE TRACT CONVEYED TO SLF III - ONION CREEK, L.P., BY DEED OF RECORD IN DOCUMENT NO. 2007226648, OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

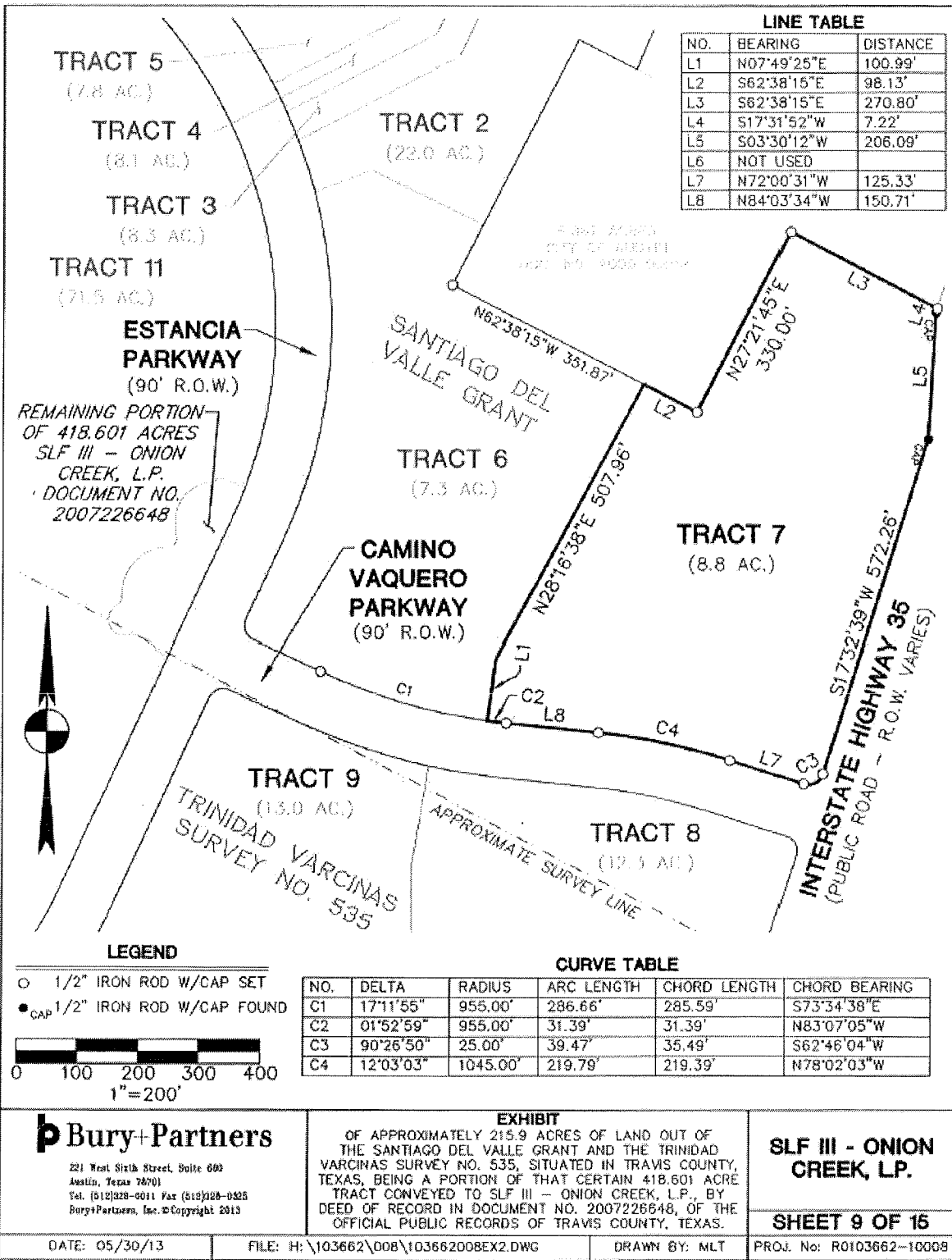
**SLF III - ONION CREEK, L.P.**  
**SHEET 6 OF 15**

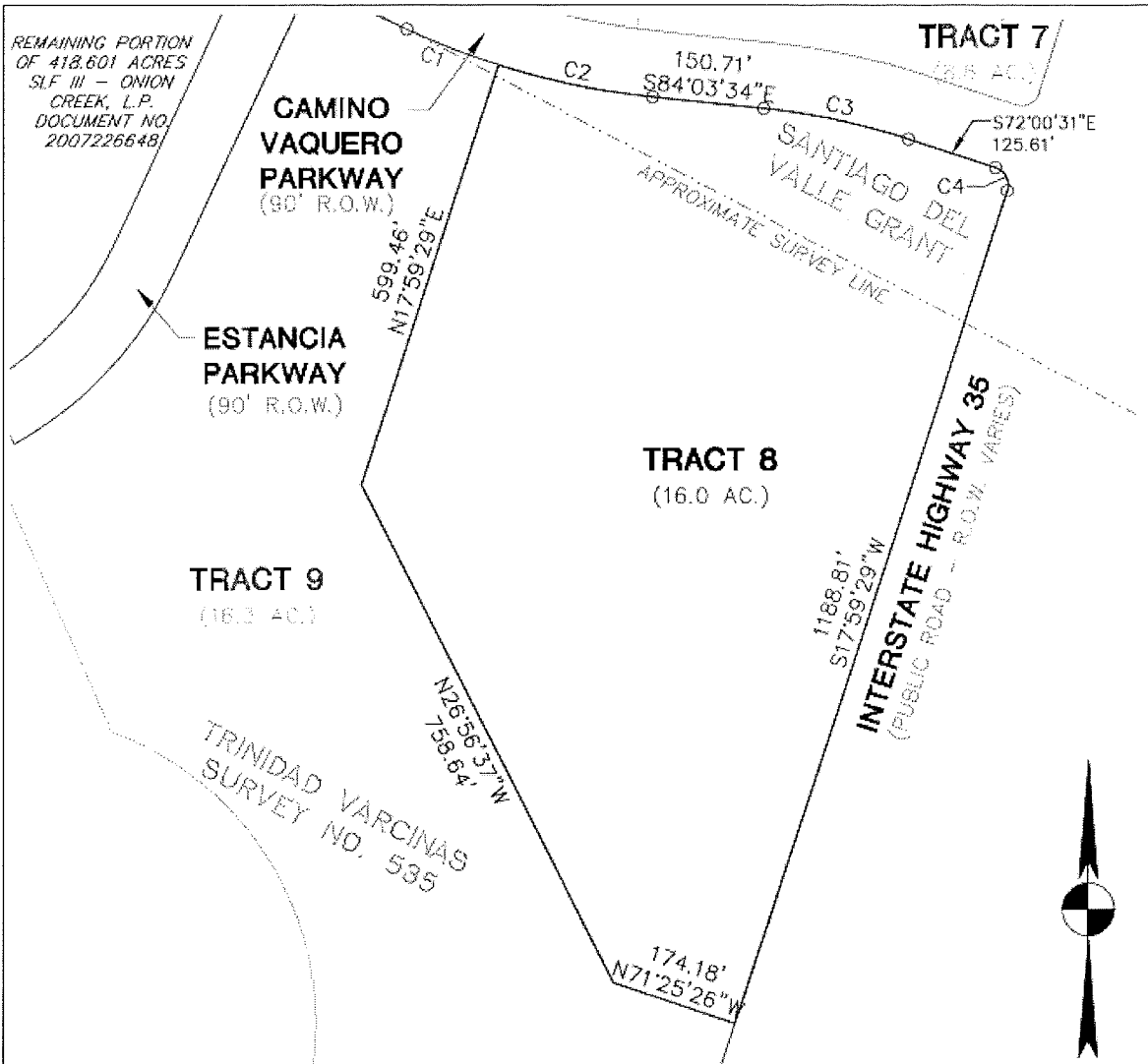
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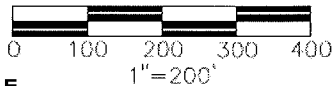








**LEGEND**  
 ○ 1/2" IRON ROD W/CAP SET



**CURVE TABLE**

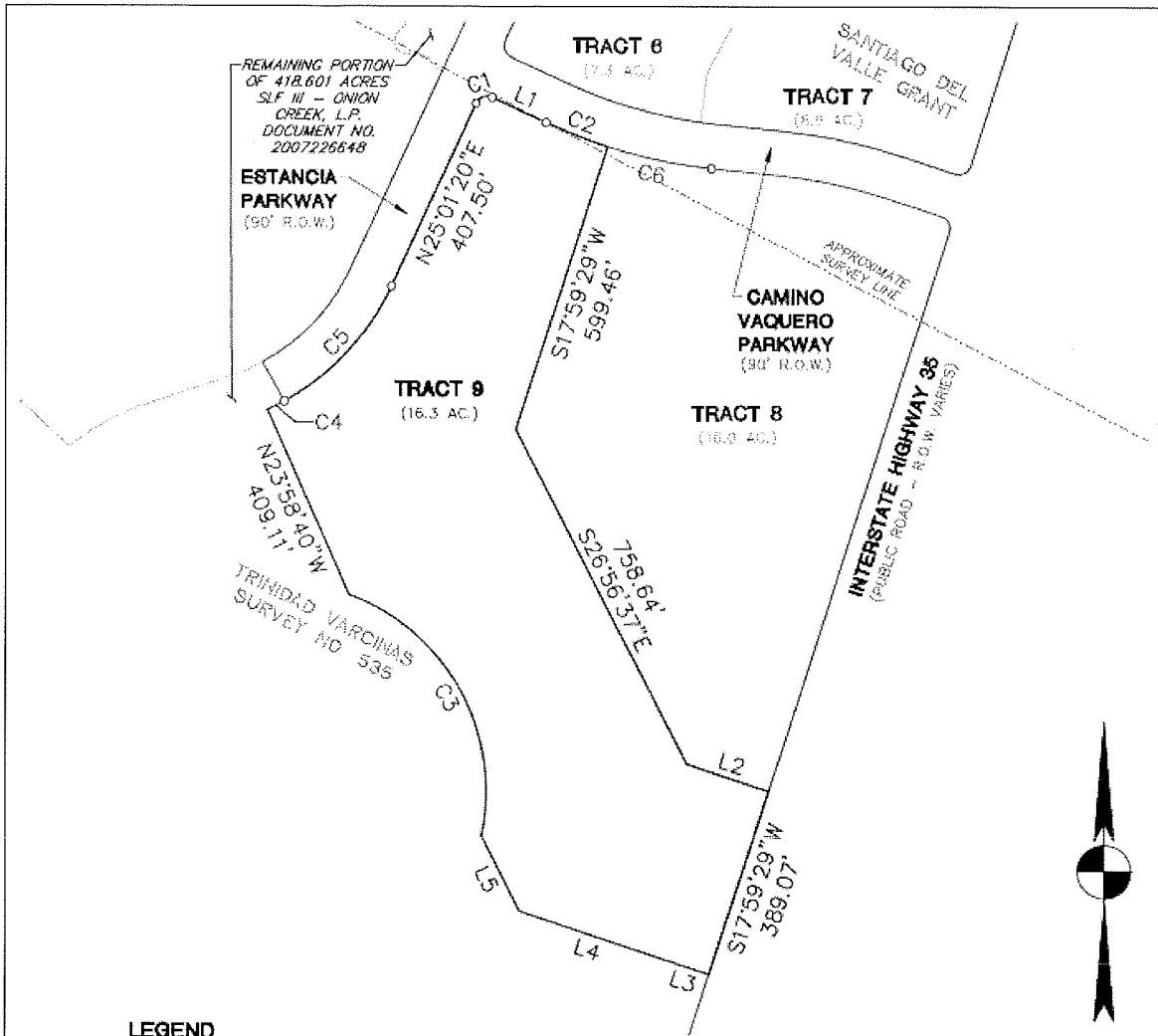
NO.	DELTA	RADIUS	ARC LENGTH	CHORD LENGTH	CHORD BEARING
C1	7°25'21"	1032.86'	133.78'	133.69'	S88° 39' 59"E
C2	11°44'47"	1045.00'	214.24'	213.86'	S78° 1' 11"E
C3	12°03'03"	955.00'	200.86'	200.49'	S78° 02' 03"E
C4	90°00'00"	25.00'	39.27'	35.36'	S27° 00' 31"E

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**EXHIBIT**  
 OF APPROXIMATELY 215.9 ACRES OF LAND OUT OF THE SANTIAGO DEL VALLE GRANT AND THE TRINIDAD VARCINAS SURVEY NO. 535, SITUATED IN TRAVIS COUNTY, TEXAS, BEING A PORTION OF THAT CERTAIN 418.601 ACRE TRACT CONVEYED TO SLF III - ONION CREEK, L.P., BY DEED OF RECORD IN DOCUMENT NO. 2007226648, OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

**SLF III - ONION CREEK, L.P.**  
**SHEET 10 OF 15**

DATE: 05/30/13      FILE: XXXXXXXX      DRAWN BY: TG      PROJ. No: R0103662-10308

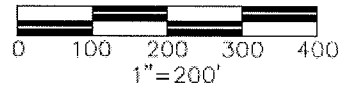


**LEGEND**

○ 1/2" IRON ROD W/CAP SET

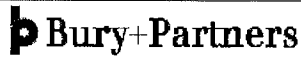
**CURVE TABLE**

NO.	DELTA	RADIUS	ARC LENGTH	CHORD LENGTH	CHORD BEARING
C2	7°22'41"	1038.93'	133.78'	133.89'	S68°40'01"E
C3	81°44'37"	423.47'	604.16'	554.21'	N28°54'57"W
C4	4°3'55"	515.00'	37.89'	37.88'	N63°04'48"E
C5	35°57'01"	515.00'	323.14'	317.88'	N42°59'50"E
C6	11°44'46"	1045.04'	214.24'	213.87'	S78°11'11"E



**LINE TABLE**

NO.	BEARING	DISTANCE
L1	S64°58'40"E	119.89'
L2	S71°25'26"E	174.18'
L3	N72°00'31"W	90.27'
L4	N71°25'26"W	312.26'
L5	N26°26'08"W	171.99'



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**EXHIBIT**

OF APPROXIMATELY 215.9 ACRES OF LAND OUT OF THE SANTIAGO DEL VALLE GRANT AND THE TRINIDAD VARCINAS SURVEY NO. 535, SITUATED IN TRAVIS COUNTY, TEXAS, BEING A PORTION OF THAT CERTAIN 418.501 ACRE TRACT CONVEYED TO SLF III - ONION CREEK, L.P., BY DEED OF RECORD IN DOCUMENT NO. 2007226648, OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

**SLF III - ONION CREEK, L.P.**

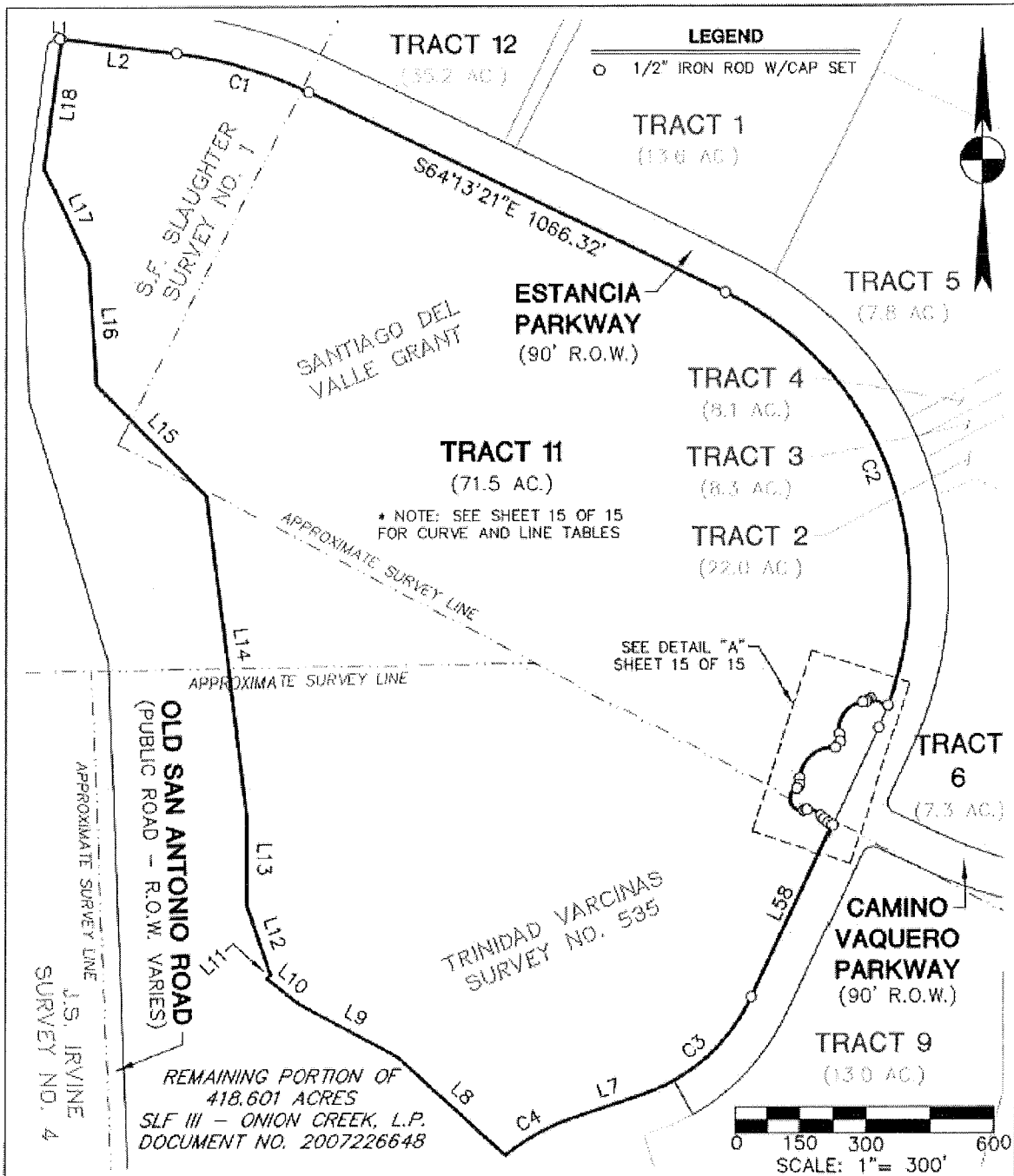
**SHEET 11 OF 15**

DATE: 05/30/13

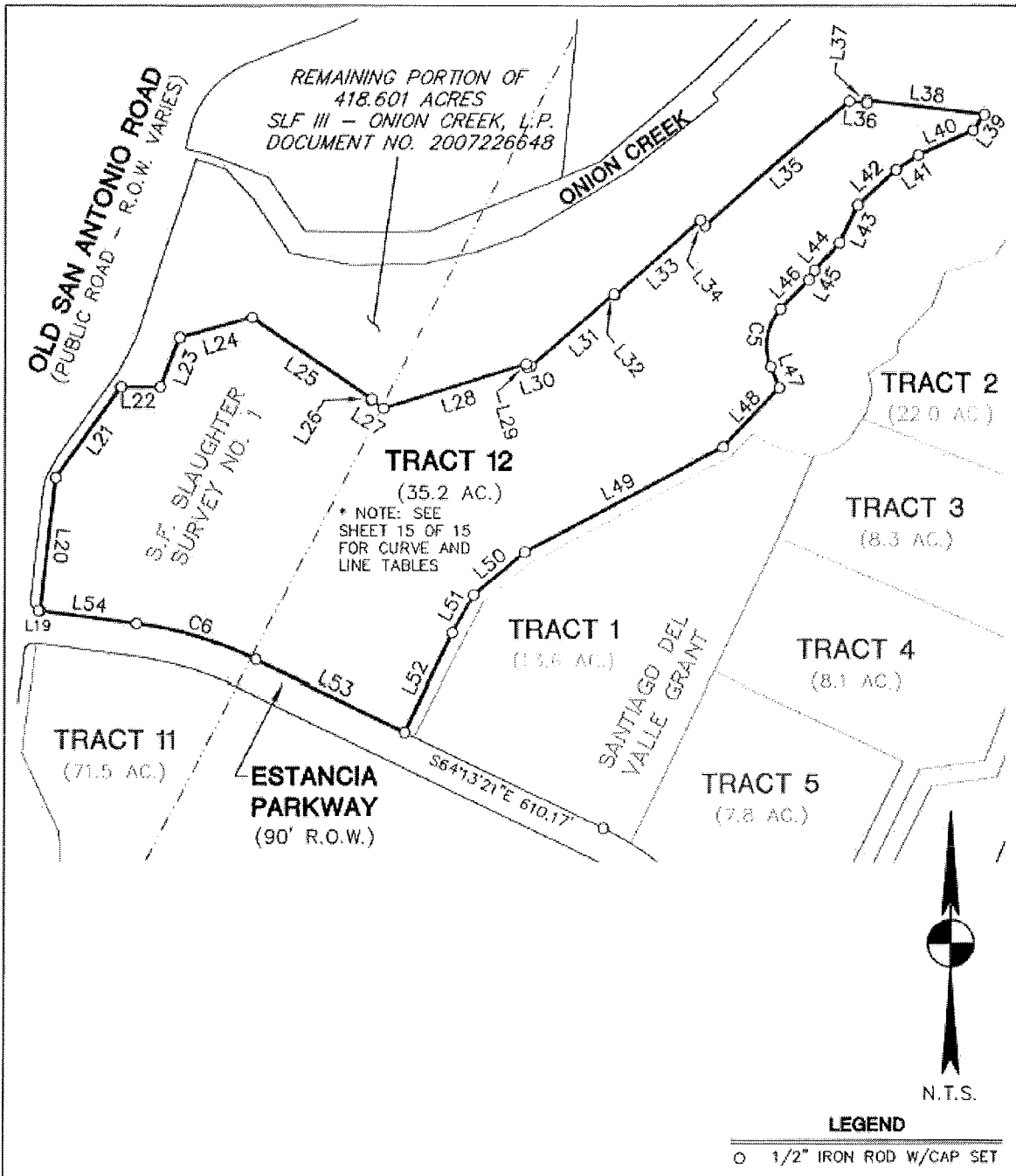
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DRAWN BY: MLT

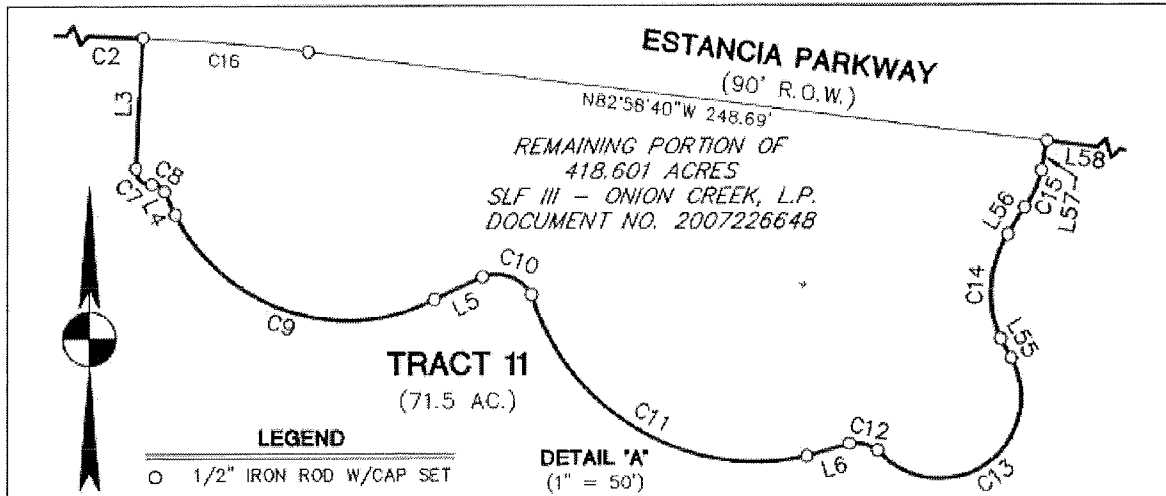
PROJ. No: R0103662-10008



<p>221 West Sixth Street, Suite 020 Austin, Texas 78701 Tel. (512)228-0011 Fax (512)228-0326 Bury+Partners, Inc. © Copyright 2013</p>	<b>EXHIBIT</b> OF APPROXIMATELY 215.9 ACRES OF LAND OUT OF THE SANTIAGO DEL VALLE GRANT AND THE TRINIDAD VARCINAS SURVEY NO. 535, SITUATED IN TRAVIS COUNTY, TEXAS, BEING A PORTION OF THAT CERTAIN 418.601 ACRE TRACT CONVEYED TO SLF III - ONION CREEK, L.P., BY DEED OF RECORD IN DOCUMENT NO. 2007226648, OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.		<b>SLF III - ONION CREEK, L.P.</b>
			<b>SHEET 13 OF 15</b>
DATE: 05/30/13	FILE: H:\103662\008\103662008EX2.DWG	DRAWN BY: MLT	PROJ. No: R0103662-10008



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			<b>SHEET 14 OF 15</b>
DATE: 05/30/13	FILE: H:\103662\008\103662008EX2.DWG	DRAWN BY: MLT	PROJ. No: R0103662-10008



**LINE TABLE**

NO.	BEARING	DISTANCE
L1	S82°40'01"E	5.07'
L2	S82°40'01"E	268.40'
L3	N68°47'41"W	43.86'
L4	S82°54'31"W	8.54'
L5	S07°26'54"E	17.65'
L6	S02°10'15"W	14.86'
L7	S71°32'20"W	167.21'
L8	N47°26'37"W	335.13'
L9	N61°39'05"W	259.78'
L10	N52°15'08"W	95.97'
L11	N47°48'28"E	12.65'
L12	N18°51'48"W	170.26'
L13	N00°00'43"W	203.35'
L14	N07°21'50"W	743.34'
L15	N44°41'53"W	359.07'
L16	N03°47'10"W	280.45'
L17	N25°21'28"W	241.06'
L18	N07°29'09"E	303.12'
L19	S82°40'01"E	5.39'
L20	N06°30'36"E	370.87'
L21	N36°04'41"E	309.11'
L22	N89°54'53"E	109.26'
L23	N21°23'15"E	145.87'
L24	N74°28'15"E	208.00'
L25	S55°56'31"E	399.65'
L26	S31°27'21"W	5.00'
L27	S58°32'39"E	40.90'
L28	N72°51'34"E	413.10'
L29	S17°08'26"E	10.00'
L30	N72°51'34"E	10.52'
L31	N49°06'02"E	303.91'
L32	S40°53'58"E	5.00'

**LINE TABLE**

NO.	BEARING	DISTANCE
L33	N49°06'02"E	314.61'
L34	S40°53'58"E	20.00'
L35	N49°06'02"E	523.47'
L36	S83°24'18"E	48.24'
L37	N06°35'42"E	7.50'
L38	S83°21'18"E	326.33'
L39	S35°50'40"W	54.72'
L40	S65°44'30"W	166.16'
L41	S56°27'39"W	74.17'
L42	S47°14'19"W	142.23'
L43	S26°00'56"W	115.65'
L44	S40°47'46"W	99.49'
L45	S30°41'58"W	30.02'

**LINE TABLE**

NO.	BEARING	DISTANCE
L46	S43°50'05"W	111.90'
L47	S22°22'56"E	63.30'
L48	S44°07'01"W	225.77'
L49	S62°09'50"W	621.85'
L50	S50°05'15"W	183.70'
L51	S29°35'55"W	120.00'
L52	S25°46'39"W	303.14'
L53	N64°13'21"W	456.15'
L54	N82°40'01"W	269.51'
L55	N78°44'46"E	7.44'
L56	S39°48'03"E	10.53'
L57	S61°00'28"E	10.07'
L58	S25°01'20"W	436.96'

**CURVE TABLE**

NO.	DELTA	RADIUS	ARC LENGTH	CHORD LENGTH	CHORD BEARING
C1	18°26'39"	989.00'	318.37'	317.00'	S73°26'42"E
C2	85°02'54"	755.00'	1120.70'	1020.61'	S21°41'54"E
C3	46°31'01"	425.00'	345.05'	335.65'	S48°16'50"W
C4	20°21'27"	515.00'	182.98'	182.02'	S61°21'37"W
C5	64°38'44"	150.00'	169.24'	160.41'	S09°56'26"W
C6	18°26'39"	1079.00'	347.34'	345.85'	N73°26'42"W
C7	97°52'48"	5.00'	8.54'	7.54'	S62°15'55"W
C8	69°35'00"	4.31'	5.24'	4.92'	S48°07'01"W
C9	89°58'02"	64.60'	101.44'	91.33'	S36°10'33"W
C10	80°07'08"	13.46'	18.82'	17.33'	S38°28'23"W
C11	85°53'24"	78.48'	117.65'	106.94'	S48°14'53"W
C12	42°55'15"	13.31'	9.97'	9.74'	S30°47'18"W
C13	168°45'06"	26.92'	79.28'	53.58'	S16°52'41"E
C14	56°21'15"	36.93'	36.32'	34.88'	S67°58'41"E
C15	27°23'15"	28.68'	13.71'	13.58'	S47°18'50"E
C16	04°11'47"	755.00'	55.30'	55.28'	S85°04'34"E

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**EXHIBIT**  
 OF APPROXIMATELY 215.9 ACRES OF LAND OUT OF THE SANTIAGO DEL VALLE GRANT AND THE TRINIDAD VARCINAS SURVEY NO. 535, SITUATED IN TRAVIS COUNTY, TEXAS, BEING A PORTION OF THAT CERTAIN 418.601 ACRE TRACT CONVEYED TO SLF III - ONION CREEK, L.P., BY DEED OF RECORD IN DOCUMENT NO. 2007226648, OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

**SLF III - ONION CREEK, L.P.**  
**SHEET 15 OF 15**  
 PROJ. No: R0103662-10008

DATE: 05/30/13 FILE: H:\103662\008\103662008EX2.BWG DRAWN BY: MLT

**EXHIBIT A-3**

**DESCRIPTION OF LAND WITHIN IMPROVEMENT AREA #2**

**OVERALL AREA - 130.964 ACRES**  
ESTANCIA HILL COUNTRY  
IMPROVEMENT AREA NO. 2

FN. NO. 18-193(ABB)  
JULY 16, 2018  
JOB NO. 222010574

**DESCRIPTION**

A 130.964 ACRE TRACT OF LAND OUT OF THE TRINIDAD VARCINAS SURVEY NO. 535, SITUATED IN TRAVIS COUNTY, TEXAS BEING A PORTION OF THAT CERTAIN 418.601 TRACT OF LAND CONVEYED TO SLF III - ONION CREEK, L.P. BY DEED OF RECORD IN 2007226648 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS; SAID 130.964 ACRES ALSO BEING A PORTION OF LOT 4, BLOCK E ESTANCIA HILL COUNTRY SUBDIVISION PHASE 4 OF RECORD IN DOCUMENT NO. 201700072 OF SAID OFFICIAL PUBLIC RECORDS; ALSO BEING A PORTION OF LOT 4, BLOCK D ESTANCIA HILL COUNTRY PHASE 1 OF RECORD IN DOCUMENT NO. 201300225 OF SAID OFFICIAL PUBLIC RECORDS; SAID 130.964 ACRES BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

**BEGINNING**, at a concrete monument found at the intersection of the westerly right-of-way line of Interstate Highway 35 (R.O.W. varies) and the northerly right-of-way line of Puryear Road (R.O.W. varies), being the southeasterly corner of said 418.601 acre tract and hereof;

**THENCE**, leaving the westerly right-of-way line of Interstate Highway 35, along the northerly right-of-way line of Puryear Road, being the southerly line of said 418.601 acre tract and hereof, the following four (4) courses and distances:

- 1) S59°49'40"W, a distance of 168.99 feet to a concrete monument found;
- 2) S89°15'05"W, a distance of 451.16 feet to a concrete monument found;
- 3) S74°58'58"W, a distance of 95.27 feet to a 1/2 inch iron rod with "BURY" cap found;
- 4) S87°43'31"W, a distance of 397.04 feet to a 1/2 inch iron rod with "BURY" cap found at the intersection of the easterly right-of-way line of Old San Antonio Road (R.O.W. varies) and the northerly right-of-way line of Puryear Road, for the southwesterly corner hereof;

**THENCE**, leaving the northerly right-of-way line of Puryear Road, along the easterly right-of-way line of Old San Antonio Road,



for the westerly line hereof, the following three (3) courses and distances:

- 1) N02°19'59"W, a distance of 1290.68 feet to a 1/2 inch iron rod with "BURY" cap found;
- 2) N02°38'02"W, a distance of 2174.01 feet to a 1/2 inch iron rod with "BURY" cap found;
- 3) N02°17'20"W, a distance of 247.81 feet to the northwesterly corner hereof;

**THENCE**, leaving the easterly right-of-way line of Old San Antonio Road, over and across said Lot 4 Block "D", for a portion of the northerly line hereof, the following ten (10) courses and distances:

- 1) N87°18'00"E, a distance of 86.70 feet to an angle point;
- 2) S40°44'52"E, a distance of 14.63 feet to an angle point;
- 3) S53°45'02"E, a distance of 46.40 feet to an angle point;
- 4) S55°43'12"E, a distance of 28.36 feet to an angle point;
- 5) S57°37'31"E, a distance of 49.74 feet to an angle point;
- 6) S62°47'37"E, a distance of 79.53 feet to an angle point;
- 7) S63°35'53"E, a distance of 210.84 feet to an angle point;
- 8) S43°21'49"E, a distance of 120.84 feet to an angle point;
- 9) S49°33'34"E, a distance of 84.26 feet to an angle point;
- 10) S50°36'26"E, a distance of 118.68 feet to a point in the westerly right-of-way line of Future Estancia Parkway, not yet of record, being the easterly line of said Lot 4 Block "D" for an angle point;

**THENCE**, along the westerly right-of-way line of Future Estancia Parkway, in part being the easterly line of said Lot 4 Block "D", in part, being the southerly line of Lot 5 of said Block "D" Estancia Hill Country Phase 1, for a portion of the northerly line hereof, the following three (3) courses and distances:

- 1) Along a non-tangent curve to the right, having a radius of 515.00 feet, a central angle of  $59^{\circ}16'57''$ , an arc length of 532.86 feet, and a chord which bears,  $N41^{\circ}53'52''E$ , a distance of 509.41 feet to a 1/2 inch iron rod with "BURY" cap found;
- 2)  $N71^{\circ}32'20''E$ , a distance of 164.77 feet to a 1/2 inch iron rod with "BURY" cap found, for the point of curvature of a non-tangent curve to the left;
- 3) Along said non-tangent curve to the left, having a radius of 425.00 feet, a central angle of  $10^{\circ}53'44''$ , an arc length of 80.82 feet, and a chord which bears,  $N66^{\circ}25'12''E$ , a distance of 80.70 feet to a 1/2 inch iron rod with "BURY" cap found at the southwesterly corner of the southerly terminus of Estancia Parkway (90' R.O.W.);

**THENCE**, leaving the easterly line of Lot 5, along the southerly terminus of Estancia Parkway, for a portion of the northerly line hereof, the following three (3) courses and distances:

- 1)  $S29^{\circ}01'40''E$ , a distance of 70.00 feet to a 1/2 inch iron rod with "BURY" cap found, for the point of curvature of a non-tangent curve to the right;
- 2) Along said non-tangent curve to the right, having a radius of 495.00 feet, a central angle of  $6^{\circ}29'49''$ , an arc length of 56.13 feet, and a chord which bears,  $S64^{\circ}13'15''W$ , a distance of 56.10 feet to a 1/2 inch iron rod with "STANTEC" cap set;
- 3)  $S23^{\circ}58'47''E$ , a distance of 20.00 feet to a 1/2 inch iron rod with "STANTEC" cap set at the southeasterly corner of the southerly terminus of Estancia Parkway, being in the westerly line of Lot 4 Block "E" for an angle point;

**THENCE**, leaving the easterly right-of-way of Estancia Parkway, along the westerly line of said Lot 4 Block "E", along a non-tangent curve to the left, having a radius of 515.00 feet, a central angle of  $2^{\circ}13'31''$ , an arc length of 20.00 feet, and a chord which bears,  $N66^{\circ}18'27''E$ , a distance of 20.00 feet to a 1/2 inch iron rod with "STANTEC" cap set at the common northerly corner of said Lot 4, Block "E" and Lot 6, Block "E" Estancia Hill Country Subdivision Phase 3 of record in Document No. 201600249 of said Official Public Records;

**THENCE**, along the easterly line of said Lot 4 Block "E", being the westerly line of said Lot 6, for a portion of the northerly line hereof, the following two (2) courses and distances:

- 1) S23°58'40"E, a distance of 409.11 feet to a 1/2 inch iron rod with "STANTEC" cap set, for the point of curvature of a non-tangent curve to the right;
- 2) Along said non-tangent curve to the right, having a radius of 423.47 feet, a central angle of 81°44'37", an arc length of 604.16 feet, and a chord which bears, S28°54'57"E, a distance of 554.21 feet to a 1/2 inch iron rod with "STANTEC" cap set at the southeasterly corner of said Lot 4 Block "E";

**THENCE**, leaving the southeasterly corner of said Lot 4, Block "E", along the westerly line of said Lot 6, for a portion of the northerly line hereof, the following three (3) courses and distances:

- 1) S26°25'26"E, a distance of 171.95 feet to a 1/2 inch iron rod with "BURY" cap found;
- 2) S71°25'26"E, a distance of 312.31 feet to a 1/2 inch iron rod with "BURY" cap found;
- 3) S72°00'31"E, a distance of 90.27 feet to a 1/2 inch iron rod with "BURY" cap found in the westerly right-of-way line of Interstate Highway 35, being the easterly line of said 418.601 acre tract, also being the southeasterly corner of said Lot 6, for the northeasterly corner hereof;

**THENCE**, leaving the southeasterly corner of said Lot 6, along the westerly right-of-way line of Interstate Highway 35, being the easterly line of said 418.601 acre tract, for the easterly line hereof, the following three (3) courses and distances:

- 1) S17°59'29"W, a distance of 1408.54 feet to a 1/2 inch iron rod with "BURY" cap found;
- 2) S26°44'35"W, a distance of 857.58 feet to a concrete monument found;


FN NO. 18-193(ABB)  
JULY 16, 2018  
PAGE 5 OF 5

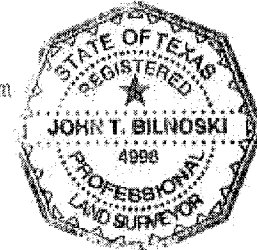
- 3) S20°12'41"W, a distance of 292.68 feet to the **POINT OF BEGINNING**, containing an area of 130.964 acres (5,704,787 square feet) acres of land, more or less, within these metes and bounds.

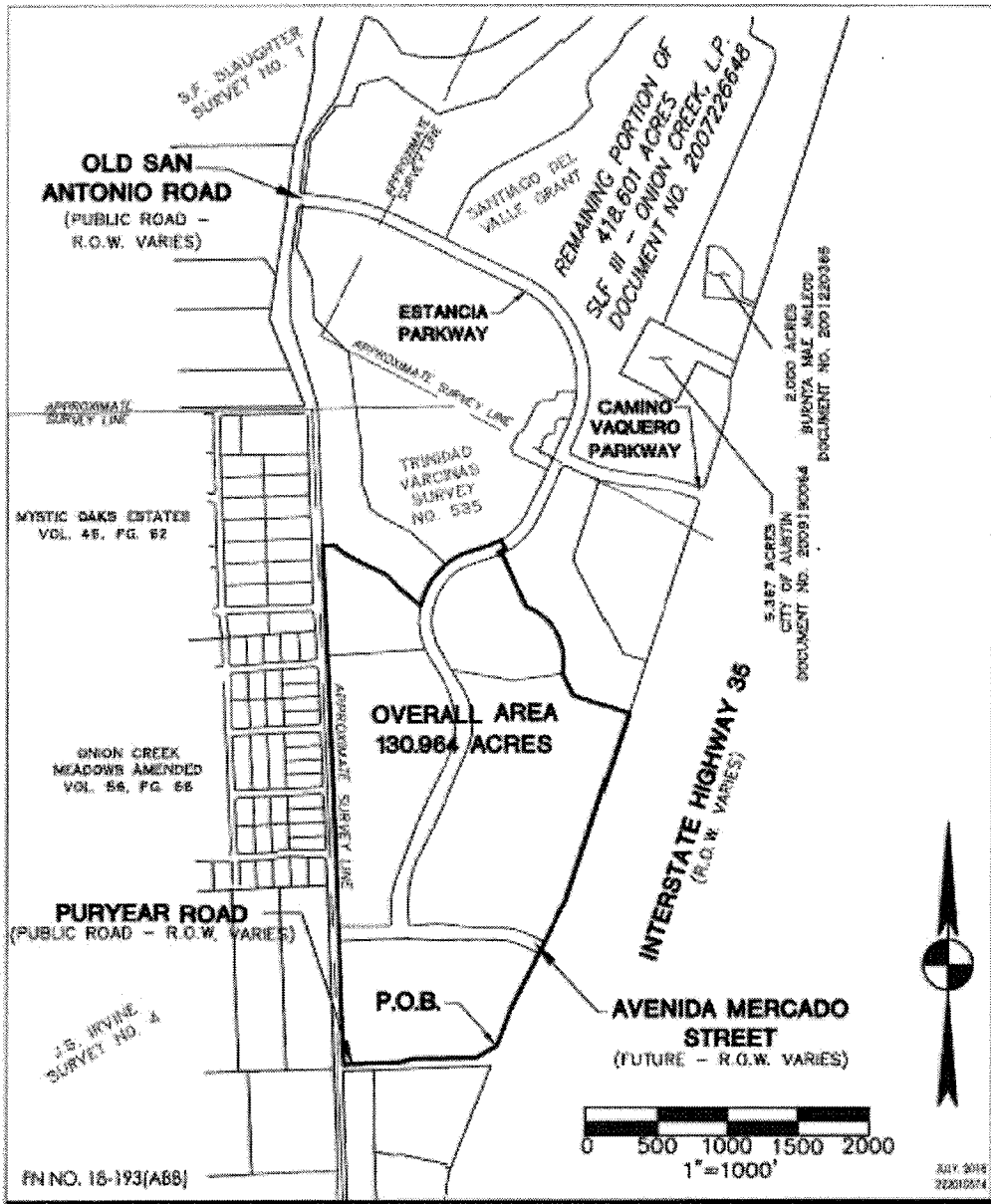
**BEARING BASIS:** THE BASIS OF BEARING OF THE SURVEY SHOWN HEREON IS TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, NAD83(2011), BY UTILIZING REAL-TIME KINEMATIC (RTK) CORRECTIONS PROVIDED BY RTK COOPERATIVE NETWORK, MANAGED BY WESTERN DATA SYSTEMS, INC.

I, JOHN T. BILNOSKI, A REGISTERED PROFESSIONAL LAND SURVEYOR, DO HEREBY CERTIFY THAT THE PROPERTY DESCRIBED HEREIN WAS DETERMINED BY A SURVEY MADE ON THE GROUND UNDER MY DIRECTION AND SUPERVISION.

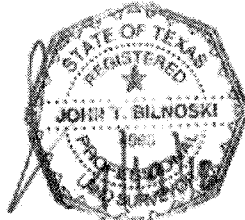
STANTEC CONSULTING  
SERVICES INC.  
1905 ALDRICH STREET  
SUITE 300  
AUSTIN, TEXAS 78723

  
\_\_\_\_\_  
JOHN T. BILNOSKI  
R.P.L.S. NO. 4998  
STATE OF TEXAS  
TBPLS # 10194230  
john.bilnoski@stantec.com





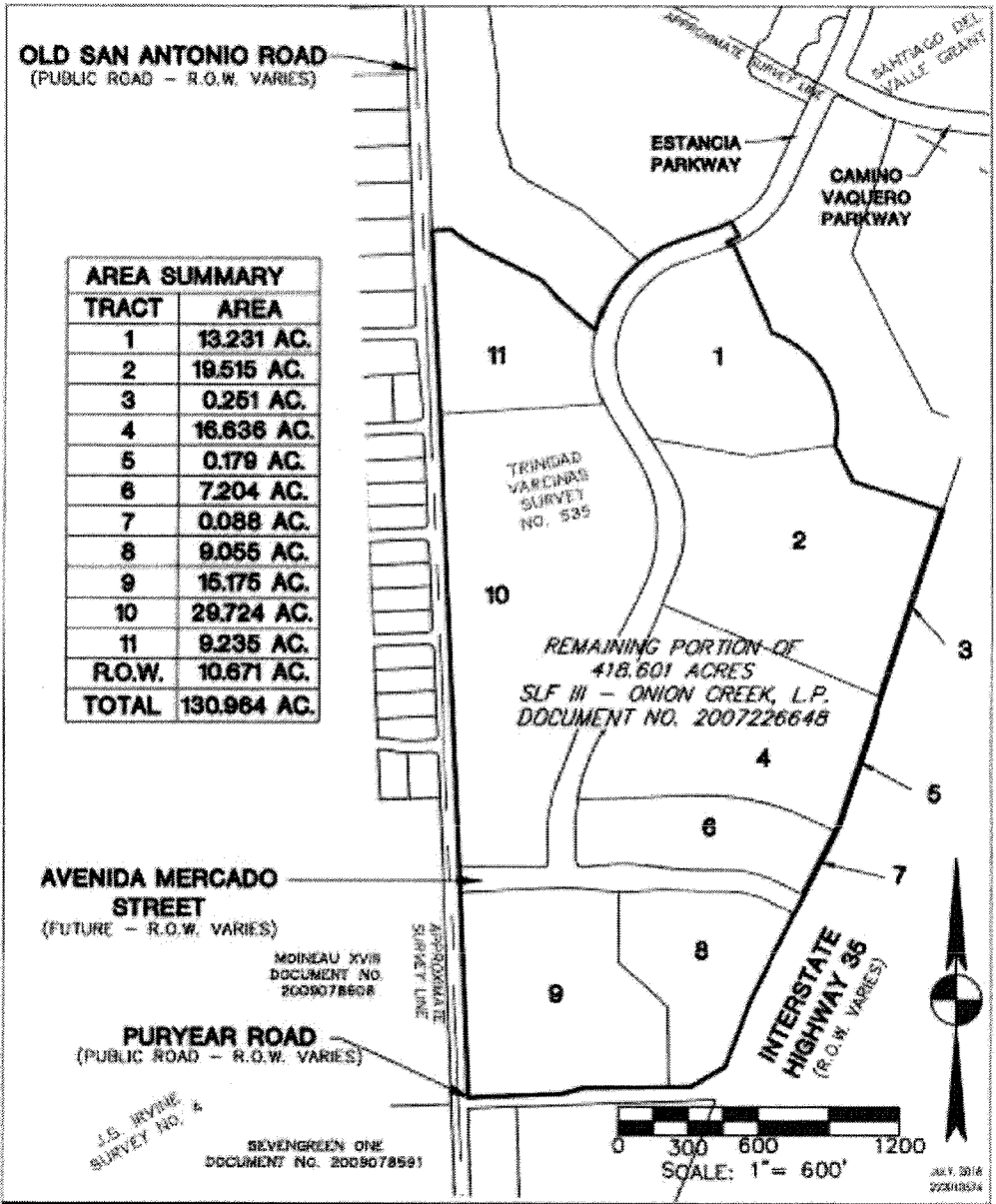
1905 Aldrich Street, Suite 300  
Austin, TX 78723  
TSPE # F-6324 TSPILS # 10194230  
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Client/Project  
**ESTANCIA HILL COUNTRY**  
**IMPROVEMENT AREA NO. 2**

Fig. No.  
**SHEET 1 OF 1**

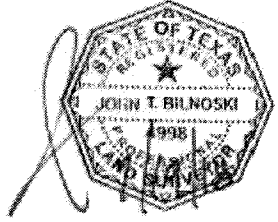
Title  
**OVERALL TRACT**



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Client/Project  
 ESTANCIA HILL COUNTRY  
 IMPROVEMENT AREA NO. 2

Figure No.  
 SHEET 1 OF 1

Title  
 OVERALL TRACT EXHIBIT

**EXHIBIT A-4 - DESCRIPTION FOR ALL ASSESSED PARCELS WITHIN  
IMPROVEMENT AREA #2**

**TRACT 2**

**TRACT 2 - 19.515 ACRES**  
ESTANCIA HILL COUNTRY  
IMPROVEMENT AREA NO. 2

FN. NO. 18-195(ABB)  
JULY 12, 2018  
JOB NO. 222010574

**DESCRIPTION**

A 19.515 ACRE TRACT OF LAND OUT OF THE TRINIDAD VARCINAS SURVEY NO. 535 SITUATED IN TRAVIS COUNTY, TEXAS BEING A PORTION OF THAT CERTAIN 418.601 ACRE TRACT OF LAND CONVEYED TO SLF III - ONION CREEK, L.P. BY DEED OF RECORD IN 2007226648 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS; SAID 19.515 ACRES BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

**BEGINNING**, at a 1/2 inch iron rod with "STANTEC" cap set in the westerly line of Lot 6, Block "E" Estancia Hill Country Subdivision Phase 3 of record in Document No. 201600249 of said Official Public Records, being the southeasterly corner of Lot 4, Block "E" Estancia Hill Country Subdivision Phase 4 of record in Document No. 201700072 of said Official Public Records for an angle point in the northerly line hereof;

**THENCE**, leaving the southeasterly corner of said Lot 4, along the southerly line of said Lot 6, for a portion of the northerly line hereof, the following three (3) courses and distances:

- 1) S26°25'26"E, a distance of 171.95 feet to a 1/2 inch iron rod with "BURY" cap found;
- 2) S71°25'26"E, a distance of 312.31 feet to a 1/2 inch iron rod with "BURY" cap found;
- 3) S72°00'31"E, a distance of 77.26 feet to the northeasterly corner hereof, from which a 1/2 inch iron rod with "BURY" cap found in the westerly right-of-way line of Interstate Highway 35, being the southeasterly corner of said lot 6, same being in the easterly line of said 418.601 tract bears S71°00'31"E, a distance of 13.00 feet;

**THENCE**, leaving the southerly line of said Lot 6, over and across said 418.601 acre tract, for the easterly and southerly lines hereof, the following two (2) courses and distances:

- 1) S17°59'29"W, a distance of 841.15 feet to the southeasterly corner hereof;

FN NO. 18-195(ABB)  
JULY 12, 2018  
PAGE 2 OF 2

- 2) N66°47'53"W, a distance of 1003.63 feet to a point in the easterly right-of-way line of Future Estancia Parkway (not yet of record) for the southwesterly corner hereof;


**THENCE**, continuing over and across said 438.601 acre tract, along the easterly right-of-way line of Future Estancia Parkway, for the westerly line hereof, the following three (3) courses and distances:

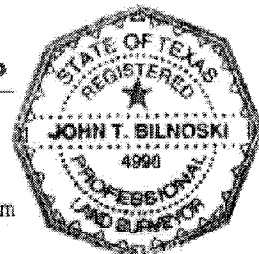
- 1) N22°56'57"E, a distance of 151.94 feet to the point of curvature of a tangent curve to the left;
- 2) Along said tangent curve to the left, having a radius of 487.00 feet, a central angle of 55°23'07", an arc length of 470.76 feet, and a chord which bears, N04°44'36"W, a distance of 452.65 feet to the point of tangency of said curve;
- 3) N32°26'14"W, a distance of 142.24 feet to a 1/2 inch iron rod with "STANTEC" cap set, for the southwesterly corner of said Lot 4, for the northwesterly corner hereof;

**THENCE**, leaving the easterly right-of-way line of Future Estancia Parkway, along the southerly line of said Lot 4, for a portion of the northerly line hereof, the following two (2) courses and distances:

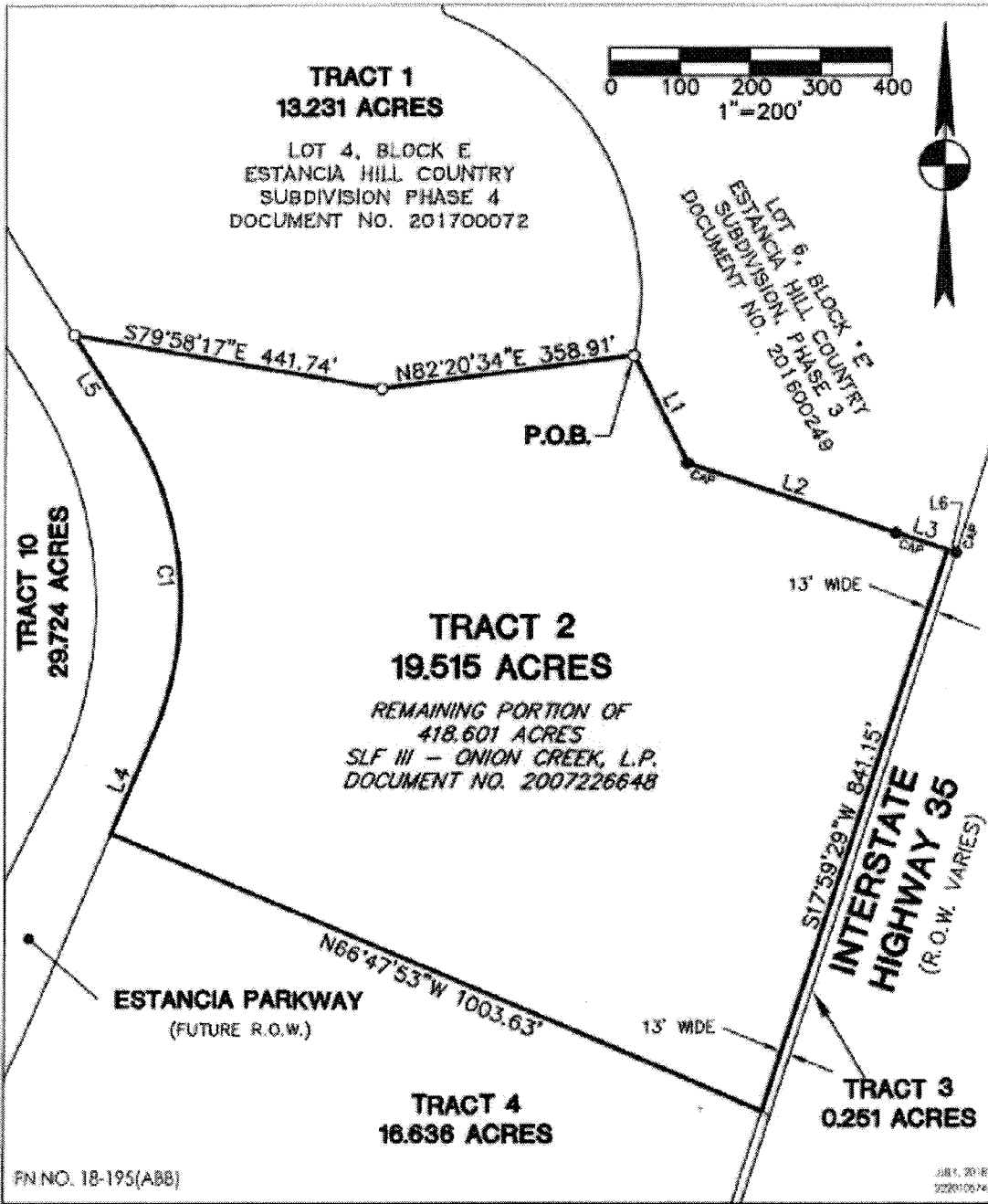
- 1) S79°58'17"E, a distance of 441.74 feet to a 1/2 inch iron rod with "STANTEC" cap set;
- 2) N82°20'34"E, a distance of 358.91 feet to the **POINT OF BEGINNING**, containing an area of 19.515 acres (850,062 square feet) acres of land, more or less, within these metes and bounds.

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7/19/18  
JOHN T. BILNOSKI  
R.P.L.S. NO. 4998  
STATE OF TEXAS  
TBPLS # 10194230  
john.bilnoski@stantec.com



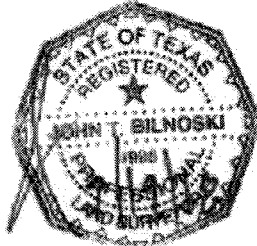




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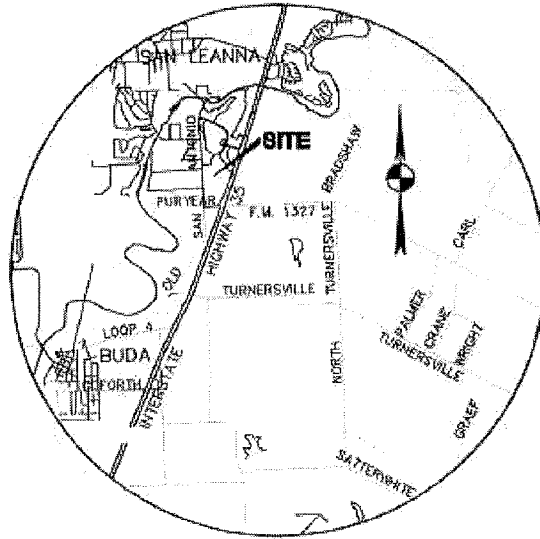


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ESTANCIA HILL COUNTRY  
IMPROVEMENT AREA NO. 2  
Figure No.  
SHEET 1 OF 2  
No.  
TRACT 2

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VICINITY MAP  
N.T.S.

**LEGEND**

- 1/2" IRON ROD WITH STANTEC CAP SET
- CAP 1/2" IRON ROD WITH "BURY" CAP FOUND
- P.O.B. POINT OF BEGINNING

**BEARING BASIS NOTE:**

THE BASIS OF BEARING OF THE SURVEY SHOWN HEREON IS TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, NAD83(2011), BY UTILIZING REAL-TIME KINEMATIC (RTK) CORRECTIONS PROVIDED BY RTK COOPERATIVE NETWORK, MANAGED BY WESTERN DATA SYSTEMS, INC.

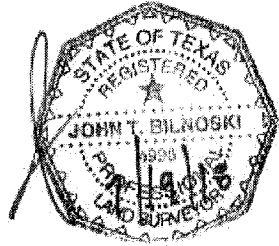
LINE TABLE		
NO.	BEARING	DISTANCE
L1	S26°25'26"E	171.95'
L2	S71°25'26"E	312.31'
L3	S72°00'31"E	77.26'
L4	N22°56'57"E	151.94'
L5	N32°26'14"W	142.24'
L6	S72°00'31"E	13.00'

**CURVE TABLE**

NO.	LENGTH	RADIUS	DELTA	CHORD BEARING	CHORD LENGTH
C1	470.76'	487.00'	55°23'07"	N04°44'36"W	452.65'



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 IMPROVEMENT AREA NO. 2  
 Figure No.  
 SHEET 2 OF 2  
 Title  
 TRACT 2

## TRACT 4

TRACT 4 - 16.636 ACRES  
ESTANCIA HILL COUNTRY  
IMPROVEMENT AREA NO. 2

FN. NO. 18-197(ABB)  
JULY 12, 2018  
JOB NO. 222010574

### DESCRIPTION

A 0.251 ACRE TRACT OF LAND OUT OF THE TRINIDAD VARCINAS SURVEY NO. 535 SITUATED IN TRAVIS, COUNTY, TEXAS BEING A PORTION OF THAT CERTAIN 418.601 ACRE TRACT OF LAND CONVEYED TO SLF III - ONION CREEK, L.P. BY DEED OF RECORD IN 2007226648 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS; SAID 0.251 ACRES BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

**COMMENCING**, at a 1/2 inch iron rod with "BURY" cap found in the westerly right-of-way line of Interstate Highway 35 (R.O.W. varies), being the easterly line of said 418.601 acre tract, also being the southeasterly corner of Lot 6, Block "E" Estancia Hill Country Subdivision Phase 3 of record in Document No. 201600249 of said Official Public Records;

**THENCE**, S17°59'29"W, leaving the southeasterly corner of said Lot 6, along the westerly right-of-way line of Interstate Highway 35, being the easterly line of said 418.601 acre tract, a distance of 842.33 feet to an angle point;

**THENCE**, N66°47'53"W, leaving the westerly right-of-way line of Interstate Highway 35, over and across said 418.601 acre tract, a distance of 13.06 feet to the **POINT OF BEGINNING** and northeasterly corner hereof;

**THENCE**, continuing over and across said 418.601 acre tract, for the easterly and southerly lines hereof, the following five (5) courses and distances:

- 1) S17°59'29"W, a distance of 566.39 feet to an angle point;
- 2) S26°44'35"W, a distance of 31.80 feet to the southeasterly corner hereof;
- 3) N65°18'16"W, a distance of 197.27 feet to the point of curvature of a non-tangent curve to the left, for the southeasterly corner hereof;
- 4) Along said non-tangent curve to the left, having a radius of 1048.58 feet, a central angle of 22°36'19", an arc length of 413.70 feet, and a chord which bears, N80°50'36"W, a distance of 411.02 feet to the end of said curve;

FN NO. 18-197(ABB)  
JULY 12, 2018  
PAGE 2 OF 2

- 5) S87°51'14"W, a distance of 501.01 feet to a point in the easterly right-of-way line of Future Estancia Parkway (not yet of record) for the southwesterly corner hereof;


**THENCE**, continuing over and across said 418.601 acre tract, along the easterly right-of-way line of Future Estancia Parkway, for the westerly line hereof, the following four (4) courses and distances:

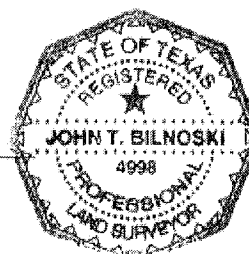
- 1) Along a non-tangent curve to the right, having a radius of 775.00 feet, a central angle of 18°28'40", an arc length of 249.94 feet, and a chord which bears, N17°44'28"E, a distance of 248.85 feet to the end of said curve;
- 2) N26°58'48"E, a distance of 244.05 feet to the point of curvature of a tangent curve to the left;
- 3) Along said tangent curve to the left, having a radius of 2037.00 feet, a central angle of 4°01'51", an arc length of 143.30 feet, and a chord which bears, N24°57'53"E, a distance of 143.27 feet to the point of tangency of said curve;
- 4) N22°56'57"E, a distance of 270.44 feet to the northwesterly corner hereof;

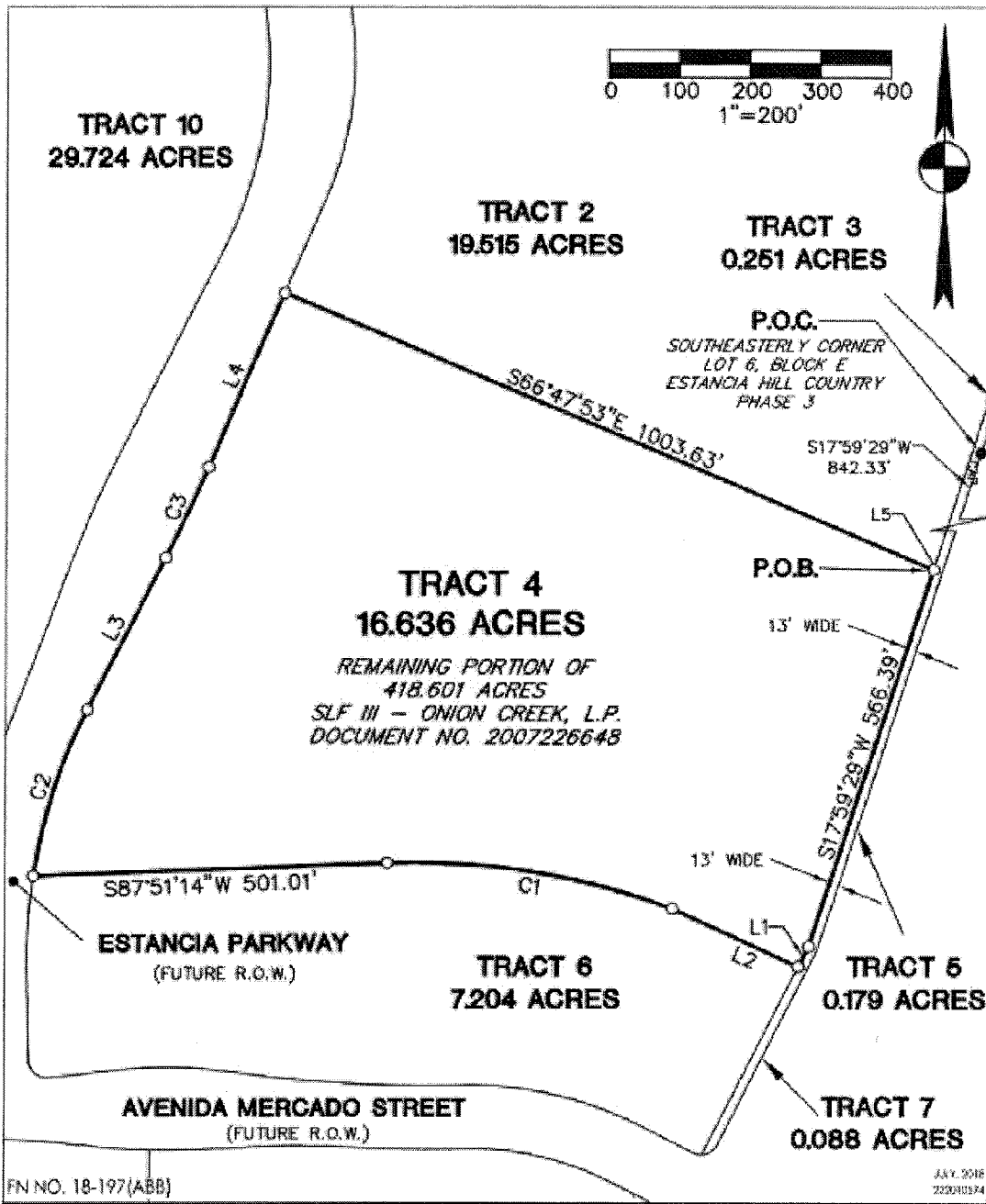
**THENCE**, S66°47'53"E, leaving the easterly right-of-way line of Future Estancia Parkway, continuing over and across said 418.601 acre tract, a distance of 1093.63 feet to the **POINT OF BEGINNING**, containing an area of 16.636 acres (724,683 square feet) acres of land, more or less, within these metes and bounds.

**BEARING BASIS:** THE BASIS OF BEARING OF THE SURVEY SHOWN HEREON IS TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, NAD83(2011), BY UTILIZING REAL-TIME KINEMATIC (RTK) CORRECTIONS PROVIDED BY RTK COOPERATIVE NETWORK, MANAGED BY WESTERN DATA SYSTEMS, INC.

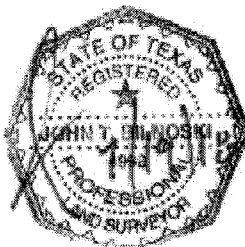
STANTEC CONSULTING  
SERVICES INC.  
1905 ALDRICH STREET  
SUITE 300  
AUSTIN, TEXAS 78723

  
7/19/18  
JOHN T. BILNOSKI  
R.P.L.S. NO. 4998  
STATE OF TEXAS  
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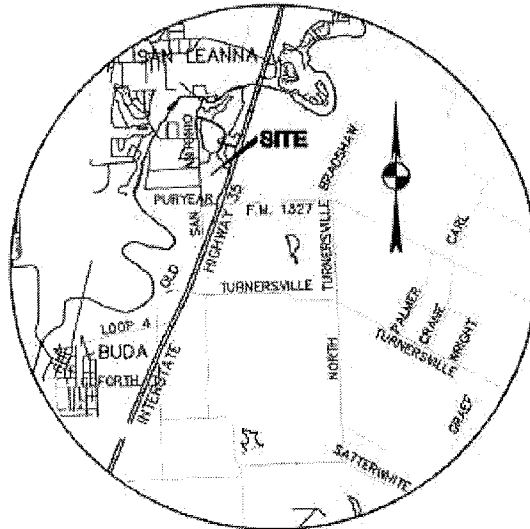


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IMPROVEMENT AREA NO. 2  
Figure No.  
SHEET 1 OF 2  
The  
TRACT 4

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VICINITY MAP  
 N.T.S.

**LEGEND**

- CALCULATED POINT
- P.O.B. POINT OF BEGINNING
- P.O.C. POINT OF COMMENCEMENT

**BEARING BASIS NOTE:**

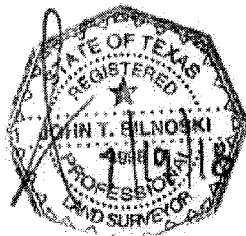
THE BASIS OF BEARING OF THE SURVEY SHOWN HEREON IS TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, NAD83(2011), BY UTILIZING REAL-TIME KINEMATIC (RTK) CORRECTIONS PROVIDED BY RTK COOPERATIVE NETWORK, MANAGED BY WESTERN DATA SYSTEMS, INC.

LINE TABLE		
NO.	BEARING	DISTANCE
L1	S26°44'35"W	31.80'
L2	N65°18'16"W	197.27'
L3	N26°58'48"E	244.05'
L4	N22°56'57"E	270.44'
L5	N66°47'53"W	13.06'

CURVE TABLE					
NO.	LENGTH	RADIUS	DELTA	CHORD BEARING	CHORD LENGTH
C1	413.70'	1048.58'	22°36'19"	N80°50'36"W	411.02'
C2	249.94'	775.00'	18°28'40"	N17°44'28"E	248.85'
C3	143.30'	2037.00'	4°01'51"	N24°57'53"E	143.27'



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 ESTANCIA HILL COUNTRY  
 IMPROVEMENT AREA NO. 2

Figure No.  
 SHEET 2 OF 2

Title  
 TRACT 4

## TRACT 6

TRACT 6 - 7.204 ACRES  
ESTANCIA HILL COUNTRY  
IMPROVEMENT AREA NO. 2

EN. NO. 18-199(ABB)  
JULY 12, 2018  
JOB NO. 222010574

### DESCRIPTION

A 7.204 ACRE TRACT OF LAND OUT OF THE TRINIDAD VARCINAS SURVEY NO. 535 SITUATED IN TRAVIS COUNTY, TEXAS BEING A PORTION OF THAT CERTAIN 418.601 ACRE TRACT OF LAND CONVEYED TO SLF III - ONION CREEK, L.P. BY DEED OF RECORD IN 2007226648 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS; SAID 7.204 ACRES BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

**COMMENCING**, at a 1/2 inch iron rod with "BURY" cap found in the westerly right-of-way line of Interstate Highway 35 (R.O.W. varies), being the easterly line of said 418.601 acre tract, also being the southeasterly corner of Lot 6, Block "E" Estancia Hill Country Subdivision Phase 3 of record in Document No. 201600249 of said Official Public Records;

**THENCE**, leaving the southeasterly corner of said Lot 6, along the westerly right-of-way line of Interstate Highway 35, being the easterly line of said 418.601 acre tract, the following two (2) courses and distances:

- 1) S17°59'29"W, a distance of 1408.54 feet to a 1/2 inch iron rod with "BURY" cap found;
- 2) S26°44'35"W, a distance of 32.33 feet to an angle point;

**THENCE**, N65°18'16"W, leaving the westerly right-of-way line of Interstate Highway 35, over and across said 418.601 acre tract, a distance of 13.01 feet to the **POINT OF BEGINNING** and northeasterly corner hereof;

**THENCE**, S26°44'35"W, continuing over and across said 418.601 acre tract, for the easterly line hereof, a distance of 299.88 feet to a point in the northerly right-of-way line of Future Avenida Mercado Street (not yet of record) for the southeasterly corner hereof;

**THENCE**, continuing over and across said 418.601 acre tract, along the northerly right-of-way line of Future Avenida Mercado Street, for the southerly line hereof, the following six (6) courses and distances:

- 1) Along a non-tangent curve to the right, having a radius of 25.00 feet, a central angle of 28°40'30", an arc length of 12.51 feet, and a chord which bears, N77°35'40"W, a distance of 12.38 feet to end of said curve;

- 2) N63°15'25"W, a distance of 88.78 feet to the point of curvature of a tangent curve to the left;
- 3) Along said tangent curve to the left, having a radius of 525.00 feet, a central angle of 28°10'32", an arc length of 258.17 feet, and a chord which bears, N77°20'41"W, a distance of 255.58 feet to the point of curvature of a reverse curve to the right;
- 4) Along said reverse curve to the right, having a radius of 1963.00 feet, a central angle of 9°35'38", an arc length of 328.69 feet, and a chord which bears, N86°38'08"W, a distance of 328.31 feet to the point of curvature of a reverse curve to the left;
- 5) Along said reverse curve to the left, having a radius of 637.00 feet, a central angle of 16°16'22", an arc length of 180.92 feet, and a chord which bears, N89°58'31"W, a distance of 180.31 feet to for the point of curvature of a reverse curve to the right;
- 6) Along said reverse curve to the right, having a radius of 975.00 feet, a central angle of 4°47'03", an arc length of 81.41 feet, and a chord which bears, S84°16'50"W, a distance of 81.39 feet to the intersection of the northerly right-of-way line of Future Avenida Mercado Street and the easterly right-of-way line of Future Estancia Parkway, not yet of record, for the southwesterly corner hereof;

**THENCE**, continuing over and across said 418.601 acre tract, along the easterly right-of-way line of Future Estancia Parkway, for the westerly line hereof, the following three (3) courses and distances:

- 1) Along a tangent curve to the right, having a radius of 25.00 feet, a central angle of 92°05'04", an arc length of 40.18 feet, and a chord which bears, N47°17'07"W, a distance of 35.99 feet to the point of tangency of said curve;
- 2) N1°14'35"W, a distance of 131.25 feet to the point of curvature of tangent curve to the left;
- 3) Along said tangent curve to the left, having a radius of 775.00 feet, a central angle of 9°44'43", an arc length of 131.82 feet, and a chord which bears, N03°37'47"E, a distance of 131.66 feet the northwesterly corner hereof;



FN NO. 18-199(ABB)  
JULY 12, 2018  
PAGE 3 OF 3


**THENCE**, leaving the easterly right-of-way line of Future Estancia Parkway, continuing over and across said 418.601 acre tract, for the northerly and easterly lines hereof, the following four (4) courses and distances:

- 1) N87°51'14"E, a distance of 501.01 feet to the point of curvature of a non-tangent curve to the right;
- 2) Along said non-tangent curve to the right, having a radius of 1048.58 feet, a central angle of 22°36'19", an arc length of 413.70 feet, and a chord which bears, N80°50'36"W, a distance of 411.02 feet to the end of said curve;
- 3) N65°18'16"W, a distance of 197.27 feet to the **POINT OF BEGINNING**, containing an area of 7.294 acres (313,793 square feet) acres of land, more or less, within these metes and bounds.

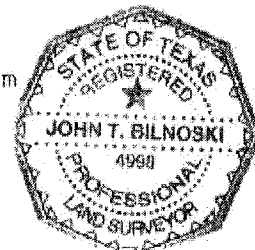
**BEARING BASIS:** THE BASIS OF BEARING OF THE SURVEY SHOWN HEREON IS TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, NAD83(2011), BY UTILIZING REAL-TIME KINEMATIC (RTK) CORRECTIONS PROVIDED BY RTK COOPERATIVE NETWORK, MANAGED BY WESTERN DATA SYSTEMS, INC.

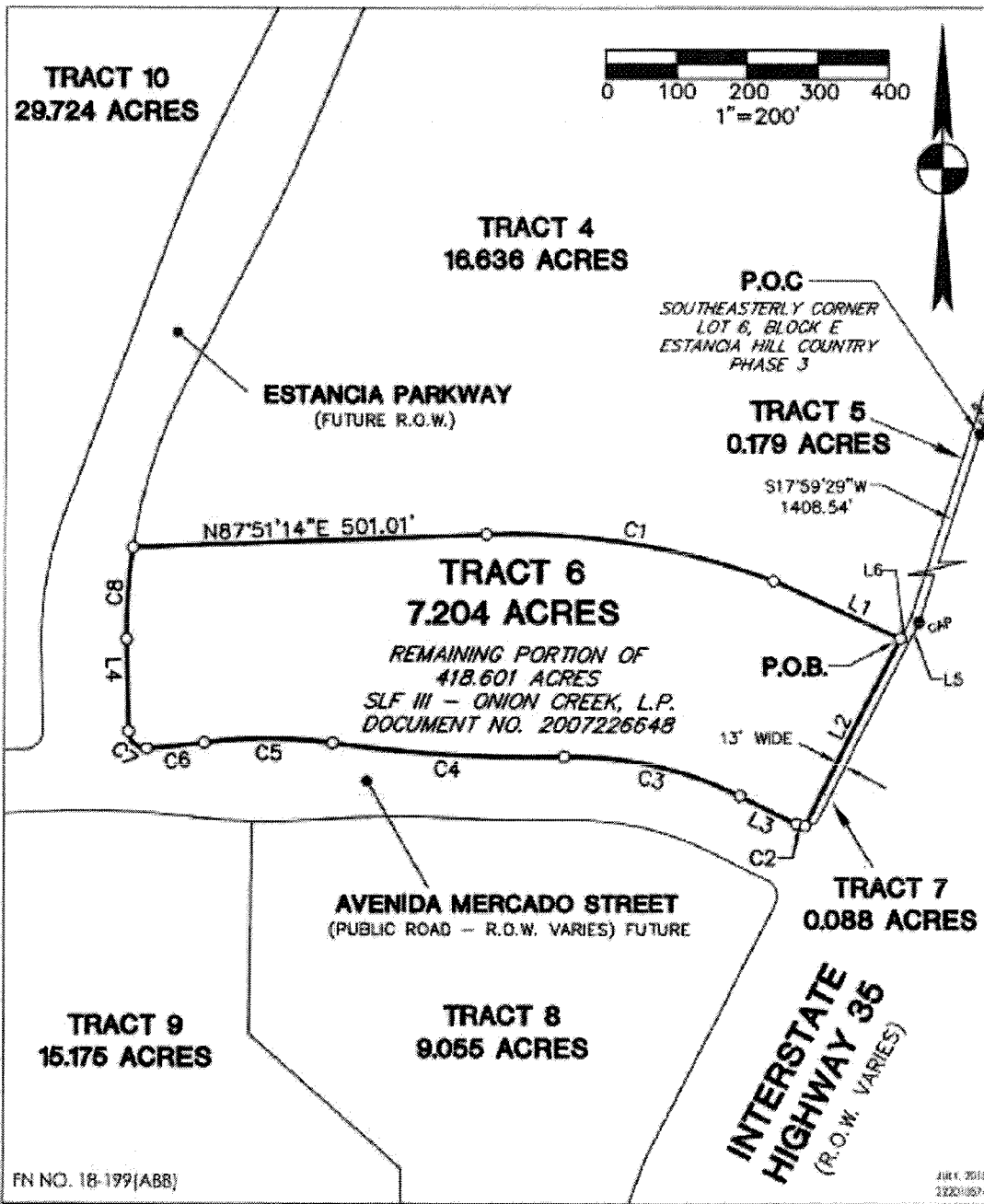
I, JOHN T. BILNOSKI, A REGISTERED PROFESSIONAL LAND SURVEYOR, DO HEREBY CERTIFY THAT THE PROPERTY DESCRIBED HEREIN WAS DETERMINED BY A SURVEY MADE ON THE GROUND UNDER MY DIRECTION AND SUPERVISION.

STANTEC CONSULTING  
SERVICES INC.  
1905 ALDRICH STREET  
SUITE 300  
AUSTIN, TEXAS 78723

  
\_\_\_\_\_  
JOHN T. BILNOSKI  
R.P.L.S. NO. 4998  
STATE OF TEXAS  
TBPLS # 10194230  
john.bilnoski@stantec.com

7/19/18  
DATE

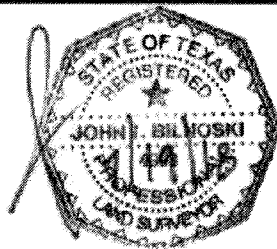




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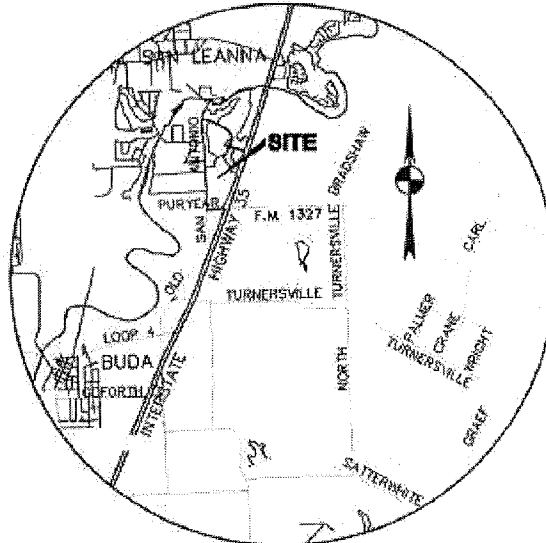


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Client/Project  
**ESTANCIA HILL COUNTRY**  
**IMPROVEMENT AREA NO. 2**  
 Figure No.  
**SHEET 1 OF 2**  
 File  
**TRACT 6**

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 2018/07/19 8:21 AM By: Burkard, Austin



**VICINITY MAP**  
N.T.S.

**LEGEND**

- CALCULATED POINT
- CAP 1/2" IRON ROD WITH "BURY" CAP FOUND
- P.O.B. POINT OF BEGINNING
- P.O.C. POINT OF COMMENCEMENT

**BEARING BASIS NOTE:**

THE BASIS OF BEARING OF THE SURVEY SHOWN HEREON IS TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, NAD83(2011), BY UTILIZING REAL-TIME KINEMATIC (RTK) CORRECTIONS PROVIDED BY RTK COOPERATIVE NETWORK, MANAGED BY WESTERN DATA SYSTEMS, INC.

**CURVE TABLE**

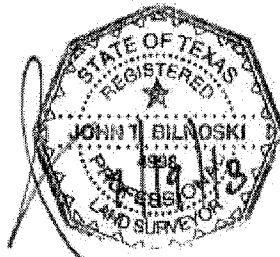
NO.	LENGTH	RADIUS	DELTA	CHORD BEARING	CHORD LENGTH
C1	413.70'	1048.58'	22°36'19"	N80°50'36"W	411.02'
C2	12.51'	25.00'	28°40'30"	N77°35'40"W	12.38'
C3	258.17'	525.00'	28°10'32"	N77°20'41"W	255.58'
C4	328.69'	1963.00'	9°35'38"	N86°38'08"W	328.31'
C5	180.92'	637.00'	16°16'22"	N89°58'31"W	180.31'
C6	81.41'	975.00'	4°47'03"	S84°16'50"W	81.39'
C7	40.18'	25.00'	92°05'04"	N47°17'07"W	35.99'
C8	131.82'	775.00'	9°44'43"	N03°37'47"E	131.66'

**LINE TABLE**

NO.	BEARING	DISTANCE
L1	N65°18'16"W	197.27'
L2	S26°44'35"W	299.88'
L3	N63°15'25"W	88.78'
L4	N1°14'35"W	131.25'
L5	S26°44'35"W	32.33'
L6	S65°18'16"E	13.01'



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Client/Project  
**ESTANCIA HILL COUNTRY**  
**IMPROVEMENT AREA NO. 2**  
 Figure No.  
**SHEET 2 OF 2**  
 File  
**TRACT 6**

## TRACT 8

**TRACT 8 - 9.055 ACRES**  
ESTANCIA HILL COUNTRY  
IMPROVEMENT AREA NO. 2

FN. NO. 18-201(ABB)  
JULY 12, 2018  
JOB NO. 222010574

### DESCRIPTION

A 9.055 ACRE TRACT OF LAND OUT OF THE TRINIDAD VARCINAS SURVEY NO. 535 SITUATED IN TRAVIS COUNTY, TEXAS BEING A PORTION OF THAT CERTAIN 418.601 ACRE TRACT OF LAND CONVEYED TO SLF III - ONION CREEK, L.P. BY DEED OF RECORD IN 2007226648 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS; SAID 9.055 ACRES BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

**BEGINNING**, at a concrete monument found at the intersection of the westerly right-of-way line of Interstate Highway 35 (R.O.W. varies) and the northerly line of Puryear Road (R.O.W. varies), being the southeasterly corner of said 418.601 acre tract;

**THENCE**, leaving the westerly right-of-way line of Interstate Highway 35, along the northerly right-of-way line of Puryear Road, being the southerly line of said 418.601 acre tract, for the southerly line hereof, the following two (2) courses and distances:

- 1) S59°49'40"W, a distance of 168.99 feet to a concrete monument found;
- 2) S89°15'05"W, a distance of 93.07 feet to the southwesterly corner hereof;

**THENCE**, leaving the northerly right-of-way line of Puryear Road, over and across said 418.601 acre tract, for the westerly line hereof, the following three (3) courses and distances:

- 1) N01°06'34"W, a distance of 346.76 feet to an angle point;
- 2) N48°09'22"W, a distance of 286.37 feet to an angle point;
- 3) N00°31'14"E, a distance of 303.99 feet to a point in the southerly right-of-way line of Future Avenida Mercado Street (not yet of record) for the northwesterly corner hereof;

**THENCE**, continuing over and across said 418.601 acre tract, along the southerly right-of-way line of Future Avenida Mercado Street, for the northerly line hereof, the following six (6) courses and distances:

- 1) Along a non-tangent curve to the left, having a radius of 1025.00 feet, a central angle of  $5^{\circ}34'26''$ , an arc length of 99.72 feet, and a chord which bears,  $N88^{\circ}33'46''E$ , a distance of 99.68 feet to the point of curvature of a reverse curve to the right;
- 2) Along said reverse curve to the right, having a radius of 1475.00 feet, a central angle of  $7^{\circ}12'51''$ , an arc length of 185.72 feet, and a chord which bears,  $N89^{\circ}22'59''E$ , a distance of 185.60 feet to the point of curvature of a reverse curve to the left;
- 3) Along said reverse curve to the left, having a radius of 2053.00 feet, a central angle of  $4^{\circ}25'22''$ , an arc length of 158.47 feet, and a chord which bears,  $S89^{\circ}13'16''E$ , a distance of 158.43 feet to the point of curvature of a reverse curve to the right;
- 4) Along said reverse curve to the right, having a radius of 435.00 feet, a central angle of  $28^{\circ}10'32''$ , an arc length of 213.91 feet, and a chord which bears,  $S77^{\circ}20'41''E$ , a distance of 211.77 feet to the end of said curve;
- 5)  $S63^{\circ}15'25''E$ , a distance of 88.78 feet to the point of curvature of a tangent curve to the right;
- 6) Along said tangent curve to the right, having a radius of 25.00 feet, a central angle of  $90^{\circ}00'00''$ , an arc length of 39.27 feet, and a chord which bears,  $S18^{\circ}15'25''E$ , a distance of 35.36 feet to a point in the easterly line of said 418.601 acre tract, being at the intersection of the southerly right-of-way line of Future Avenida Mercado Street and the westerly right-of-way line of Interstate Highway 35, for the northeasterly corner hereof;

**THENCE**, leaving the southerly right-of-way of Future Avenida Mercado Street, along the westerly right-of-way of Interstate Highway 35, being the easterly line of 418.601 acre tract, for the easterly line hereof, the following two (2) courses and distances:

- 1)  $S26^{\circ}44'35''W$ , a distance of 406.84 feet to a concrete monument found;


FN NO. 18-201(ABB)  
JULY 12, 2018  
PAGE 3 OF 3

- 2) S20°12'41"W, a distance of 292.68 feet to the **POINT OF BEGINNING**, containing an area of 9.055 acres (394,414 square feet) acres of land, more or less, within these metes and bounds.

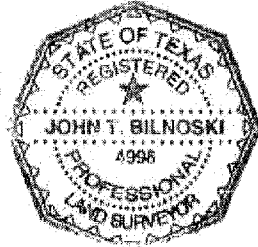
**BEARING BASIS:** THE BASIS OF BEARING OF THE SURVEY SHOWN HEREON IS TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, NAD83(2011); BY UTILIZING REAL-TIME KINEMATIC (RTK) CORRECTIONS PROVIDED BY RTK COOPERATIVE NETWORK, MANAGED BY WESTERN DATA SYSTEMS, INC.

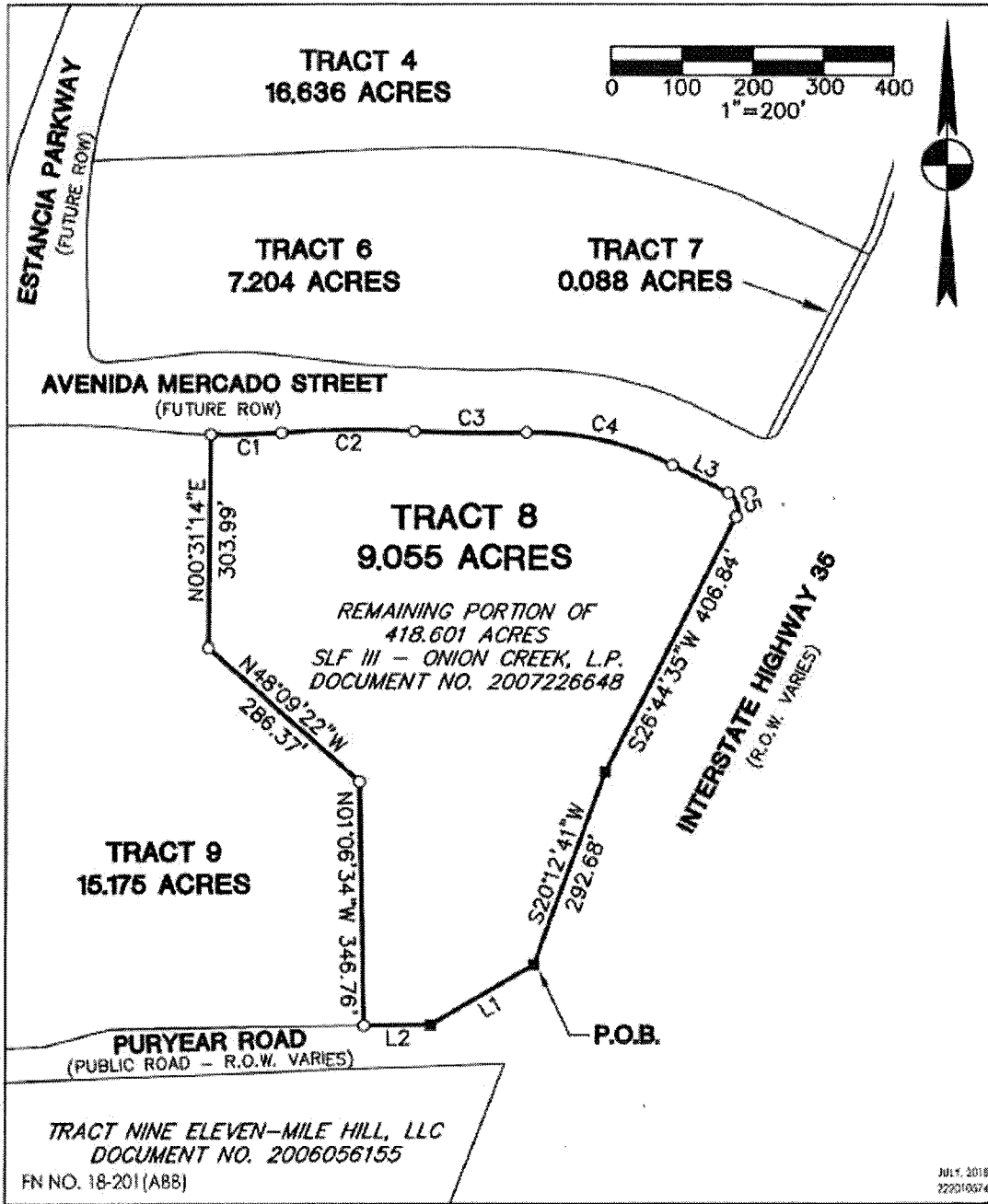
I, JOHN T. BILNOSKI, A REGISTERED PROFESSIONAL LAND SURVEYOR, DO HEREBY CERTIFY THAT THE PROPERTY DESCRIBED HEREIN WAS DETERMINED BY A SURVEY MADE ON THE GROUND UNDER MY DIRECTION AND SUPERVISION.

STANTEC CONSULTING  
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SUITE 300  
AUSTIN, TEXAS 78723

  
\_\_\_\_\_  
JOHN T. BILNOSKI  
R.P.L.S. NO. 4998  
STATE OF TEXAS  
TBPLS # 10194230  
john.bilnoski@stantec.com

7/19/18  
DATE

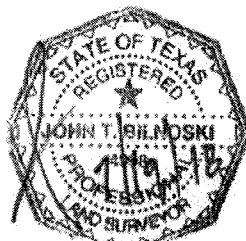




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2018/07/19 10:10 AM By: Blinock, John

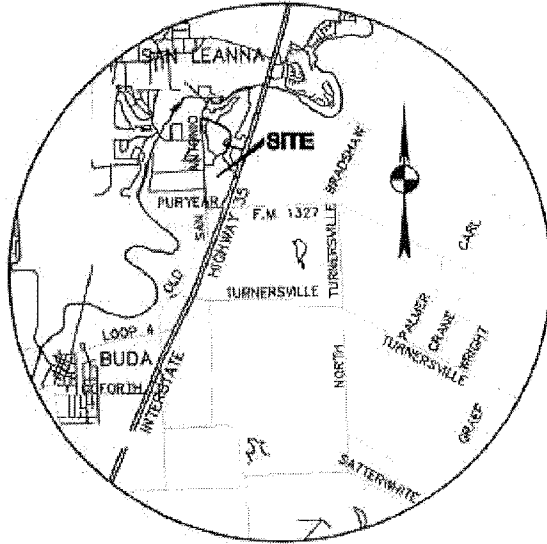


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ESTANCIA HILL COUNTRY  
IMPROVEMENT AREA NO. 2  
Figure No.  
SHEET 1 OF 2  
File  
TRACT 8

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 2018/07/19 8:47 AM By: Burdard, Austin



**VICINITY MAP**  
N.T.S.

**LEGEND**

- CALCULATED POINT
- CONCRETE MONUMENT FOUND
- P.O.B. POINT OF BEGINNING

**BEARING BASIS NOTE:**

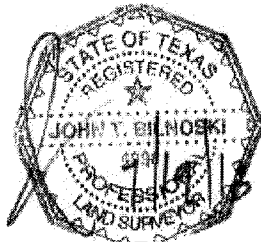
THE BASIS OF BEARING OF THE SURVEY SHOWN HEREON IS TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, NAD83(2011), BY UTILIZING REAL-TIME KINEMATIC (RTK) CORRECTIONS PROVIDED BY RTK COOPERATIVE NETWORK, MANAGED BY WESTERN DATA SYSTEMS, INC.

LINE TABLE		
NO.	BEARING	DISTANCE
L1	S59°49'40"W	168.99'
L2	S89°15'05"W	93.07'
L3	S63°15'25"E	88.78'

CURVE TABLE					
NO.	LENGTH	RADIUS	DELTA	CHORD BEARING	CHORD LENGTH
C1	99.72'	1025.00'	5°34'26"	N88°33'46"E	99.68'
C2	185.72'	1475.00'	7°12'51"	N89°22'59"E	185.60'
C3	158.47'	2053.00'	4°25'22"	S89°13'16"E	158.43'
C4	213.91'	435.00'	28°10'32"	S77°20'41"E	211.77'
C5	39.27'	25.00'	90°00'00"	S18°15'25"E	35.36'



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Client/Project  
**ESTANCIA HILL COUNTRY**  
**IMPROVEMENT AREA NO. 2**  
 Figure No.  
**SHEET 2 OF 2**  
 Date  
**TRACT B**



## TRACT 9

**TRACT 9 - 15.175 ACRES**  
ESTANCIA HILL COUNTRY  
IMPROVEMENT AREA NO. 2

FN. NO. 18-202(ABB)  
JULY 12, 2018  
JOB NO. 222010574

### DESCRIPTION

A 15.175 ACRE TRACT OF LAND OUT OF THE TRINIDAD VARCINAS SURVEY NO. 535 SITUATED IN TRAVIS COUNTY, TEXAS BEING A PORTION OF THAT CERTAIN 418.601 ACRE TRACT OF LAND CONVEYED TO SLF III - ONION CREEK, L.P. BY DEED OF RECORD IN 2007226648 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS; SAID 15.175 ACRES BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

**BEGINNING**, at a 1/2 inch iron rod with "BURY" cap found at the intersection of the easterly right-of-way line of Old San Antonio Street (R.O.W. varies) and the northerly right-of-way line of Puryear Road (R.O.W. varies) for the southwesterly corner hereof;

**THENCE**, N02°19'59"W, leaving the northerly right-of-way line of Puryear Road, along the easterly right-of-way line of Old San Antonio Road, for the westerly line hereof, a distance of 858.39 feet to the point of curvature of a curve to the right being at the intersection of the easterly right-of-way line of Old San Antonio Road and the southerly right-of-way line of Future Avenida Mercado Street, not yet of record, for the northwesterly corner hereof;

**THENCE**, leaving the easterly right-of-way line of Old San Antonio Road, over and across said 418.601 acre tract, along the southerly right-of-way line of Future Avenida Mercado Street, for the northerly line hereof, the following four (4) courses and distances:

- 1) Along a tangent curve to the right, having a radius of 25.00 feet, a central angle of 89°39'16", an arc length of 39.12 feet, and a chord which bears, N42°29'38"E, a distance of 35.25 feet to the point of tangency of said curve;
- 2) N87°19'16"E, a distance of 370.90 feet to a point of curvature of a tangent curve to the right;
- 3) Along said tangent curve to the right, having a radius of 975.00 feet, a central angle of 9°49'22", an arc length of 167.16 feet, and a chord which bears, S87°46'03"E, a distance of 166.95 feet to the point of curvature of a reverse curve to the left;

FN NO. 18-202(ABB)  
JULY 12, 2018  
PAGE 2 OF 2

- 4) Along said reverse curve to the left, having a radius of 1025.00 feet, a central angle of 5°47'39", an arc length of 103.66 feet, and a chord which bears, S85°45'11"E, a distance of 103.61 feet to the northeasterly corner hereof;

**THENCE**, leaving the southerly right-of-way line of Future Avenida Mercado Street, continuing over and across said 418.601 acre tract, for the easterly line hereof, the following three (3) courses and distances:

- 1) S00°31'14"W, a distance of 303.99 feet to an angle point;
- 2) S48°09'22"E, a distance of 286.37 feet to an angle point;
- 3) S01°06'34"E, a distance of 346.76 feet to a point in the northerly right-of-way line of Puryear Road, being the southerly line of said 418.601 acre tract, for the southeasterly corner hereof;

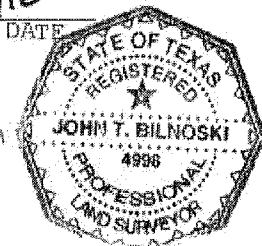
**THENCE**, along the northerly right-of-way line of Puryear Road, being the southerly line of said 418.601 acre tract, for the southerly line hereof, the following three (3) courses and distances:

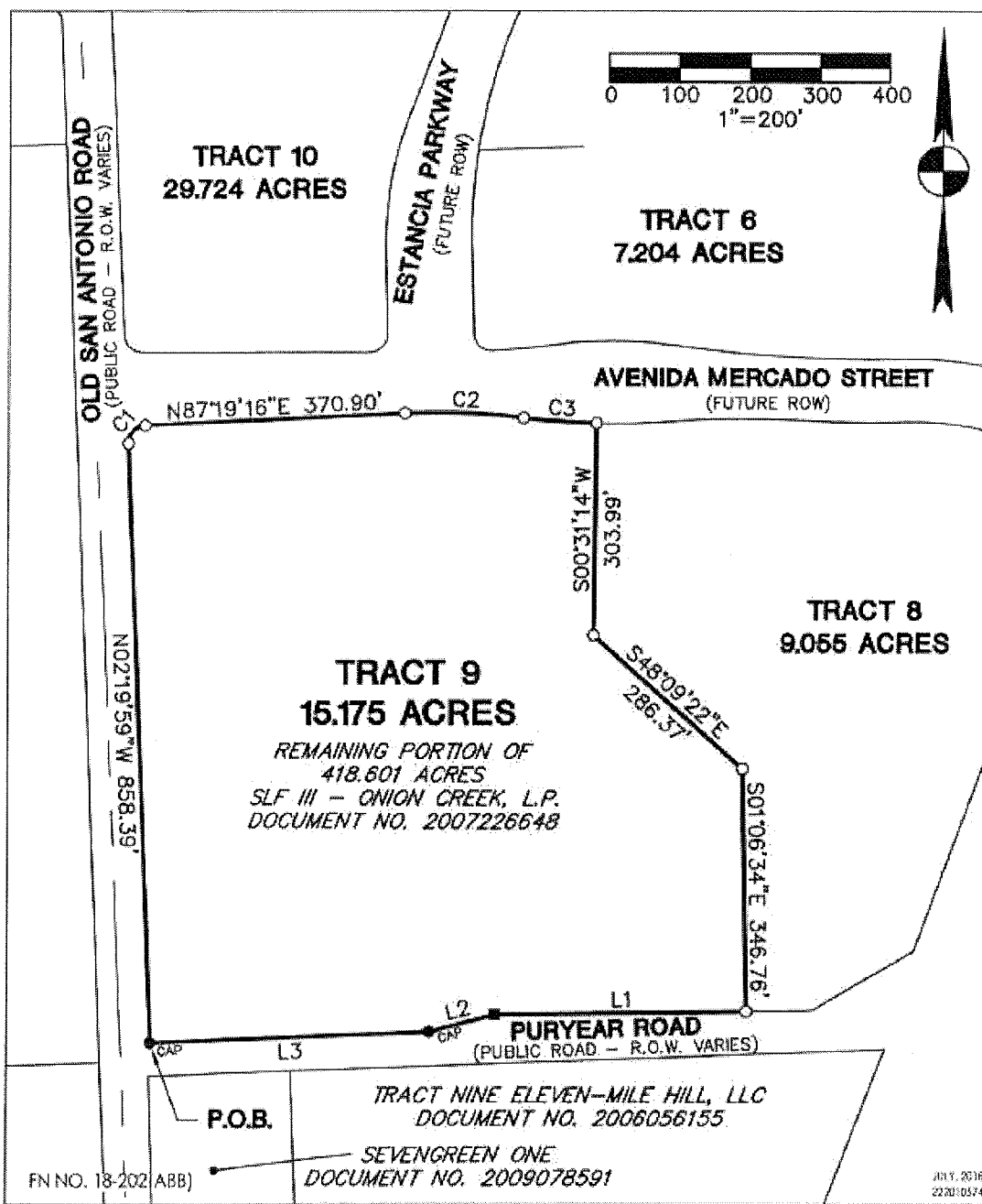
- 1) S89°15'05"W, a distance of 358.09 feet to a concrete monument found;
- 2) S74°58'58"W, a distance of 95.27 feet to a 1/2 inch iron rod with "BURY" cap found;
- 3) S87°43'31"W, a distance of 397.04 feet to the **POINT OF BEGINNING**, containing an area of 15.175 acres (661,005 square feet) acres of land, more or less, within these metes and bounds.

**BEARING BASIS:** THE BASIS OF BEARING OF THE SURVEY SHOWN HEREON IS TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, NAD83(2011), BY UTILIZING REAL-TIME KINEMATIC (RTK) CORRECTIONS PROVIDED BY RTK COOPERATIVE NETWORK, MANAGED BY WESTERN DATA SYSTEMS, INC.

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JOHN T. BILNOSKI  
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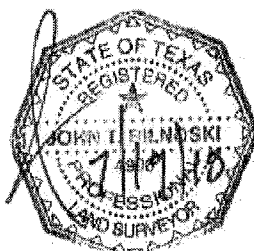




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 2018/07/19 10:22 AM By: Bilinski, John



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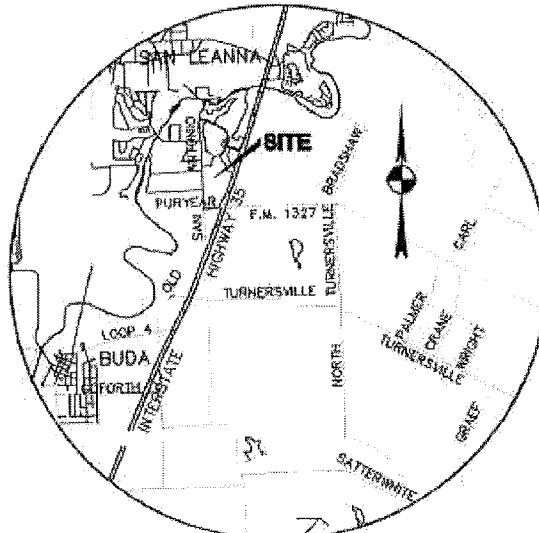


Client/Project  
**ESTANCIA HILL COUNTRY**  
**IMPROVEMENT AREA NO. 2**

Figure No.  
**SHEET 1 OF 2**

Title  
**TRACT 9**

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**VICINITY MAP**  
N.T.S.

**LEGEND**

- CALCULATED POINT
- CONCRETE MONUMENT FOUND
- CAP 1/2 INCH IRON ROD WITH "BURY" CAP FOUND
- P.O.B. POINT OF BEGINNING

**BEARING BASIS NOTE:**

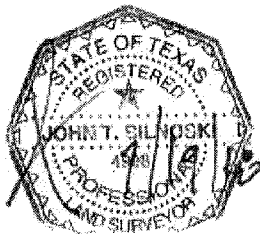
THE BASIS OF BEARING OF THE SURVEY SHOWN HEREON IS TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, NAD83(2011), BY UTILIZING REAL-TIME KINEMATIC (RTK) CORRECTIONS PROVIDED BY RTK COOPERATIVE NETWORK, MANAGED BY WESTERN DATA SYSTEMS, INC.

LINE TABLE		
NO.	BEARING	DISTANCE
L1	S89°15'05"W	358.09'
L2	S74°58'58"W	95.27'
L3	S87°43'31"W	397.04'

CURVE TABLE					
NO.	LENGTH	RADIUS	DELTA	CHORD BEARING	CHORD LENGTH
C1	39.12'	25.00'	89°39'16"	N42°29'38"E	35.25'
C2	167.16'	975.00'	9°49'22"	S87°46'03"E	166.95'
C3	103.66'	1025.00'	5°47'39"	S85°45'11"E	103.61'



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Client/Project  
**ESTANCIA HILL COUNTRY**  
**IMPROVEMENT AREA NO. 2**  
 Figure No.  
**SHEET 2 OF 2**  
 Title  
**TRACT 9**

## TRACT 10

TRACT 10 - 29.724 ACRES  
ESTANCIA HILL COUNTRY  
IMPROVEMENT AREA NO. 2

FN. NO. 18-204(ABB)  
JULY 16, 2018  
JOB NO. 222010574

### DESCRIPTION

A 29.724 ACRE TRACT OF LAND OUT OF THE TRINIDAD VARCINAS SURVEY NO. 535 SITUATED IN TRAVIS COUNTY, TEXAS BEING A PORTION OF THAT CERTAIN 418.601 ACRE TRACT OF LAND CONVEYED TO SLF III - ONION CREEK, L.P. BY DEED OF RECORD IN 2007226648 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS; SAID 29.724 ACRES BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

**BEGINNING**, at a 1/2 inch iron rod with "BURY" cap found in the easterly right-of-way line of Old San Antonio Road (R.O.W. varies), being the southwesterly corner of Lot 4, Block "D" Estancia Hill Country Subdivision Phase 1 of record in Document No. 201300225 of said Official Public Records, for the northwesterly corner hereof;

**THENCE**, N86°30'04"E, along the southerly line of said Lot 4, for the northerly line hereof, a distance of 696.32 feet to a 1/2 inch iron rod with "BURY" cap found in the westerly right-of-way line of Future Estancia Parkway (not yet of record) being the southeasterly corner of said Lot 4;

**THENCE**, leaving the southeasterly corner of said Lot 4, over and across said 418.601 acre tract, along the westerly right-of-way line of Future Estancia Parkway, for the easterly line hereof, the following nine (9) courses and distances:

- 1) Along a non-tangent curve to the left, having a radius of 515.00 feet, a central angle of 8°35'22", an arc length of 77.20 feet, and a chord which bears, S28°08'29"E, a distance of 77.13 feet to the end of said curve;
- 2) S32°26'10"E, a distance of 180.92 feet to the point of curvature of a tangent curve to the right;
- 3) Along said tangent curve to the right, having a radius of 578.00 feet, a central angle of 58°57'57", an arc length of 594.85 feet, and a chord which bears, S02°57'11"E, a distance of 568.94 feet to the point of tangency of said curve;
- 4) S26°31'48"W, a distance of 341.13 feet to a 1/2 inch iron rod with "STANTEC" cap set, for the point of curvature of a tangent curve to the left;

- 5) Along said tangent curve to the left, having a radius of 1537.00 feet, a central angle of  $5^{\circ}55'23''$ , an arc length of 158.89 feet, and a chord which bears,  $S23^{\circ}34'06''W$ , a distance of 158.82 feet to the point of tangency of said curve;
- 6)  $S20^{\circ}36'25''W$ , a distance of 425.68 feet to the point of curvature of a tangent curve to the left;
- 7) Along said tangent curve to the left, having a radius of 525.00 feet, a central angle of  $21^{\circ}51'00''$ , an arc length of 200.21 feet, and a chord which bears,  $S09^{\circ}40'55''W$ , a distance of 199.00 feet to point of tangency of said curve;
- 8)  $S01^{\circ}14'35''E$ , a distance of 117.99 feet to the point of curvature of a tangent curve to the right;
- 9) Along said tangent curve to the right, having a radius of 25.00 feet, a central angle of  $91^{\circ}10'58''$ , an arc length of 39.79 feet, and a chord which bears,  $S44^{\circ}20'54''W$ , a distance of 35.72 feet to the point of tangency at the intersection of the westerly right-of-way line of Future Estancia Parkway and the northerly right-of-way line of Future Avenida Mercado Street, not yet of record, for the southeasterly corner hereof;

**THENCE**, leaving the westerly right-of-way line of Future Estancia Parkway, continuing over and across said 418.601 acre tract, along the northerly right-of-way line of Future Avenida Mercado Street, for the southerly line hereof, the following two (2) courses and distances:

- 1)  $S89^{\circ}56'23''W$ , a distance of 324.69 feet to the point of curvature of a non-tangent curve to the right;
- 2) Along said non-tangent curve to the right, having a radius of 25.00 feet, a central angle of  $87^{\circ}43'49''$ , an arc length of 38.28 feet, and a chord which bears,  $N46^{\circ}11'46''W$ , a distance of 34.65 feet to an angle point at the intersection of the northerly right-of-way line of Future Avenida Mercado Street and the easterly right-of-way line of Old San Antonio Street, for the southwesterly corner hereof;

FN NO. 18-204(ABB)  
JULY 16, 2018  
PAGE 3 OF 3

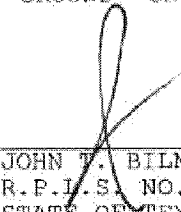
**THENCE**, leaving the northerly right-of-way line of Future Avenida Mercado Street; along the easterly right-of-way line of Old San Antonio Street, for the westerly line hereof, the following two (2) courses and distances:

- 1) N02°19'59"W, a distance of 277.58 feet to a 1/2 inch iron rod with "BURY" cap found;
- 2) N02°38'02"W, a distance of 1636.03 feet to the **POINT OF BEGINNING**, containing an area of 29.724 acres (1,294,763 square feet) acres of land, more or less, within these metes and bounds.

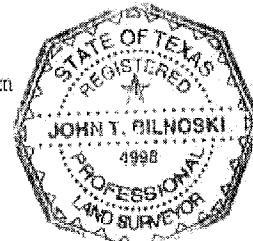
**BEARING BASIS:** THE BASIS OF BEARING OF THE SURVEY SHOWN HEREON IS TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, NAD83(2011), BY UTILIZING REAL-TIME KINEMATIC (RTK) CORRECTIONS PROVIDED BY RTK COOPERATIVE NETWORK, MANAGED BY WESTERN DATA SYSTEMS, INC.

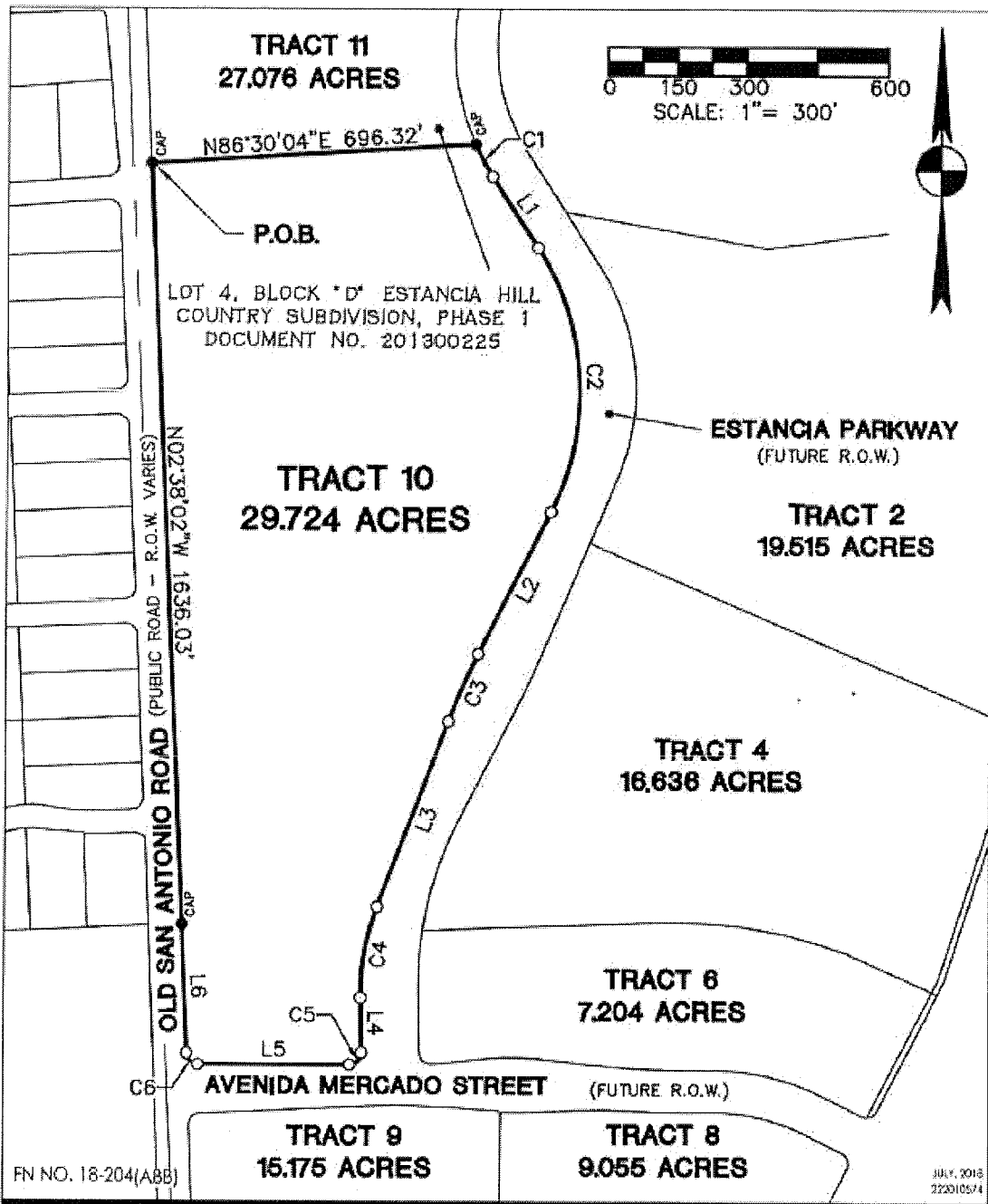
I, JOHN T. BILNOSKI, A REGISTERED PROFESSIONAL LAND SURVEYOR, DO HEREBY CERTIFY THAT THE PROPERTY DESCRIBED HEREIN WAS DETERMINED BY A SURVEY MADE ON THE GROUND UNDER MY DIRECTION AND SUPERVISION.

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\_\_\_\_\_  
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R.P.L.S. NO. 4998  
STATE OF TEXAS  
TBPLS # 10194230  
john.bilnoski@stantec.com

7/19/18  
DATE





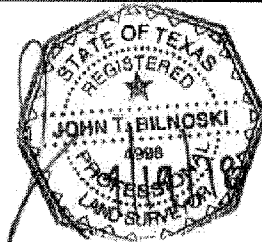
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 2018/07/19 10:24 AM By: Blinoski, John

FN NO. 18-204(A88)

JULY, 2018  
222010574



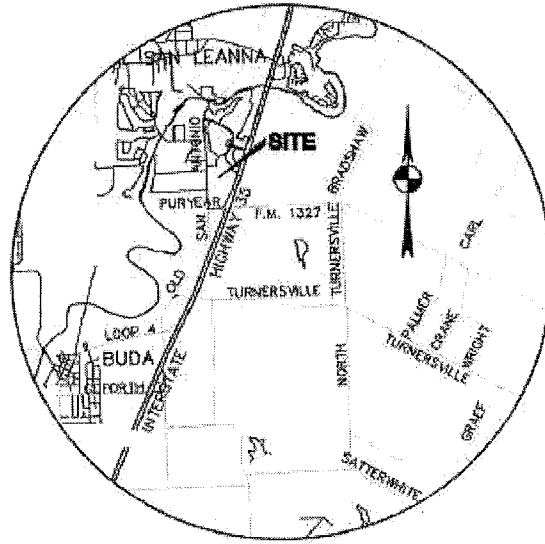
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Client/Project  
 ESTANCIA HILL COUNTRY  
 IMPROVEMENT AREA NO. 2  
 Figure No.  
 SHEET 1 OF 2  
 Title  
 TRACT 10



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 2018/07/19 9:16 AM By: BURLOND, AUSTIN



**VICINITY MAP**  
N.T.S.

**LEGEND**

- CALCULATED POINT
- CAP 1/2" IRON ROD WITH BURY CAP FOUND
- P.O.B. POINT OF BEGINNING

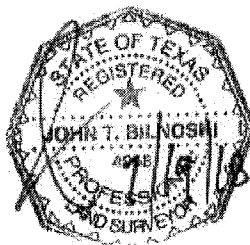
**BEARING BASIS NOTE:**

THE BASIS OF BEARING OF THE SURVEY SHOWN HEREON IS TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, NAD83(2011), BY UTILIZING REAL-TIME KINEMATIC (RTK) CORRECTIONS PROVIDED BY RTK COOPERATIVE NETWORK, MANAGED BY WESTERN DATA SYSTEMS, INC.

LINE TABLE			CURVE TABLE					
NO.	BEARING	DISTANCE	NO.	LENGTH	RADIUS	DELTA	CHORD BEARING	CHORD LENGTH
L1	S32°26'10"E	180.92'	C1	77.20'	515.00'	8°35'22"	S28°08'29"E	77.13'
L2	S26°31'48"W	341.13'	C2	594.85'	578.00'	58°57'57"	S02°57'11"E	568.94'
L3	S20°36'25"W	425.68'	C3	158.89'	1537.00'	5°55'23"	S23°34'06"W	158.82'
L4	S1°14'35"E	117.99'	C4	200.21'	525.00'	21°51'00"	N09°40'55"E	199.00'
L5	S89°56'23"W	324.69'	C5	39.79'	25.00'	91°10'58"	S44°20'54"W	35.72'
L6	N2°19'59"W	277.58'	C6	38.28'	25.00'	87°43'49"	N46°11'46"W	34.65'

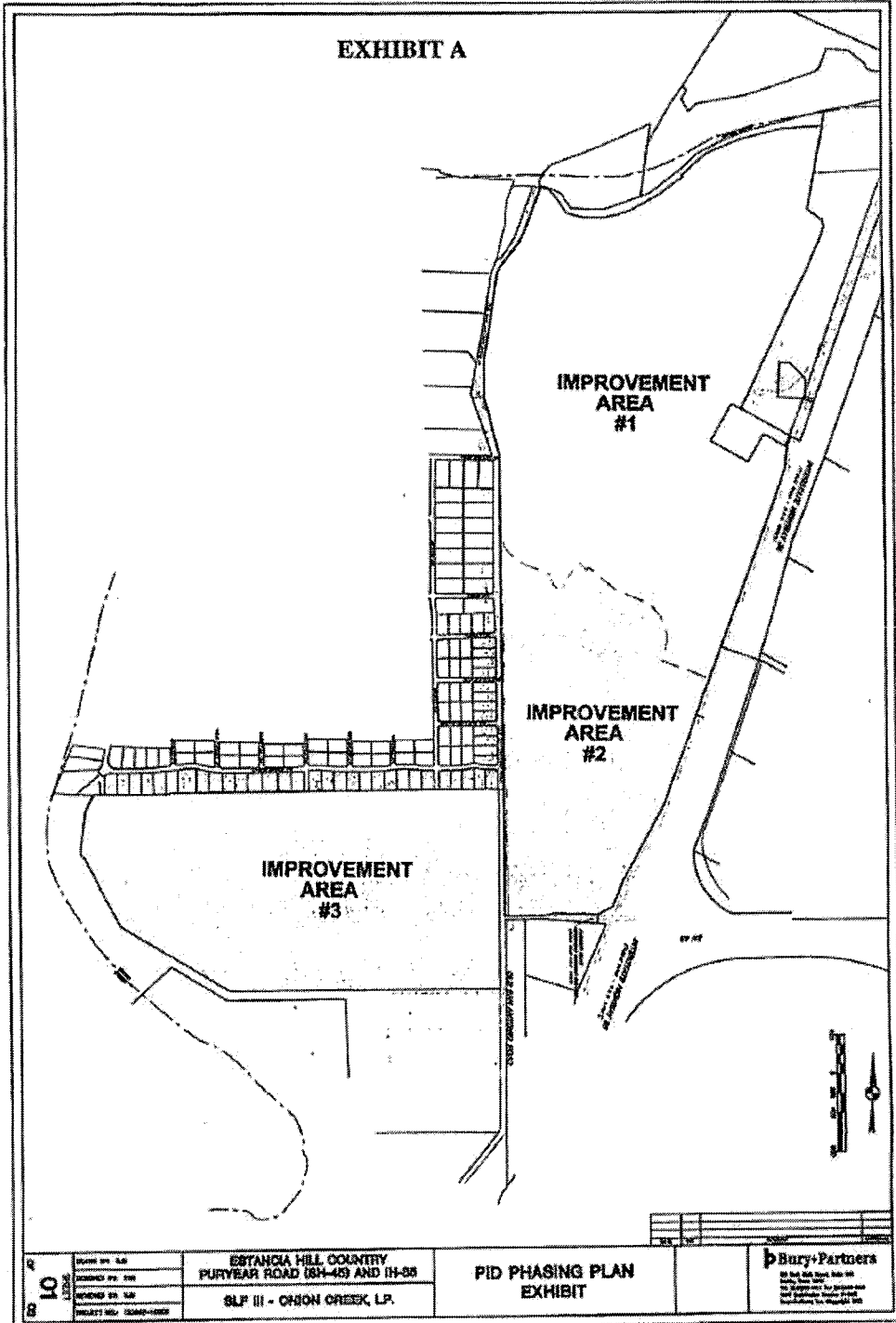


1905 Aldrich Street, Suite 300  
 Austin, TX 78723  
 TBPE # F-6324 TBPLS # 10194230  
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Client/Project  
**ESTANCIA HILL COUNTRY**  
**IMPROVEMENT AREA NO. 2**  
 Figure No.  
**SHEET 2 OF 2**  
 Title  
**TRACT 10**

**EXHIBIT B**  
**MAP OF DISTRICT, IMPROVEMENT AREA #1, IMPROVEMENT AREA #2 AND**  
**IMPROVEMENT AREA #3**



**EXHIBIT C**  
**ALLOCATION OF AUTHORIZED IMPROVEMENTS**

	Total Costs	Improvement Area #1		Improvement Area #2	
		%	Cost	%	Cost
<i>Improvement Area #1 Improvements</i>					
Wastewater Line #1	\$ 1,488,735	100%	\$ 1,488,735	0%	\$ -
Wastewater Line #2	174,745	100%	174,745	0%	-
Water Line	1,226,448	100%	1,226,448	0%	-
Estancia Parkway (Phase 1)	2,697,181	100%	2,697,181	0%	-
Camino Vaquero Parkway	507,363	100%	507,363	0%	-
Existing Central Pond Improvements	179,080	100%	179,080	0%	-
Wet Pond North	464,459	100%	464,459	0%	-
Wet Pond West	464,459	100%	464,459	0%	-
TXDOT Ramp Design	200,000	100%	200,000	0%	-
Drainage	1,833,040	100%	1,833,040	0%	-
Entry Monumentation	568,875	100%	568,875	0%	-
Hardscape	456,876	100%	456,876	0%	-
Landscape	970,206	100%	970,206	0%	-
Hike and Bike Trail System	345,799	100%	345,799	0%	-
Erosion Control and Misc. bond costs	816,017	100%	816,017	0%	-
Misc. Soft costs (fees, fiscals, etc.)	1,416,789	100%	1,416,789	0%	-
	<u>\$ 13,810,072</u>		<u>\$ 13,810,072</u>		<u>\$ -</u>
<i>Improvement Area #2 Improvements</i>					
Estancia Parkway Extension	\$ 3,710,688	0%	\$ -	100%	\$ 3,710,688
Avenida Mercado Street	1,613,254	0%	-	100%	1,613,254
OSR Turn Lanes at Avenida Mercado	338,905	0%	-	100%	338,905
West Water Quality/Detention Pond	1,038,651	0%	-	100%	1,038,651
Water Line Improvements (SBFR)	260,892	0%	-	100%	260,892
Wastewater Improvements (OSR)	463,838	0%	-	100%	463,838
SBFR Right Turn Lane at Mercado	143,000	0%	-	100%	143,000
	<u>\$ 7,569,228</u>		<u>\$ -</u>		<u>\$ 7,569,228</u>
<i>Improvement Area #1 Initial Bond Issuance Costs</i>					
Debt Service Reserve Fund	\$ 1,259,000	100%	\$ 1,259,000	0%	\$ -
Capitalized Interest	981,105	100%	981,105	0%	-
Underwriter Discount	251,800	100%	251,800	0%	-
Cost of Issuance	451,500	100%	451,500	0%	-
	<u>\$ 2,943,405</u>		<u>\$ 2,943,405</u>		<u>\$ -</u>
<i>Improvement Area #1 Parity Bond Issuance Costs</i>					
Debt Service Reserve Fund	\$ 426,500	100%	\$ 426,500	0%	\$ -
Capitalized Interest	-	100%	-	0%	-
Underwriter Discount	127,950	100%	127,950	0%	-
Cost of Issuance	393,910	100%	393,910	0%	-
	<u>\$ 948,360</u>		<u>\$ 948,360</u>		<u>\$ -</u>
<i>Improvement Area #2 Bond Issuance Costs</i>					
Debt Service Reserve Fund	\$ 830,500	0%	\$ -	100%	\$ 830,500
Capitalized Interest	347,850	0%	-	100%	347,850
Underwriter Discount	249,150	0%	-	100%	249,150
Cost of Issuance	639,010	0%	-	100%	639,010
	<u>\$ 2,066,510</u>		<u>\$ -</u>		<u>\$ 2,066,510</u>
<b>Total</b>	<b>\$ 27,337,575</b>		<b>\$ 17,701,837</b>		<b>\$ 9,635,738</b>

**EXHIBIT D  
SERVICE PLAN**

	Improvement Area #1			
	1/31/2019	1/31/2020	1/31/2021	1/31/2022
<b>Installments Due</b>				
<i>Improvement Area #1 Initial Bond</i>				
Principal	\$ 750,000	\$ 795,000	\$ 845,000	\$ 895,000
Interest	593,700	548,700	501,000	450,300
Additional Interest	-	-	-	-
	(1)	\$ 1,343,700	\$ 1,346,000	\$ 1,345,300
				\$ 1,341,600
<i>Improvement Area #1 Parity Bond</i>				
Principal	\$ 225,000	\$ 235,000	\$ 280,000	\$ 325,000
Interest	143,588	161,600	152,200	141,000
Additional Interest	21,325	20,200	19,025	17,625
	(2)	\$ 389,913	\$ 416,800	\$ 451,225
				\$ 483,625
				\$ 529,000
Overpayment/Credit	47,934	(47,934)	-	-
Administrative Expenses	\$ 38,680	\$ 39,453	\$ 40,243	\$ 41,047
	(3)	\$ 86,614	\$ (8,481)	\$ 40,243
				\$ 41,047
				\$ 41,868
<b>Total Budget</b>		\$ 1,820,227	\$ 1,752,019	\$ 1,837,468
	(4) = (1) + (2) + (3)		\$ 1,869,972	\$ 1,912,468
				\$ 1,912,468
<b>Installments Due</b>				
<i>Improvement Area #2 Bond</i>				
Principal	\$ -	\$ 325,000	\$ 360,000	\$ 395,000
Interest	-	413,288	398,663	382,463
Additional Interest	-	41,525	39,900	38,100
	(1)	\$ -	\$ 779,813	\$ 815,563
				\$ 830,813
<i>Improvement Area #2 Reimbursement Obligation</i>				
Principal	\$ -	\$ 50,002	\$ 55,292	\$ 60,928
Interest	-	74,498	71,697	68,601
	(2)	\$ -	\$ 124,499	\$ 129,529
				\$ 132,120
Administrative Expenses	\$ -	\$ 26,847	\$ 27,383	\$ 27,931
	(3)			\$ 28,490
<b>Total Budget</b>		\$ -	\$ 931,158	\$ 952,935
	(4) = (1) + (2) + (3)		\$ 973,023	\$ 991,422
				\$ 991,422

**EXHIBIT E**  
**SOURCES AND USES OF FUNDS**

	<b>Improvement Area #1</b>	<b>Improvement Area #2</b>
<b>SOURCES OF FUNDS</b>		
Improvement Area #1 Initial Bond Par (a)	\$ 12,590,000	\$ -
Improvement Area #1 Parity Bond Par	4,265,000	-
Improvement Area #1 Net Premium	15,339	-
Improvement Area #2 Bond Par	-	8,305,000
Improvement Area #2 Reimbursement Obligation	-	1,330,313
Improvement Area #1 Owner Contribution (b)	831,498	425
	<b>\$ 17,701,837</b>	<b>\$ 9,635,738</b>
<b>USES OF FUNDS</b>		
Authorized Improvements	\$ 13,810,072	\$ 7,569,228
Improvement Area #1 Initial Bond		
Debt Service Reserve Fund	\$ 1,259,000	\$ -
Capitalized Interest	981,105	-
Underwriter Discount	251,800	-
Cost of Issuance	451,500	-
	\$ 2,943,405	\$ -
Improvement Area #1 Parity Bond		
Debt Service Reserve Fund	\$ 426,500	\$ -
Underwriter Discount	127,950	-
Cost of Issuance	393,910	-
	\$ 948,360	\$ -
Improvement Area #2 Bond		
Debt Service Reserve Fund	\$ -	\$ 830,500
Capitalized Interest	-	347,850
Underwriter Discount	-	249,150
Cost of Issuance	-	639,010
	\$ -	\$ 2,066,510
	<b>\$ 17,701,837</b>	<b>\$ 9,635,738</b>

(a) \$12,590,000 was the Improvement Area #1 Initial Par, of which \$9,895,000 remains outstanding.

(b) The Improvement Area #1 Owner Contribution has already occurred.

**EXHIBIT F-1**  
**IMPROVEMENT AREA #1 ASSESSMENT ROLL**

Parcel ID	Lot Type	Outstanding Assessment	Improvement Area #1 Initial Bonds		Annual Installment due 1/31/2019		Administrative Expenses	Overpayment credited to 2020 Payment	Total Installment
			Principal	Interest	Principal	Interest			
788256	Tracts 1 - 5	\$ 4,897,835.85	\$ 259,419.27	\$ 205,356.30	\$ -	\$ -	\$ 13,379.08	\$ 16,580.09	\$ 629,602.78
894914	Tracts 6 & 7	\$ 1,447,471.53	\$ 76,666.92	\$ 60,689.54	\$ -	\$ -	\$ 3,953.96	\$ 4,899.96	\$ 186,068.32
868486	Tract 8	\$ 1,519,935.62	\$ 80,504.53	\$ 63,727.39	\$ -	\$ -	\$ 4,151.88	\$ 5,145.23	\$ 195,382.09
868485	Tract 9	\$ 1,594,986.60	\$ 84,480.22	\$ 66,874.54	\$ -	\$ -	\$ 4,356.91	\$ 5,399.33	\$ 205,030.96
851771	Tract 11 Remainder	\$ 664,403.24	\$ 35,190.85	\$ 27,857.08	\$ -	\$ -	\$ 1,814.90	\$ 2,249.13	\$ 85,407.13
837554	Tract 12	\$ 1,231,872.26	\$ 65,247.47	\$ 51,649.90	\$ -	\$ -	\$ 3,365.02	\$ 4,170.12	\$ 158,353.65
851696	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09
851697	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09
851698	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09
851699	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09
851700	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09
851701	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09
851702	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09
851703	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09
851704	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09
851705	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09
851706	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09
851707	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09
851708	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09
851709	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09
851710	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09
851711	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09
851712	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09
851713	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09
851714	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ -	\$ 28.61	\$ 35.45	\$ 1,346.28
851715	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ -	\$ 28.61	\$ 35.45	\$ 1,346.28
851716	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ -	\$ 28.61	\$ 35.45	\$ 1,346.28
851717	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ -	\$ 28.61	\$ 35.45	\$ 1,346.28
851718	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ -	\$ 28.61	\$ 35.45	\$ 1,346.28
851719	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09
851720	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09
851721	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09
851722	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09
851723	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09
851724	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09

Parcel ID	Lot Type	Outstanding Assessment	Improvement Area #1 Initial Bonds				Annual Installment due 1/31/2019				Overpayment credited to 2020 Payment	Total Installment	
			Improvement Area #1 Initial Bonds		Additional		Improvement Area #1 Parity Bonds		Additional				
			Principal	Interest	Interest	Interest	Principal	Interest	Interest	Interest			
851725	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 143.81	\$ 21.36	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
851726	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851727	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851728	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851729	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851730	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851731	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851732	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851733	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851734	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851735	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851736	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851737	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851738	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851739	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851740	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851741	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851742	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851743	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851744	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851745	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851746	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851747	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851748	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851749	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851750	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851751	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851752	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851753	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851754	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851755	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851756	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851757	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851758	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851759	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 106.20	\$ 15.77	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28

Parcel ID	Lot Type	Outstanding Assessment	Improvement Area #1 Initial Bonds			Annual Installment due 1/31/2019			Administrative Expenses	Overpayment credited to 2020 Payment	Total Installment
			Principal	Interest	Additional Interest	Principal	Interest	Additional Interest			
851760	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851761	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851762	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851763	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851764	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851765	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851766	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851767	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851768	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851769	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851770	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
863947	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
863948	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
863949	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
863950	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
863951	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
863952	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
863953	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
863954	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
863955	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
863956	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
863957	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
863958	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
863959	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
863960	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
863961	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
863962	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
863963	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
863964	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
863965	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
863966	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
863967	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
863968	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
863969	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
863970	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28



Parcel ID	Lot Type	Outstanding Assessment	Improvement Area #1 Initial Bonds				Annual Installment due 1/31/2019				Overpayment credited to 2020 Payment	Total Installment
			Improvement Area #1 Initial Bonds		Additional		Improvement Area #1 Parity Bonds		Additional			
			Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
863971	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
863972	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
863973	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
863974	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
863975	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
863976	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
863977	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
863978	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
863979	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
863980	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
863981	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
863982	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
863983	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
863984	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
863985	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
863986	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
863987	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
863988	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
863989	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
863990	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
863991	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
863992	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
863993	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
863994	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
863995	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
863996	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
863997	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
863998	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
864000	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
864001	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
864002	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09	
864003	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09	
864004	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09	
864005	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09	

Parcel ID	Lot Type	Outstanding Assessment	Improvement Area #1 Initial Bonds			Annual Installment due 1/31/2019			Administrative Expenses	Overpayment credited to 2020 Payment	Total Installment
			Principal	Interest	Additional Interest	Principal	Interest	Additional Interest			
864006	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
864007	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
864008	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
864009	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
864010	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
864011	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
864012	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
864013	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
864014	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
864015	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
864016	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
864017	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
864018	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
864019	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
864020	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
864021	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
864022	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
864023	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
864024	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
864025	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
864026	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
864027	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
864028	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
864029	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
880035	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
880036	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
880037	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
880038	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
880039	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
880040	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
880041	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
880042	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
880043	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
880044	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
880045	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28

Parcel ID	Lot Type	Outstanding Assessment	Improvement Area #1 Initial Bonds				Annual Installment due 1/31/2019				Overpayment credited to 2020 Payment	Total Installment
			Improvement Area #1		Additional Bonds		Improvement Area #1		Party Bonds			
			Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
880046	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880047	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880048	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880049	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880050	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880051	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880052	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880053	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880054	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880055	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880056	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880057	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880058	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880059	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880060	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880061	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880062	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880063	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880064	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880065	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880066	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880067	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880068	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880069	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880070	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880071	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880072	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880073	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880074	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880075	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880076	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880077	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880078	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880079	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	
880080	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28	

Parcel ID	Lot Type	Outstanding Assessment	Improvement Area #1 Initial Bonds				Annual Installment due 1/31/2019				Administrative Expenses	Overpayment credited to 2020 Payment	Total Installment
			Improvement Area #1 Initial Bonds		Additional Interest		Improvement Area #1 Parity Bonds		Additional Interest				
			Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest			
880081	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ -	\$ 28.61	\$ 35.45	\$ 1,346.28	
880082	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ -	\$ 28.61	\$ 35.45	\$ 1,346.28	
880083	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ -	\$ 28.61	\$ 35.45	\$ 1,346.28	
880084	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ -	\$ 28.61	\$ 35.45	\$ 1,346.28	
880085	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ -	\$ 28.61	\$ 35.45	\$ 1,346.28	
880086	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ -	\$ 28.61	\$ 35.45	\$ 1,346.28	
880087	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ -	\$ 28.61	\$ 35.45	\$ 1,346.28	
880088	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09	
880089	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09	
880090	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09	
880091	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09	
880092	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09	
880093	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09	
880094	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09	
880095	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09	
880096	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09	
880097	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09	
880098	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09	
880099	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09	
880100	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09	
880101	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09	
880102	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09	
880103	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09	
880104	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09	
880105	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09	
880106	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09	
880107	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09	
880108	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09	
880109	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09	
880110	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09	
880111	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09	
880112	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09	
880113	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09	
880114	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09	
880115	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09	
		\$ 14,160,000.00	\$ 750,000.00	\$ 593,700.00	\$ -	\$ 225,000.00	\$ 143,588.33	\$ 21,325.00	\$ -	\$ 38,679.89	\$ 47,934.25	\$ 1,820,227.47	

Note: The overpayment is a result of Improvement Area #1 PID Bonds being issued after the bills had already been prepared for the Annual Installment due 1/31/19.

**EXHIBIT F-2**

**PROJECTED IMPROVEMENT AREA #1 ANNUAL INSTALLMENTS**

Annual Installment Due January 31,	Improvement Area #1 Initial Bond			Improvement Area #1 Parity Bond			Administrative Expenses	Overpayment to be Credited Next Annual Installment	Total Annual Installment
	Principal	Interest	Additional Interest	Principal	Interest	Additional Interest			
2019	\$ 750,000	\$ 593,700	\$ -	\$ 225,000	\$ 143,588	\$ 21,325	\$ 38,680	\$ 47,934	\$ 1,820,227
2020	\$ 795,000	\$ 548,700	\$ -	\$ 235,000	\$ 161,600	\$ 20,200	\$ 39,453	\$ (47,934)	\$ 1,752,019
2021	\$ 845,000	\$ 501,000	\$ -	\$ 280,000	\$ 152,200	\$ 19,025	\$ 40,243	\$ -	\$ 1,837,468
2022	\$ 895,000	\$ 450,300	\$ -	\$ 325,000	\$ 141,000	\$ 17,625	\$ 41,047	\$ -	\$ 1,869,972
2023	\$ 945,000	\$ 396,600	\$ -	\$ 385,000	\$ 128,000	\$ 16,000	\$ 41,868	\$ -	\$ 1,912,468
2024	\$ 1,005,000	\$ 339,900	\$ -	\$ 435,000	\$ 112,600	\$ 14,075	\$ 42,706	\$ -	\$ 1,949,281
2025	\$ 1,065,000	\$ 279,600	\$ -	\$ 495,000	\$ 95,200	\$ 11,900	\$ 43,560	\$ -	\$ 1,990,260
2026	\$ 1,130,000	\$ 215,700	\$ -	\$ 560,000	\$ 75,400	\$ 9,425	\$ 44,431	\$ -	\$ 2,034,956
2027	\$ 1,195,000	\$ 147,900	\$ -	\$ 625,000	\$ 53,000	\$ 6,625	\$ 45,320	\$ -	\$ 2,072,845
2028	\$ 1,270,000	\$ 76,200	\$ -	\$ 700,000	\$ 28,000	\$ 3,500	\$ 46,226	\$ -	\$ 2,123,926
<b>Total</b>	<b>\$ 9,895,000</b>	<b>\$ 3,549,600</b>	<b>\$ -</b>	<b>\$ 4,265,000</b>	<b>\$ 1,090,588</b>	<b>\$ 139,700</b>	<b>\$ 423,534</b>	<b>\$ -</b>	<b>\$ 19,363,422</b>

Note: The overpayment is a result of Improvement Area #1 PID Bonds being issued after the bills had already been prepared for the Annual Installment due 1/31/19. The figures shown above are estimates only and subject to change in annual service plan updates. Changes in administrative expenses, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

**EXHIBIT F-3**  
**PROJECTED LOT TYPE 1 ANNUAL INSTALLMENTS PER LOT**

Annual Installment Due January 31,	Improvement Area #1 Initial Bond			Improvement Area #1 Parity Bond			Administrative Expenses	Overpayment to be Credited Next Annual Installment	Total Annual Installment
	Principal	Interest	Additional Interest	Principal	Interest	Additional Interest			
2019	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
2020	\$ 588.00	\$ 405.83	\$ -	\$ 173.81	\$ 119.52	\$ 14.94	\$ 29.18	\$ (35.45)	\$ 1,295.83
2021	\$ 624.98	\$ 370.55	\$ -	\$ 207.09	\$ 112.57	\$ 14.07	\$ 29.76	\$ -	\$ 1,359.03
2022	\$ 661.96	\$ 333.05	\$ -	\$ 240.38	\$ 104.29	\$ 13.04	\$ 30.36	\$ -	\$ 1,383.07
2023	\$ 698.94	\$ 293.33	\$ -	\$ 284.75	\$ 94.67	\$ 11.83	\$ 30.97	\$ -	\$ 1,414.50
2024	\$ 743.32	\$ 251.40	\$ -	\$ 321.74	\$ 83.28	\$ 10.41	\$ 31.59	\$ -	\$ 1,441.73
2025	\$ 787.70	\$ 206.80	\$ -	\$ 366.11	\$ 70.41	\$ 8.80	\$ 32.22	\$ -	\$ 1,472.04
2026	\$ 835.77	\$ 159.54	\$ -	\$ 414.19	\$ 55.77	\$ 6.97	\$ 32.86	\$ -	\$ 1,505.10
2027	\$ 883.85	\$ 109.39	\$ -	\$ 462.26	\$ 39.20	\$ 4.90	\$ 33.52	\$ -	\$ 1,533.12
2028	\$ 939.32	\$ 56.36	\$ -	\$ 517.74	\$ 20.71	\$ 2.59	\$ 34.19	\$ -	\$ 1,570.90
<b>Total</b>	<b>\$ 7,318.56</b>	<b>\$ 2,625.36</b>	<b>\$ -</b>	<b>\$ 3,154.49</b>	<b>\$ 806.62</b>	<b>\$ 103.33</b>	<b>\$ 313.25</b>	<b>\$ -</b>	<b>\$ 14,321.61</b>

Note: The overpayment is a result of Improvement Area #1 PID Bonds being issued after the bills had already been prepared for the Annual Installment due 1/31/19. The figures shown above are estimates only and subject to change in annual service plan updates. Changes in administrative expenses, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

**EXHIBIT F-4**  
**PROJECTED LOT TYPE 2 ANNUAL INSTALLMENTS PER LOT**

Annual Installment Due January 31,	Improvement Area #1 Initial Bond			Improvement Area #1 Parity Bond			Administrative Expenses	Overpayment to be Credited Next Annual Installment	Total Annual Installment
	Principal	Interest	Additional Interest	Principal	Interest	Additional Interest			
2019	\$ 751.18	\$ 594.63	\$ -	\$ -	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
2020	\$ 796.25	\$ 549.56	\$ -	\$ -	\$ 161.85	\$ 20.23	\$ 39.52	\$ (48.01)	\$ 1,754.77
2021	\$ 846.33	\$ 501.79	\$ -	\$ -	\$ 152.44	\$ 19.05	\$ 40.31	\$ -	\$ 1,840.36
2022	\$ 896.41	\$ 451.01	\$ -	\$ -	\$ 141.22	\$ 17.65	\$ 41.11	\$ -	\$ 1,872.91
2023	\$ 945.49	\$ 397.22	\$ -	\$ -	\$ 128.20	\$ 16.03	\$ 41.93	\$ -	\$ 1,915.48
2024	\$ 1,006.58	\$ 340.43	\$ -	\$ -	\$ 112.78	\$ 14.10	\$ 42.77	\$ -	\$ 1,952.35
2025	\$ 1,066.67	\$ 280.04	\$ -	\$ -	\$ 95.35	\$ 11.92	\$ 43.63	\$ -	\$ 1,993.39
2026	\$ 1,131.78	\$ 216.04	\$ -	\$ -	\$ 75.52	\$ 9.44	\$ 44.50	\$ -	\$ 2,038.16
2027	\$ 1,196.88	\$ 148.13	\$ -	\$ -	\$ 53.08	\$ 6.64	\$ 45.39	\$ -	\$ 2,076.10
2028	\$ 1,272.00	\$ 76.32	\$ -	\$ -	\$ 28.04	\$ 3.51	\$ 46.30	\$ -	\$ 2,127.27
<b>Total</b>	<b>\$ 9,910.56</b>	<b>\$ 3,555.18</b>	<b>\$ -</b>	<b>\$ 4,271.71</b>	<b>\$ 1,092.30</b>	<b>\$ 139.92</b>	<b>\$ 424.20</b>	<b>\$ -</b>	<b>\$ 19,393.87</b>

Note: The overpayment is a result of Improvement Area #1 PID Bonds being issued after the bills had already been prepared for the Annual Installment due 1/31/19. The figures shown above are estimates only and subject to change in annual service plan updates. Changes in administrative expenses, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

**EXHIBIT F-5**  
**PROJECTED LOT TYPE 3 ANNUAL INSTALLMENTS PER LOT**

Annual Installment Due January 31,	Improvement Area #1 Initial Bond		Improvement Area #1 Parity Bond		Administrative Expenses	Overpayment to be Credited Next Annual Installment	Total Annual Installment
	Principal	Interest	Principal	Interest			
2019	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ -	\$ -	\$ 1,817.17
2020	\$ 793.67	\$ 547.78	\$ -	\$ 20.17	\$ 39.39	\$ (47.85)	\$ 1,749.08
2021	\$ 843.58	\$ 500.16	\$ -	\$ 18.99	\$ 40.18	\$ -	\$ 1,834.38
2022	\$ 893.50	\$ 449.54	\$ -	\$ 17.60	\$ 40.98	\$ -	\$ 1,866.83
2023	\$ 943.41	\$ 395.93	\$ -	\$ 15.97	\$ 41.80	\$ -	\$ 1,909.26
2024	\$ 1,003.31	\$ 339.33	\$ -	\$ 14.05	\$ 42.63	\$ -	\$ 1,946.01
2025	\$ 1,063.21	\$ 279.13	\$ -	\$ 11.88	\$ 43.49	\$ -	\$ 1,986.92
2026	\$ 1,128.10	\$ 215.34	\$ -	\$ 9.41	\$ 44.36	\$ -	\$ 2,031.54
2027	\$ 1,192.99	\$ 147.65	\$ -	\$ 6.61	\$ 45.24	\$ -	\$ 2,069.37
2028	\$ 1,267.87	\$ 76.07	\$ -	\$ 3.49	\$ 46.15	\$ -	\$ 2,120.36
<b>Total</b>	<b>\$ 9,878.40</b>	<b>\$ 3,543.64</b>	<b>\$ -</b>	<b>\$ 139.47</b>	<b>\$ 422.82</b>	<b>\$ -</b>	<b>\$ 19,330.93</b>

Note: The overpayment is a result of Improvement Area #1 PID Bonds being issued after the bills had already been prepared for the Annual Installment due 1/31/19. The figures shown above are estimates only and subject to change in annual service plan updates. Changes in administrative expenses, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.



**EXHIBIT F-6**  
**PROJECTED LOT TYPE 4 ANNUAL INSTALLMENTS PER LOT**

Annual Installment Due January 31,	Improvement Area #1. Initial Bond			Improvement Area #1. Parity Bond			Overpayment to be Credited Next Annual Installment	Total Annual Installment
	Principal	Interest	Additional Interest	Principal	Interest	Additional Interest		
2019	\$ 962.67	\$ 762.05	-	\$ 288.80	\$ 184.30	\$ 27.37	\$ 49.65	\$ 2,336.37
2020	\$ 1,020.43	\$ 704.29	-	\$ 301.64	\$ 207.42	\$ 25.93	\$ 50.64	\$ 2,248.82
2021	\$ 1,084.61	\$ 643.06	-	\$ 359.40	\$ 195.36	\$ 24.42	\$ 51.65	\$ 2,358.49
2022	\$ 1,148.78	\$ 577.99	-	\$ 417.16	\$ 180.98	\$ 22.62	\$ 52.69	\$ 2,400.22
2023	\$ 1,212.96	\$ 509.06	-	\$ 494.17	\$ 164.30	\$ 20.54	\$ 53.74	\$ 2,454.76
2024	\$ 1,289.97	\$ 436.28	-	\$ 558.35	\$ 144.53	\$ 18.07	\$ 54.82	\$ 2,502.01
2025	\$ 1,366.99	\$ 358.88	-	\$ 635.36	\$ 122.19	\$ 15.27	\$ 55.91	\$ 2,554.61
2026	\$ 1,450.42	\$ 276.86	-	\$ 718.79	\$ 96.78	\$ 12.10	\$ 57.03	\$ 2,611.98
2027	\$ 1,533.85	\$ 189.84	-	\$ 802.22	\$ 68.03	\$ 8.50	\$ 58.17	\$ 2,660.61
2028	\$ 1,630.12	\$ 97.81	-	\$ 898.49	\$ 35.94	\$ 4.49	\$ 59.33	\$ 2,726.18
<b>Total</b>	<b>\$ 12,700.79</b>	<b>\$ 4,556.11</b>	<b>-</b>	<b>\$ 5,474.37</b>	<b>\$ 1,399.83</b>	<b>\$ 179.31</b>	<b>\$ 543.63</b>	<b>\$ 24,854.05</b>

Note: The overpayment is a result of Improvement Area #1. PID Bonds being issued after the bills had already been prepared for the Annual Installment due 1/31/19. The figures shown above are estimates only and subject to change in annual service plan updates. Changes in administrative expenses, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

**EXHIBIT F-7**

**PROJECTED IMPROVEMENT AREA #1 PARCEL 1 - 5 ANNUAL INSTALLMENTS (TAX PARCEL 788256)**

Annual Installment Due January 31,	Improvement Area #1 Initial Bond			Improvement Area #1 Parity Bond			Administrative Expenses	Overpayment to be Credited Next Annual Installment	Total Annual Installment
	Principal	Interest	Additional Interest	Principal	Interest	Additional Interest			
2019	\$ 259,419.27	\$ 205,356.30	\$ -	\$ 77,825.78	\$ 49,666.11	\$ 7,376.15	\$ 13,379.08	\$ 16,580.09	\$ 629,602.78
2020	\$ 274,984.43	\$ 189,791.14	\$ -	\$ 81,284.71	\$ 55,896.21	\$ 6,987.03	\$ 13,646.66	\$ (16,580.09)	\$ 606,010.07
2021	\$ 292,279.05	\$ 173,292.07	\$ -	\$ 96,849.86	\$ 52,644.82	\$ 6,580.60	\$ 13,919.59	\$ -	\$ 635,565.99
2022	\$ 309,573.66	\$ 155,755.33	\$ -	\$ 112,415.02	\$ 48,770.82	\$ 6,096.35	\$ 14,197.98	\$ -	\$ 646,809.17
2023	\$ 326,868.28	\$ 137,180.91	\$ -	\$ 133,168.56	\$ 44,274.22	\$ 5,534.28	\$ 14,481.94	\$ -	\$ 661,508.20
2024	\$ 347,621.82	\$ 117,568.81	\$ -	\$ 150,463.18	\$ 38,947.48	\$ 4,868.44	\$ 14,771.58	\$ -	\$ 674,241.31
2025	\$ 368,375.37	\$ 96,711.50	\$ -	\$ 171,216.72	\$ 32,928.95	\$ 4,116.12	\$ 15,067.01	\$ -	\$ 688,415.68
2026	\$ 390,858.37	\$ 74,608.98	\$ -	\$ 193,699.72	\$ 26,080.28	\$ 3,260.04	\$ 15,368.35	\$ -	\$ 703,875.75
2027	\$ 413,341.37	\$ 51,157.48	\$ -	\$ 216,182.73	\$ 18,332.30	\$ 2,291.54	\$ 15,675.72	\$ -	\$ 716,981.13
2028	\$ 439,283.30	\$ 26,357.00	\$ -	\$ 242,124.65	\$ 9,684.99	\$ 1,210.62	\$ 15,989.24	\$ -	\$ 734,649.80
<b>Total</b>	<b>\$ 3,422,604.93</b>	<b>\$ 1,227,779.53</b>	<b>\$ -</b>	<b>\$ 1,475,230.93</b>	<b>\$ 377,226.17</b>	<b>\$ 48,321.16</b>	<b>\$ 146,497.16</b>	<b>\$ -</b>	<b>\$ 6,697,659.88</b>

Note: The overpayment is a result of Improvement Area #1 PID Bonds being issued after the bills had already been prepared for the Annual Installment due 1/31/19. The figures shown above are estimates only and subject to change in annual service plan updates. Changes in administrative expenses, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

**EXHIBIT F-8**

**PROJECTED IMPROVEMENT AREA #1 PARCEL 6 & 7 ANNUAL INSTALLMENTS (TAX PARCEL 894914)**

Annual Installment Due January 31,	Improvement Area #1 Initial Bond			Improvement Area #1 Parity Bond			Overpayment to be Credited Next Annual Installment	
	Principal	Interest	Additional Interest	Principal	Interest	Additional Interest	Administrative Expenses	Total Annual Installment
2019	\$ 76,666.92	\$ 60,689.54	\$ -	\$ 23,000.08	\$ 14,677.97	\$ 2,179.90	\$ 3,953.96	\$ 4,899.96
2020	\$ 81,266.94	\$ 56,089.52	\$ -	\$ 24,022.30	\$ 16,519.17	\$ 2,064.90	\$ 4,033.04	\$ (4,899.96)
2021	\$ 86,378.07	\$ 51,213.51	\$ -	\$ 28,622.32	\$ 15,558.27	\$ 1,944.78	\$ 4,113.70	\$ -
2022	\$ 91,489.20	\$ 46,030.82	\$ -	\$ 33,222.33	\$ 14,413.38	\$ 1,801.67	\$ 4,195.97	\$ -
2023	\$ 96,600.32	\$ 40,541.47	\$ -	\$ 39,355.69	\$ 13,084.49	\$ 1,635.56	\$ 4,279.89	\$ -
2024	\$ 102,733.68	\$ 34,745.45	\$ -	\$ 44,466.82	\$ 11,510.26	\$ 1,438.78	\$ 4,365.49	\$ -
2025	\$ 108,867.03	\$ 28,581.43	\$ -	\$ 50,600.17	\$ 9,731.59	\$ 1,216.45	\$ 4,452.80	\$ -
2026	\$ 115,511.50	\$ 22,049.41	\$ -	\$ 57,244.64	\$ 7,707.58	\$ 963.45	\$ 4,541.85	\$ -
2027	\$ 122,155.97	\$ 15,118.72	\$ -	\$ 63,889.10	\$ 5,417.80	\$ 677.22	\$ 4,632.69	\$ -
2028	\$ 129,822.66	\$ 7,789.36	\$ -	\$ 71,555.80	\$ 2,862.23	\$ 357.78	\$ 4,725.34	\$ -
<b>Total</b>	<b>\$ 1,011,492.29</b>	<b>\$ 362,849.22</b>	<b>\$ -</b>	<b>\$ 435,979.24</b>	<b>\$ 111,482.74</b>	<b>\$ 14,280.49</b>	<b>\$ 43,294.73</b>	<b>\$ 1,979,378.70</b>

Note: The overpayment is a result of Improvement Area #1 PID Bonds being issued after the bills had already been prepared for the Annual Installment due 1/31/19. The figures shown above are estimates only and subject to change in annual service plan updates. Changes in administrative expenses, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

**EXHIBIT F-9**

**PROJECTED IMPROVEMENT AREA #1 PARCEL 8 ANNUAL INSTALLMENTS (TAX PARCEL 868486)**

Annual Installment Due January 31,	Improvement Area #1 Initial Bond			Improvement Area #1 Parity Bond			Overpayment to be Credited Next Annual Installment	Total Annual Installment
	Principal	Interest	Additional Interest	Principal	Interest	Additional Interest		
2019	\$ 80,504.53	\$ 63,727.39	\$ -	\$ 24,151.36	\$ 15,412.68	\$ 2,289.01	\$ 4,151.88	\$ 195,382.09
2020	\$ 85,334.81	\$ 58,897.12	\$ -	\$ 25,224.75	\$ 17,346.04	\$ 2,168.26	\$ 4,234.91	\$ 188,060.66
2021	\$ 90,701.78	\$ 53,777.03	\$ -	\$ 30,055.03	\$ 16,337.05	\$ 2,042.13	\$ 4,319.61	\$ 197,232.63
2022	\$ 96,068.75	\$ 48,334.92	\$ -	\$ 34,885.30	\$ 15,134.85	\$ 1,891.86	\$ 4,406.00	\$ 200,721.68
2023	\$ 101,435.71	\$ 42,570.80	\$ -	\$ 41,325.66	\$ 13,739.44	\$ 1,717.43	\$ 4,494.12	\$ 205,283.17
2024	\$ 107,876.08	\$ 36,484.66	\$ -	\$ 46,692.63	\$ 12,086.41	\$ 1,510.80	\$ 4,584.01	\$ 209,234.58
2025	\$ 114,316.44	\$ 30,012.09	\$ -	\$ 53,132.99	\$ 10,218.71	\$ 1,277.34	\$ 4,675.69	\$ 213,633.26
2026	\$ 121,293.50	\$ 23,153.10	\$ -	\$ 60,110.05	\$ 8,093.39	\$ 1,011.67	\$ 4,769.20	\$ 218,430.92
2027	\$ 128,270.56	\$ 15,875.49	\$ -	\$ 67,087.11	\$ 5,688.99	\$ 711.12	\$ 4,864.58	\$ 222,497.86
2028	\$ 136,321.01	\$ 8,179.26	\$ -	\$ 75,137.57	\$ 3,005.50	\$ 375.69	\$ 4,961.88	\$ 227,980.90
<b>Total</b>	<b>\$ 1,062,123.16</b>	<b>\$ 381,011.86</b>	<b>\$ -</b>	<b>\$ 457,802.46</b>	<b>\$ 117,063.08</b>	<b>\$ 14,995.31</b>	<b>\$ 45,461.87</b>	<b>\$ 2,078,457.74</b>

Note: The overpayment is a result of Improvement Area #1 PID Bonds being issued after the bills had already been prepared for the Annual Installment due 1/31/19. The figures shown above are estimates only and subject to change in annual service plan updates. Changes in administrative expenses, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

**EXHIBIT F-10**

**PROJECTED IMPROVEMENT AREA #1 PARCEL 9 ANNUAL INSTALLMENTS (TAX PARCEL 868485)**

Annual Installment Due January 31,	Improvement Area #1 Initial Bond			Improvement Area #1 Parity Bond			Administrative Expenses	Overpayment to be Credited Next Annual Installment	Total Annual Installment
	Principal	Interest	Additional Interest	Principal	Interest	Additional Interest			
2019	\$ 84,480.22	\$ 66,874.54	\$ -	\$ 25,344.07	\$ 16,173.83	\$ 2,402.05	\$ 4,356.91	\$ 5,399.33	\$ 205,030.96
2020	\$ 89,549.04	\$ 61,805.73	\$ -	\$ 26,470.47	\$ 18,202.67	\$ 2,275.33	\$ 4,444.05	\$ (5,399.33)	\$ 197,347.97
2021	\$ 95,181.05	\$ 56,432.79	\$ -	\$ 31,539.28	\$ 17,143.85	\$ 2,142.98	\$ 4,532.93	\$ -	\$ 206,972.89
2022	\$ 100,813.07	\$ 50,721.93	\$ -	\$ 36,608.10	\$ 15,882.28	\$ 1,985.29	\$ 4,623.59	\$ -	\$ 210,634.25
2023	\$ 106,445.08	\$ 44,673.14	\$ -	\$ 43,366.51	\$ 14,417.96	\$ 1,802.24	\$ 4,716.06	\$ -	\$ 215,421.00
2024	\$ 113,203.50	\$ 38,286.44	\$ -	\$ 48,998.53	\$ 12,683.30	\$ 1,585.41	\$ 4,810.38	\$ -	\$ 219,567.56
2025	\$ 119,961.92	\$ 31,494.23	\$ -	\$ 55,756.95	\$ 10,723.36	\$ 1,340.42	\$ 4,906.59	\$ -	\$ 224,183.46
2026	\$ 127,283.54	\$ 24,296.51	\$ -	\$ 63,078.57	\$ 8,493.08	\$ 1,061.63	\$ 5,004.72	\$ -	\$ 229,218.05
2027	\$ 134,605.15	\$ 16,659.50	\$ -	\$ 70,400.19	\$ 5,969.94	\$ 746.24	\$ 5,104.82	\$ -	\$ 233,485.84
2028	\$ 143,053.18	\$ 8,583.19	\$ -	\$ 78,848.21	\$ 3,153.93	\$ 394.24	\$ 5,206.92	\$ -	\$ 239,239.66
<b>Total</b>	<b>\$ 1,114,575.74</b>	<b>\$ 399,828.00</b>	<b>\$ -</b>	<b>\$ 480,410.87</b>	<b>\$ 122,844.19</b>	<b>\$ 15,735.85</b>	<b>\$ 47,706.99</b>	<b>\$ -</b>	<b>\$ 2,181,101.63</b>

Note: The overpayment is a result of Improvement Area #1 PID Bonds being issued after the bills had already been prepared for the Annual Installment due 1/31/19. The figures shown above are estimates only and subject to change in annual service plan updates. Changes in administrative expenses, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

**EXHIBIT G-1**  
**IMPROVEMENT AREA #2 ASSESSMENT ROLL**

Parcel ID *	Outstanding Assessment	Annual Installment due 1/31/2019				Administrative Expenses	Total Installment
		Improvement Area #2 Bonds		Improvement Area #2 Reimbursement Obligation			
		Principal	Interest	Additional Interest	Principal	Interest	
Improvement Area #2 Parcel 2	\$ 2,038,835.40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Improvement Area #2 Parcel 4	\$ 2,038,835.40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Improvement Area #2 Parcel 6	\$ 475,776.80	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Improvement Area #2 Parcel 8	\$ 666,087.53	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Improvement Area #2 Parcel 9	\$ 2,038,835.40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Improvement Area #2 Parcel 10	\$ 2,376,942.27	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 9,635,312.81</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

\* See Exhibit A-4 for legal descriptions and maps of each Improvement Area #2 Parcel.

**EXHIBIT G-2**

**PROJECTED TOTAL IMPROVEMENT AREA #2 ANNUAL INSTALLMENTS**

Annual Installment Due January 31,	Improvement Area #2 Bonds			Improvement Area #2 Reimbursement Obligation			Administration Expenses	Total Annual Installment
	Principal	Interest	Additional Interest	Principal	Interest			
2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ 325,000	\$ 413,288	\$ 41,525	\$ 50,002	\$ 74,498	\$ -	\$ 26,847	\$ 931,158
2021	\$ 360,000	\$ 398,663	\$ 39,900	\$ 55,292	\$ 71,697	\$ -	\$ 27,383	\$ 952,935
2022	\$ 395,000	\$ 382,463	\$ 38,100	\$ 60,928	\$ 68,601	\$ -	\$ 27,931	\$ 973,023
2023	\$ 430,000	\$ 364,688	\$ 36,125	\$ 66,931	\$ 65,189	\$ -	\$ 28,490	\$ 991,422
2024	\$ 465,000	\$ 345,338	\$ 33,975	\$ 73,321	\$ 61,441	\$ -	\$ 29,060	\$ 1,008,134
2025	\$ 505,000	\$ 324,413	\$ 31,650	\$ 80,122	\$ 57,335	\$ -	\$ 29,641	\$ 1,028,161
2026	\$ 550,000	\$ 298,531	\$ 29,125	\$ 87,358	\$ 52,848	\$ -	\$ 30,234	\$ 1,048,096
2027	\$ 595,000	\$ 270,344	\$ 26,375	\$ 95,055	\$ 47,956	\$ -	\$ 30,838	\$ 1,065,568
2028	\$ 645,000	\$ 239,850	\$ 23,400	\$ 103,238	\$ 42,633	\$ -	\$ 31,455	\$ 1,085,576
2029	\$ 695,000	\$ 206,794	\$ 20,175	\$ 111,937	\$ 36,852	\$ -	\$ 32,084	\$ 1,102,841
2030	\$ 745,000	\$ 171,175	\$ 16,700	\$ 121,181	\$ 30,583	\$ -	\$ 32,726	\$ 1,117,365
2031	\$ 805,000	\$ 132,994	\$ 12,975	\$ 131,002	\$ 23,797	\$ -	\$ 33,380	\$ 1,139,148
2032	\$ 865,000	\$ 91,738	\$ 8,950	\$ 141,434	\$ 16,461	\$ -	\$ 34,048	\$ 1,157,631
2033	\$ 925,000	\$ 47,406	\$ 4,625	\$ 152,512	\$ 8,541	\$ -	\$ 34,729	\$ 1,172,813
<b>Total</b>	<b>\$ 8,305,000.00</b>	<b>\$ 3,687,681</b>	<b>\$ 363,600</b>	<b>\$ 1,330,312.81</b>	<b>\$ 658,432</b>	<b>\$ -</b>	<b>\$ 428,845</b>	<b>\$ 14,773,871</b>

Note: The figures shown above are estimates only and subject to change in annual service plan updates. Changes in administrative expenses, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

**EXHIBIT G-3**

**PROJECTED IMPROVEMENT AREA #2 PARCEL 2 ANNUAL INSTALLMENTS**

Annual Installment Due January 31,	Improvement Area #2 Bonds			Improvement Area #2 Reimbursement Obligation			Administration Expenses	Total Annual Installment
	Principal	Interest	Additional Interest	Principal	Interest			
2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ 68,770	\$ 87,452	\$ 8,787	\$ 10,580	\$ 15,764	\$ 5,681	\$ 197,033	
2021	\$ 76,176	\$ 84,357	\$ 8,443	\$ 11,700	\$ 15,171	\$ 5,794	\$ 201,641	
2022	\$ 83,582	\$ 80,929	\$ 8,062	\$ 12,892	\$ 14,516	\$ 5,910	\$ 205,892	
2023	\$ 90,988	\$ 77,168	\$ 7,644	\$ 14,163	\$ 13,794	\$ 6,028	\$ 209,785	
2024	\$ 98,394	\$ 73,074	\$ 7,189	\$ 15,515	\$ 13,001	\$ 6,149	\$ 213,322	
2025	\$ 106,858	\$ 68,646	\$ 6,697	\$ 16,954	\$ 12,132	\$ 6,272	\$ 217,559	
2026	\$ 116,380	\$ 63,169	\$ 6,163	\$ 18,485	\$ 11,183	\$ 6,397	\$ 221,778	
2027	\$ 125,902	\$ 57,205	\$ 5,581	\$ 20,114	\$ 10,148	\$ 6,525	\$ 225,474	
2028	\$ 136,482	\$ 50,752	\$ 4,951	\$ 21,845	\$ 9,021	\$ 6,656	\$ 229,708	
2029	\$ 147,062	\$ 43,758	\$ 4,269	\$ 23,686	\$ 7,798	\$ 6,789	\$ 233,362	
2030	\$ 157,642	\$ 36,221	\$ 3,534	\$ 25,642	\$ 6,471	\$ 6,925	\$ 236,435	
2031	\$ 170,338	\$ 28,142	\$ 2,746	\$ 27,720	\$ 5,035	\$ 7,063	\$ 241,044	
2032	\$ 183,034	\$ 19,412	\$ 1,894	\$ 29,928	\$ 3,483	\$ 7,205	\$ 244,955	
2033	\$ 195,730	\$ 10,031	\$ 979	\$ 32,272	\$ 1,807	\$ 7,349	\$ 248,168	
<b>Total</b>	<b>\$ 1,757,341</b>	<b>\$ 780,315</b>	<b>\$ 76,938</b>	<b>\$ 281,495</b>	<b>\$ 139,324</b>	<b>\$ 90,744</b>	<b>\$ 3,126,156</b>	

Note: See Exhibit A-4 for legal description. The figures shown above are estimates only and subject to change in annual service plan updates. Changes in administrative expenses, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.



**EXHIBIT G-4**

**PROJECTED IMPROVEMENT AREA #2 PARCEL 4 ANNUAL INSTALLMENTS**

Annual Installment Due January 31,	Improvement Area #2 Bonds			Improvement Area #2 Reimbursement Obligation			Administration Expenses	Total Annual Installment
	Principal	Interest	Additional Interest	Principal	Interest			
2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ 68,770	\$ 87,452	\$ 8,787	\$ 10,580	\$ 15,764	\$ 5,681	\$ 197,033	
2021	\$ 76,176	\$ 84,357	\$ 8,443	\$ 11,700	\$ 15,171	\$ 5,794	\$ 201,641	
2022	\$ 83,582	\$ 80,929	\$ 8,062	\$ 12,892	\$ 14,516	\$ 5,910	\$ 205,892	
2023	\$ 90,988	\$ 77,168	\$ 7,644	\$ 14,163	\$ 13,794	\$ 6,028	\$ 209,785	
2024	\$ 98,394	\$ 73,074	\$ 7,189	\$ 15,515	\$ 13,001	\$ 6,149	\$ 213,322	
2025	\$ 106,858	\$ 68,646	\$ 6,697	\$ 16,954	\$ 12,132	\$ 6,272	\$ 217,559	
2026	\$ 116,380	\$ 63,169	\$ 6,163	\$ 18,485	\$ 11,183	\$ 6,397	\$ 221,778	
2027	\$ 125,902	\$ 57,205	\$ 5,581	\$ 20,114	\$ 10,148	\$ 6,525	\$ 225,474	
2028	\$ 136,482	\$ 50,752	\$ 4,951	\$ 21,845	\$ 9,021	\$ 6,656	\$ 229,708	
2029	\$ 147,062	\$ 43,758	\$ 4,269	\$ 23,686	\$ 7,798	\$ 6,789	\$ 233,362	
2030	\$ 157,642	\$ 36,221	\$ 3,534	\$ 25,642	\$ 6,471	\$ 6,925	\$ 236,435	
2031	\$ 170,338	\$ 28,142	\$ 2,746	\$ 27,720	\$ 5,035	\$ 7,063	\$ 241,044	
2032	\$ 183,034	\$ 19,412	\$ 1,894	\$ 29,928	\$ 3,483	\$ 7,205	\$ 244,955	
2033	\$ 195,730	\$ 10,031	\$ 979	\$ 32,272	\$ 1,807	\$ 7,349	\$ 248,168	
<b>Total</b>	<b>\$ 1,757,341</b>	<b>\$ 780,315</b>	<b>\$ 76,938</b>	<b>\$ 281,495</b>	<b>\$ 139,324</b>	<b>\$ 90,744</b>	<b>\$ 3,126,156</b>	

Note: See Exhibit A-4 for legal description. The figures shown above are estimates only and subject to change in annual service plan updates. Changes in administrative expenses, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT G-5

PROJECTED IMPROVEMENT AREA #2 PARCEL 6 ANNUAL INSTALLMENTS

Annual Installment Due January 31,	Improvement Area #2 Bonds			Improvement Area #2 Reimbursement Obligation			Administration Expenses	Total Annual Installment
	Principal	Interest	Additional Interest	Principal	Interest	Interest		
2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ 16,048	\$ 20,407	\$ 2,050	\$ 2,469	\$ 3,679	\$ 3,679	\$ 1,326	\$ 45,979
2021	\$ 17,776	\$ 19,685	\$ 1,970	\$ 2,730	\$ 3,540	\$ 3,540	\$ 1,352	\$ 47,054
2022	\$ 19,504	\$ 18,885	\$ 1,881	\$ 3,009	\$ 3,387	\$ 3,387	\$ 1,379	\$ 48,046
2023	\$ 21,233	\$ 18,008	\$ 1,784	\$ 3,305	\$ 3,219	\$ 3,219	\$ 1,407	\$ 48,955
2024	\$ 22,961	\$ 17,052	\$ 1,678	\$ 3,620	\$ 3,034	\$ 3,034	\$ 1,435	\$ 49,780
2025	\$ 24,936	\$ 16,019	\$ 1,563	\$ 3,956	\$ 2,831	\$ 2,831	\$ 1,464	\$ 50,769
2026	\$ 27,158	\$ 14,741	\$ 1,438	\$ 4,314	\$ 2,610	\$ 2,610	\$ 1,493	\$ 51,753
2027	\$ 29,380	\$ 13,349	\$ 1,302	\$ 4,694	\$ 2,368	\$ 2,368	\$ 1,523	\$ 52,616
2028	\$ 31,849	\$ 11,843	\$ 1,155	\$ 5,098	\$ 2,105	\$ 2,105	\$ 1,553	\$ 53,604
2029	\$ 34,318	\$ 10,211	\$ 996	\$ 5,527	\$ 1,820	\$ 1,820	\$ 1,584	\$ 54,457
2030	\$ 36,787	\$ 8,452	\$ 825	\$ 5,984	\$ 1,510	\$ 1,510	\$ 1,616	\$ 55,174
2031	\$ 39,750	\$ 6,567	\$ 641	\$ 6,469	\$ 1,175	\$ 1,175	\$ 1,648	\$ 56,249
2032	\$ 42,712	\$ 4,530	\$ 442	\$ 6,984	\$ 813	\$ 813	\$ 1,681	\$ 57,162
2033	\$ 45,675	\$ 2,341	\$ 228	\$ 7,531	\$ 422	\$ 422	\$ 1,715	\$ 57,912
<b>Total</b>	<b>\$ 410,088</b>	<b>\$ 182,092</b>	<b>\$ 17,954</b>	<b>\$ 65,689</b>	<b>\$ 32,512</b>	<b>\$ 32,512</b>	<b>\$ 21,176</b>	<b>\$ 729,511</b>

Note: See Exhibit A-4 for legal description. The figures shown above are estimates only and subject to change in annual service plan updates. Changes in administrative expenses, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

**EXHIBIT G-6**

**PROJECTED IMPROVEMENT AREA #2 PARCEL 8 ANNUAL INSTALLMENTS**

Annual Installment Due January 31,	Improvement Area #2 Bonds				Improvement Area #2 Reimbursement Obligation				Total Annual Installment
	Principal	Interest	Additional Interest		Principal	Interest	Administration Expenses		
2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ 22,467	\$ 28,570	\$ 2,871	\$ 3,457	\$ 3,457	\$ 5,150	\$ 1,856	\$ 64,371	
2021	\$ 24,887	\$ 27,559	\$ 2,758	\$ 3,822	\$ 3,822	\$ 4,956	\$ 1,893	\$ 65,876	
2022	\$ 27,306	\$ 26,440	\$ 2,634	\$ 4,212	\$ 4,212	\$ 4,742	\$ 1,931	\$ 67,265	
2023	\$ 29,726	\$ 25,211	\$ 2,497	\$ 4,627	\$ 4,627	\$ 4,507	\$ 1,969	\$ 68,537	
2024	\$ 32,145	\$ 23,873	\$ 2,349	\$ 5,069	\$ 5,069	\$ 4,247	\$ 2,009	\$ 69,692	
2025	\$ 34,911	\$ 22,427	\$ 2,188	\$ 5,539	\$ 5,539	\$ 3,964	\$ 2,049	\$ 71,077	
2026	\$ 38,021	\$ 20,637	\$ 2,013	\$ 6,039	\$ 6,039	\$ 3,653	\$ 2,090	\$ 72,455	
2027	\$ 41,132	\$ 18,689	\$ 1,823	\$ 6,571	\$ 6,571	\$ 3,315	\$ 2,132	\$ 73,663	
2028	\$ 44,589	\$ 16,581	\$ 1,618	\$ 7,137	\$ 7,137	\$ 2,947	\$ 2,174	\$ 75,046	
2029	\$ 48,045	\$ 14,296	\$ 1,395	\$ 7,738	\$ 7,738	\$ 2,548	\$ 2,218	\$ 76,239	
2030	\$ 51,502	\$ 11,833	\$ 1,154	\$ 8,377	\$ 8,377	\$ 2,114	\$ 2,262	\$ 77,243	
2031	\$ 55,650	\$ 9,194	\$ 897	\$ 9,056	\$ 9,056	\$ 1,645	\$ 2,308	\$ 78,749	
2032	\$ 59,797	\$ 6,342	\$ 619	\$ 9,777	\$ 9,777	\$ 1,138	\$ 2,354	\$ 80,027	
2033	\$ 63,945	\$ 3,277	\$ 320	\$ 10,543	\$ 10,543	\$ 590	\$ 2,401	\$ 81,076	
<b>Total</b>	<b>\$ 574,123</b>	<b>\$ 254,929</b>	<b>\$ 25,136</b>	<b>\$ 91,964</b>	<b>\$ 91,964</b>	<b>\$ 45,517</b>	<b>\$ 29,646</b>	<b>\$ 1,021,315</b>	

Note: See Exhibit A-4 for legal description. The figures shown above are estimates only and subject to change in annual service plan updates. Changes in administrative expenses, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

**EXHIBIT G-7**

**PROJECTED IMPROVEMENT AREA #2 PARCEL 9 ANNUAL INSTALLMENTS**

Annual Installment Due January 31,	Improvement Area #2 Bonds			Improvement Area #2 Reimbursement Obligation			Administration Expenses	Total Annual Installment
	Principal	Interest	Additional Interest	Principal	Interest	Interest		
2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ 68,770	\$ 87,452	\$ 8,787	\$ 10,580	\$ 15,764	\$ 5,681	\$ 197,033	\$ 197,033
2021	\$ 76,176	\$ 84,357	\$ 8,443	\$ 11,700	\$ 15,171	\$ 5,794	\$ 201,641	\$ 201,641
2022	\$ 83,582	\$ 80,929	\$ 8,062	\$ 12,892	\$ 14,516	\$ 5,910	\$ 205,892	\$ 205,892
2023	\$ 90,988	\$ 77,168	\$ 7,644	\$ 14,163	\$ 13,794	\$ 6,028	\$ 209,785	\$ 209,785
2024	\$ 98,394	\$ 73,074	\$ 7,189	\$ 15,515	\$ 13,001	\$ 6,149	\$ 213,322	\$ 213,322
2025	\$ 106,858	\$ 68,646	\$ 6,697	\$ 16,954	\$ 12,132	\$ 6,272	\$ 217,559	\$ 217,559
2026	\$ 116,380	\$ 63,169	\$ 6,163	\$ 18,485	\$ 11,183	\$ 6,397	\$ 221,778	\$ 221,778
2027	\$ 125,902	\$ 57,205	\$ 5,581	\$ 20,114	\$ 10,148	\$ 6,525	\$ 225,474	\$ 225,474
2028	\$ 136,482	\$ 50,752	\$ 4,951	\$ 21,845	\$ 9,021	\$ 6,656	\$ 229,708	\$ 229,708
2029	\$ 147,062	\$ 43,758	\$ 4,269	\$ 23,686	\$ 7,798	\$ 6,789	\$ 233,362	\$ 233,362
2030	\$ 157,642	\$ 36,221	\$ 3,534	\$ 25,642	\$ 6,471	\$ 6,925	\$ 236,435	\$ 236,435
2031	\$ 170,338	\$ 28,142	\$ 2,746	\$ 27,720	\$ 5,035	\$ 7,063	\$ 241,044	\$ 241,044
2032	\$ 183,034	\$ 19,412	\$ 1,894	\$ 29,928	\$ 3,483	\$ 7,205	\$ 244,955	\$ 244,955
2033	\$ 195,730	\$ 10,031	\$ 979	\$ 32,272	\$ 1,807	\$ 7,349	\$ 248,168	\$ 248,168
<b>Total</b>	<b>\$ 1,757,341</b>	<b>\$ 780,315</b>	<b>\$ 76,938</b>	<b>\$ 281,495</b>	<b>\$ 139,324</b>	<b>\$ 90,744</b>	<b>\$ 3,126,156</b>	<b>\$ 3,126,156</b>

Note: See Exhibit A-4 for legal description. The figures shown above are estimates only and subject to change in annual service plan updates. Changes in administrative expenses, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT G-8

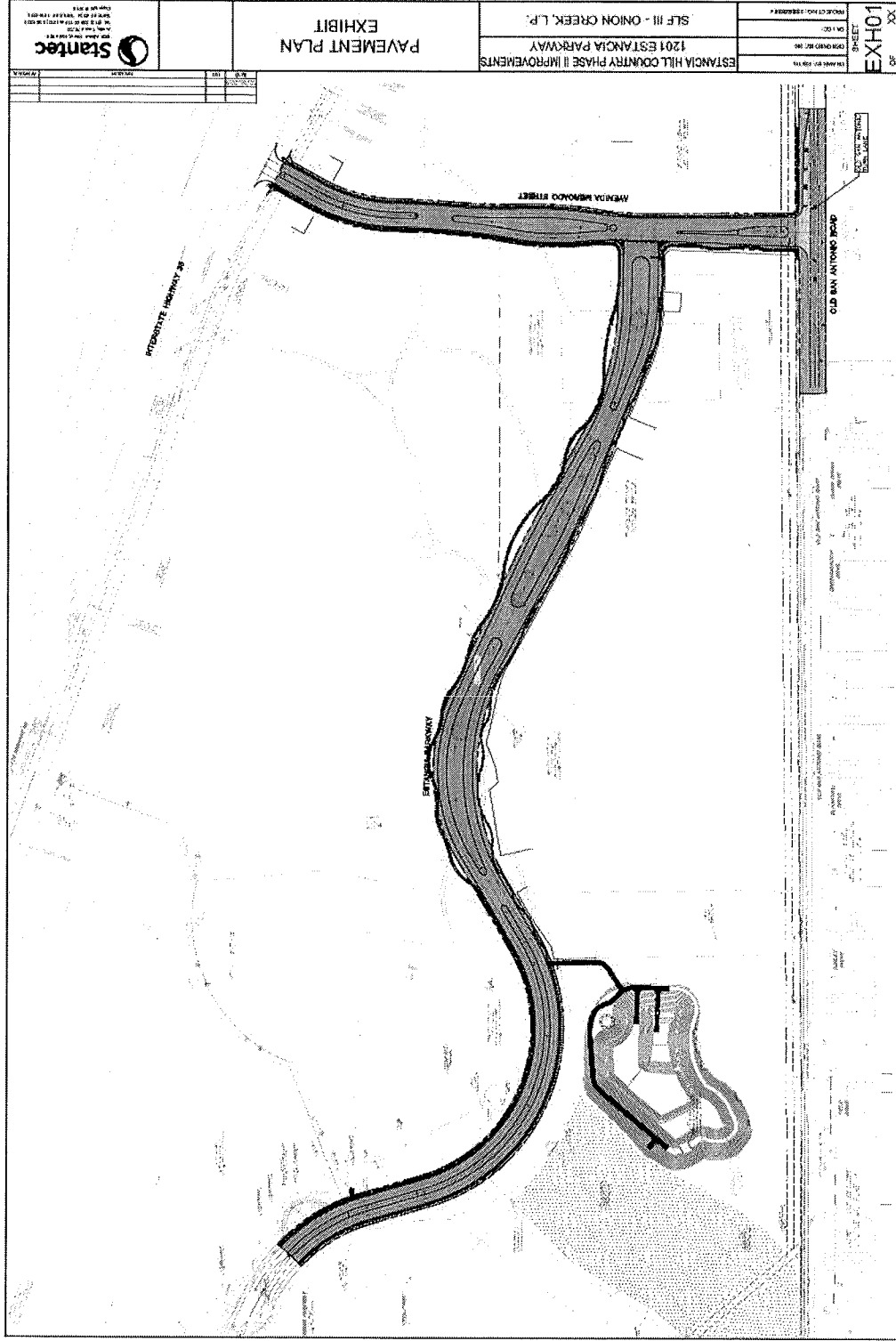
PROJECTED IMPROVEMENT AREA #2 PARCEL 10 ANNUAL INSTALLMENTS

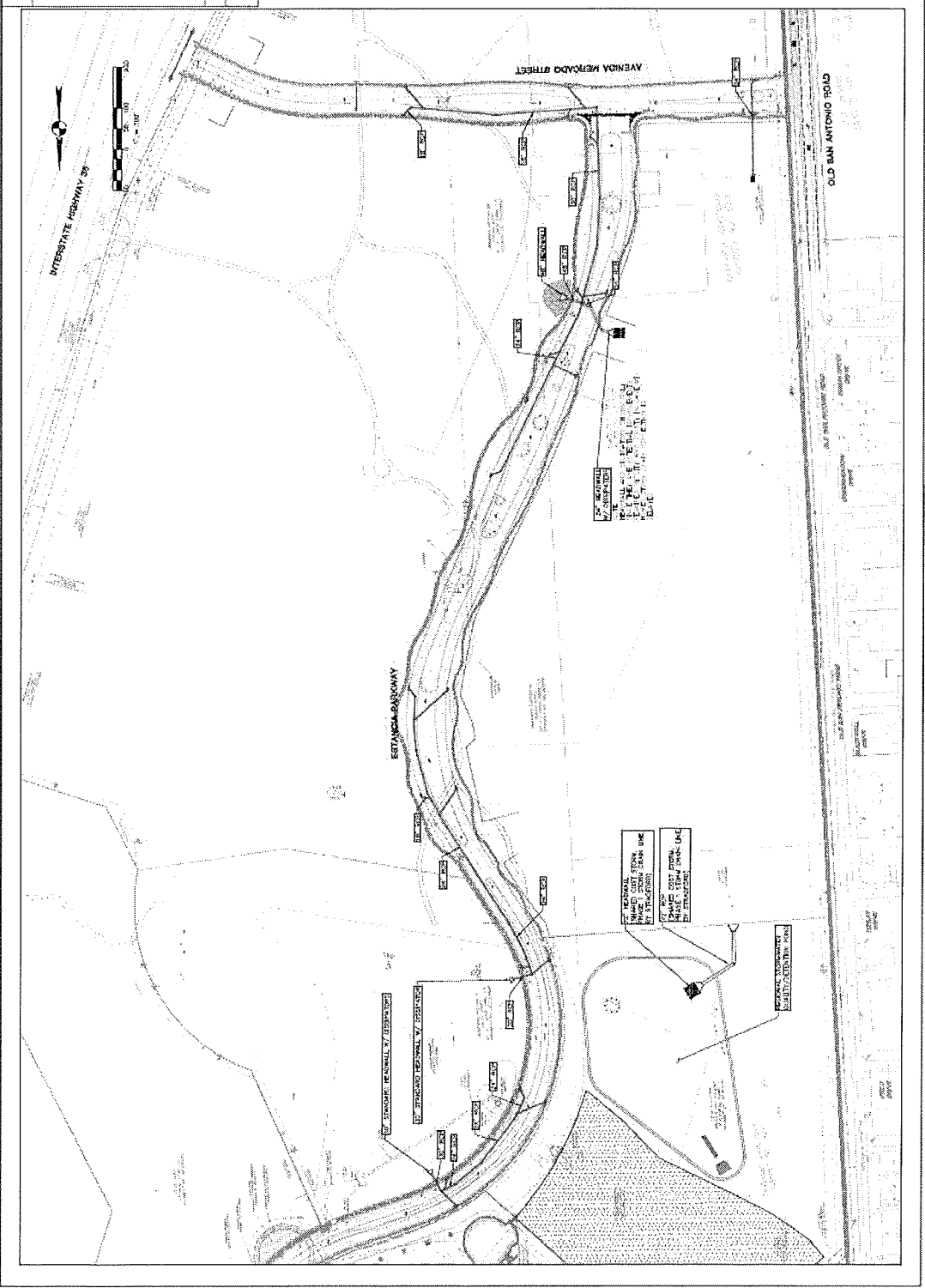
Annual Installment Due January 31,	Improvement Area #2 Bonds				Improvement Area #2 Reimbursement Obligation			Total Annual Installment
	Principal	Interest	Additional Interest		Principal	Interest	Administration Expenses	
2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ 80,174	\$ 101,954	\$ 10,244	\$ -	\$ 12,335	\$ 18,378	\$ 6,623	\$ 229,708
2021	\$ 88,809	\$ 98,346	\$ 9,843	\$ -	\$ 13,640	\$ 17,687	\$ 6,755	\$ 235,080
2022	\$ 97,443	\$ 94,350	\$ 9,399	\$ -	\$ 15,030	\$ 16,923	\$ 6,890	\$ 240,036
2023	\$ 106,077	\$ 89,965	\$ 8,912	\$ -	\$ 16,511	\$ 16,082	\$ 7,028	\$ 244,575
2024	\$ 114,711	\$ 85,192	\$ 8,381	\$ -	\$ 18,088	\$ 15,157	\$ 7,169	\$ 248,697
2025	\$ 124,579	\$ 80,030	\$ 7,808	\$ -	\$ 19,765	\$ 14,144	\$ 7,312	\$ 253,638
2026	\$ 135,680	\$ 73,645	\$ 7,185	\$ -	\$ 21,550	\$ 13,037	\$ 7,458	\$ 258,556
2027	\$ 146,781	\$ 66,691	\$ 6,506	\$ -	\$ 23,449	\$ 11,830	\$ 7,607	\$ 262,866
2028	\$ 159,116	\$ 59,169	\$ 5,773	\$ -	\$ 25,468	\$ 10,517	\$ 7,760	\$ 267,801
2029	\$ 171,450	\$ 51,014	\$ 4,977	\$ -	\$ 27,614	\$ 9,091	\$ 7,915	\$ 272,061
2030	\$ 183,785	\$ 42,227	\$ 4,120	\$ -	\$ 29,894	\$ 7,545	\$ 8,073	\$ 275,644
2031	\$ 198,586	\$ 32,808	\$ 3,201	\$ -	\$ 32,317	\$ 5,871	\$ 8,235	\$ 281,017
2032	\$ 213,387	\$ 22,631	\$ 2,208	\$ -	\$ 34,891	\$ 4,061	\$ 8,399	\$ 285,577
2033	\$ 228,189	\$ 11,695	\$ 1,141	\$ -	\$ 37,623	\$ 2,107	\$ 8,567	\$ 289,322
<b>Total</b>	<b>\$ 2,048,766</b>	<b>\$ 909,717</b>	<b>\$ 89,697</b>	<b>\$ -</b>	<b>\$ 328,176</b>	<b>\$ 162,429</b>	<b>\$ 105,792</b>	<b>\$ 3,644,577</b>

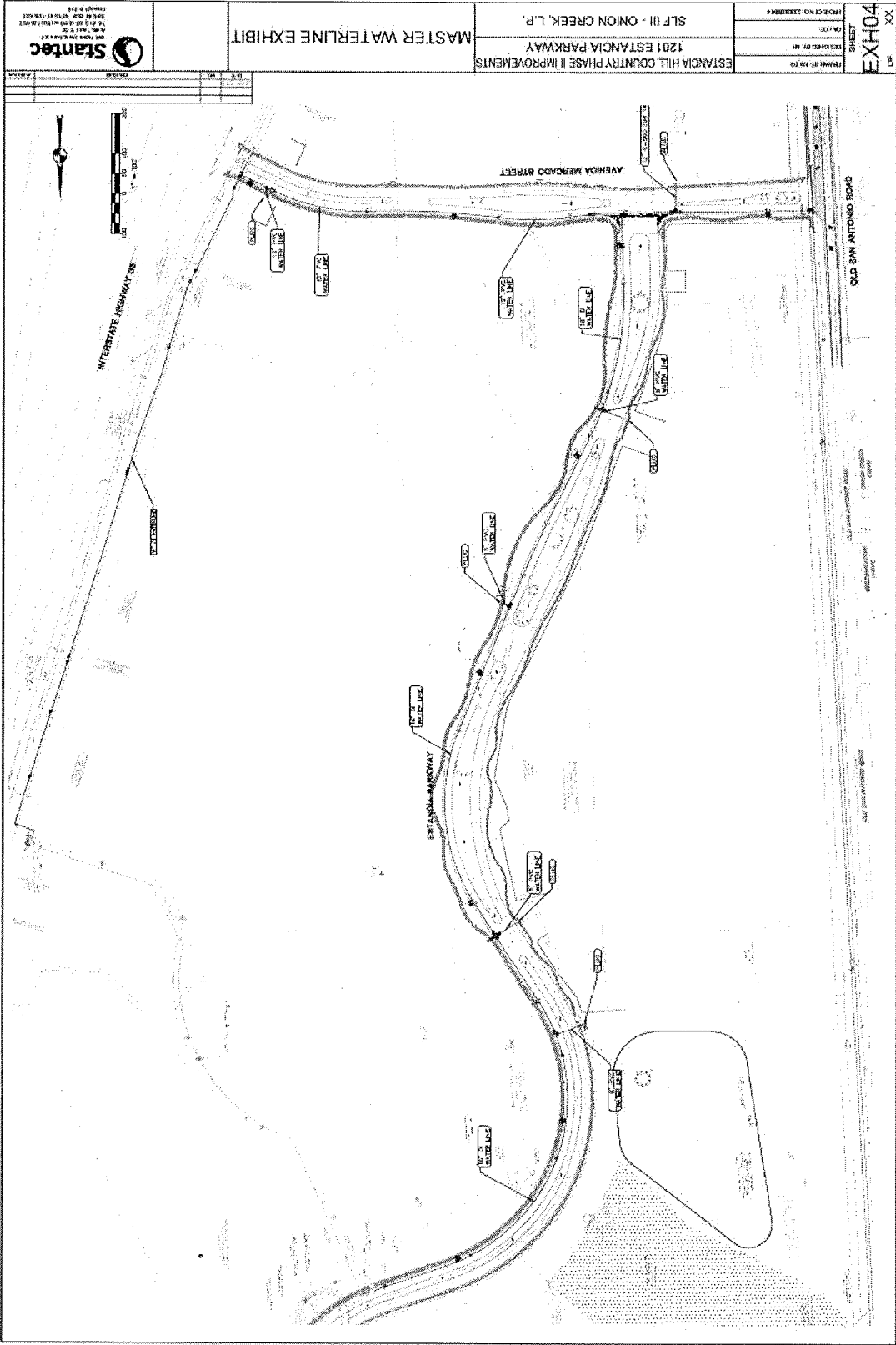
Note: See Exhibit A-4 for legal description. The figures shown above are estimates only and subject to change in annual service plan updates. Changes in administrative expenses, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT H

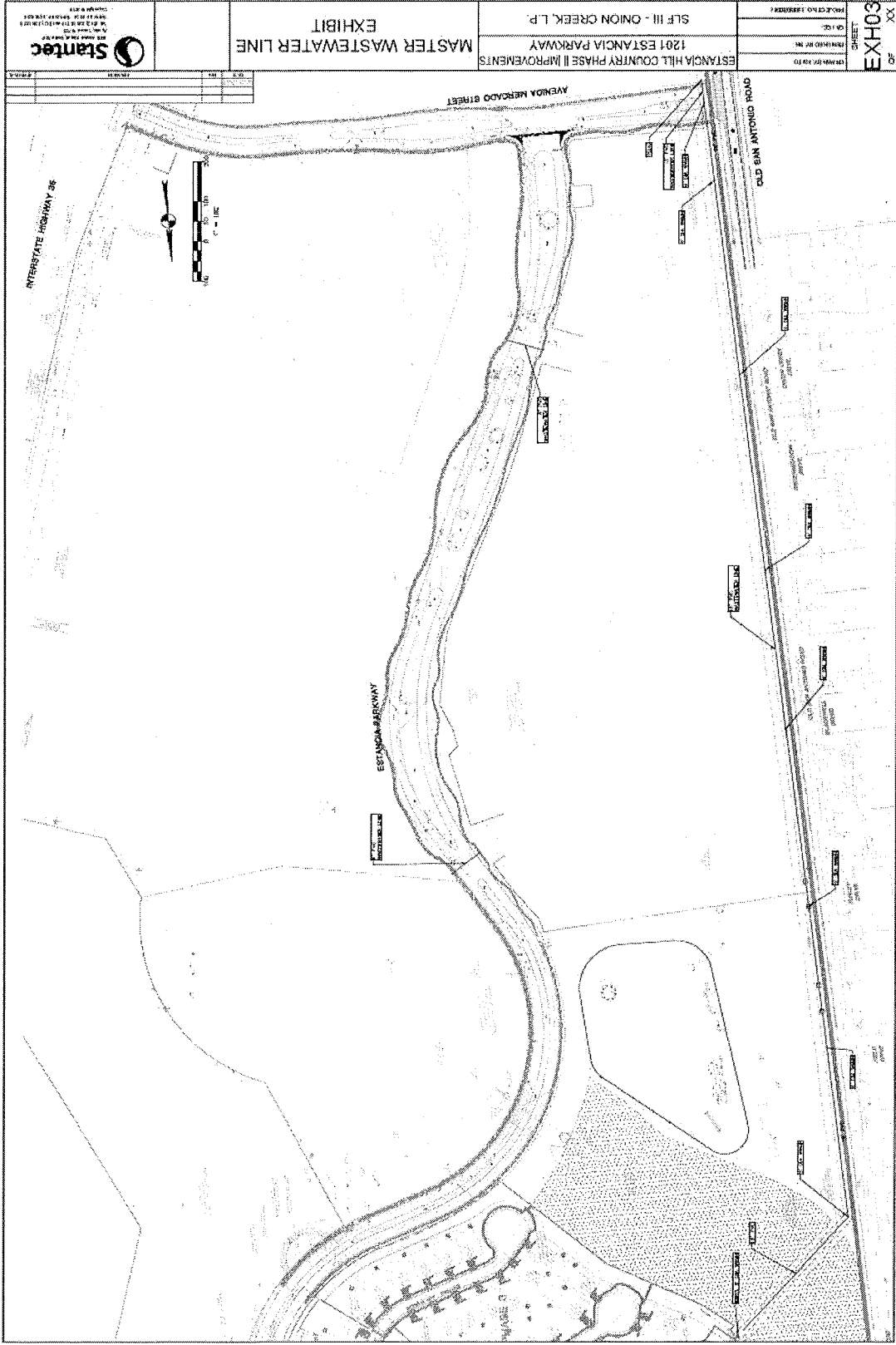
MAP OF IMPROVEMENT AREA #2 IMPROVEMENTS











MASTER WASTEWATER LINE  
EXHIBIT

ESTANCIA HILL COUNTRY PHASE II IMPROVEMENTS  
1201 ESTANCIA PARKWAY  
SLF III - ONION CREEK, L.P.

PROJECT NO. 18000001  
DATE: 11/15/18  
DRAWN BY: JRM  
CHECKED BY: JRM  
SCALE: AS SHOWN

EXH03  
of 22

**EXHIBIT I**

**INITIAL ALLOCATION OF IMPROVEMENT AREA #2 ASSESSMENTS**

<b>Parcel ID</b>	<b>Proposed Land Use</b>	<b>Units</b>	<b>Estimated Value/Unit</b>	<b>Total Buildout Value</b>	<b>% of Total</b>	<b>Improvement Area #2 Assessment</b>
Improvement Area #2 Parcel 2	Multifamily	350 Apartments	\$ 120,000	\$ 42,000,000	21.1600%	\$ 2,038,835.40
Improvement Area #2 Parcel 4	Multifamily	350 Apartments	\$ 120,000	\$ 42,000,000	21.1600%	\$ 2,038,835.40
Improvement Area #2 Parcel 6	Commercial	65,340 SqFt	\$ 150	\$ 9,801,000	4.9378%	\$ 475,776.80
Improvement Area #2 Parcel 8	Commercial	91,476 SqFt	\$ 150	\$ 13,721,400	6.9130%	\$ 666,087.53
Improvement Area #2 Parcel 9	Multifamily	350 Apartments	\$ 120,000	\$ 42,000,000	21.1600%	\$ 2,038,835.40
Improvement Area #2 Parcel 10	Single Family - Affordable Single Family - Market	24 Houses 137 Houses	\$ 185,000 \$ 325,000	\$ 4,440,000 \$ 44,525,000		
				\$ 48,965,000	24.6691%	\$ 2,376,942.27
<b>Total Improvement Area #2</b>				<b>\$ 198,487,400</b>	<b>100.0000%</b>	<b>\$ 9,635,312.81</b>

EXHIBIT J

ALLOCATION OF ASSESSMENTS FOR TRACT 11 REMAINDER PARCEL (TAX PARCEL 851771)

Legal Description	Outstanding Assessment		Improvement Area #1 Initial Bonds				Improvement Area #1 Party Bonds				Annual Installment due 1/31/2019 - Tax Parcel 851771		Overpayment credited to 2020 Payment		Total Installment
	Assessment		Principal	Interest	Additional Interest	Principal	Interest	Additional Interest	Principal	Interest	Administrative Expenses	Payment			
Unit 76 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ 47.85	\$ 1,817.17		
Unit 77 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ 47.85	\$ 1,817.17		
Unit 78 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ 47.85	\$ 1,817.17		
Unit 79 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ 47.85	\$ 1,817.17		
Unit 80 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ 47.85	\$ 1,817.17		
Unit 81 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ 47.85	\$ 1,817.17		
Unit 82 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ 47.85	\$ 1,817.17		
Unit 83 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ 47.85	\$ 1,817.17		
Unit 84 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ 47.85	\$ 1,817.17		
Unit 85 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ 47.85	\$ 1,817.17		
Unit 86 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ 47.85	\$ 1,817.17		
Unit 87 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ 47.85	\$ 1,817.17		
Unit 88 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ 47.85	\$ 1,817.17		
Unit 89 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ 47.85	\$ 1,817.17		
Unit 90 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ 47.85	\$ 1,817.17		
Unit 91 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ 47.85	\$ 1,817.17		
Unit 92 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ 47.85	\$ 1,817.17		
Unit 93 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ 47.85	\$ 1,817.17		
Unit 94 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ 47.85	\$ 1,817.17		
Unit 95 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ 47.85	\$ 1,817.17		
Unit 120 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ 47.85	\$ 1,817.17		
Unit 121 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ 47.85	\$ 1,817.17		
Unit 122 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ 47.85	\$ 1,817.17		

Legal Description	Outstanding Assessment	Improvement Area #1 Initial Bonds				Improvement Area #1 Party Bonds				Annual Installment due 1/31/2019 - Tax Parcel 851771				
		Principal		Interest		Principal		Interest		Administrative Expenses		Overpayment credited to 2020 Payment		Total Installment
			Additional Interest		Additional Interest		Additional Interest		Additional Interest					
Unit 123 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ -	\$ -	\$ 1,817.17	
Unit 124 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ -	\$ -	\$ 1,817.17	
Unit 125 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ -	\$ -	\$ 1,817.17	
Unit 126 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ -	\$ -	\$ 1,817.17	
Unit 127 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ -	\$ -	\$ 1,817.17	
Unit 128 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ -	\$ -	\$ 1,817.17	
Unit 129 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ -	\$ -	\$ 1,817.17	
Unit 130 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ -	\$ -	\$ 1,817.17	
Unit 131 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ -	\$ -	\$ 1,817.17	
Unit 132 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ -	\$ -	\$ 1,817.17	
Unit 133 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ -	\$ -	\$ 1,817.17	
Unit 134 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ -	\$ -	\$ 1,817.17	
Unit 135 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ -	\$ -	\$ 1,817.17	
Unit 137 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ -	\$ -	\$ 1,817.17	
Unit 138 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ -	\$ -	\$ 1,817.17	
Unit 139 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ -	\$ -	\$ 1,817.17	
Unit 140 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ -	\$ -	\$ 1,817.17	
Unit 153 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ -	\$ -	\$ 1,817.17	
Unit 154 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ -	\$ -	\$ 1,817.17	
Unit 155 Enclave at Estancia Condominiums*	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ -	\$ -	\$ 1,817.17	
Unit 157 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ -	\$ -	\$ 1,817.17	
Unit 158 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17	\$ -	\$ -	\$ 1,817.17	
Unplatted Parcel - Tract 12	\$ 1,231,872.26	\$ 65,247.47	\$ 51,649.90	\$ -	\$ 19,574.24	\$ 12,491.70	\$ 1,855.20	\$ 3,365.02	\$ 4,170.12	\$ 158,353.65	\$ -	\$ -	\$ 158,353.65	
	\$ 1,896,275.50	\$ 100,438.32	\$ 79,506.97	\$ -	\$ 30,131.50	\$ 19,729.03	\$ 2,855.80	\$ 5,179.92	\$ 6,419.25	\$ 243,760.79	\$ -	\$ -	\$ 243,760.79	

\*It is anticipated that the Owner will prepay \$3,663.19 for this lot on December 13, 2018.

**EXHIBIT K**

**IMPROVEMENT AREA #1 LAND USE ASSUMPTIONS**

<b>Parcel ID</b>	<b>Proposed Land Use</b>	<b>Units</b>	<b>Estimated Value/Unit</b>	<b>Total Buildout Value</b>
Improvement Area #1 Parcel 1	Multifamily	286 Apartments	\$ 140,000	\$ 39,984,000
Improvement Area #1 Parcel 2	Multifamily	462 Apartments	\$ 140,000	\$ 64,680,000
Improvement Area #1 Parcel 3	Multifamily	174 Apartments	\$ 140,000	\$ 24,402,000
Improvement Area #1 Parcel 4	Multifamily	170 Apartments	\$ 140,000	\$ 23,814,000
Improvement Area #1 Parcel 5	Multifamily	164 Apartments	\$ 140,000	\$ 22,932,000
Improvement Area #1 Parcel 6	Multifamily	153 Apartments	\$ 140,000	\$ 21,462,000
Improvement Area #1 Parcel 7	Multifamily	185 Apartments	\$ 140,000	\$ 25,872,000
Improvement Area #1 Parcel 8	Retail	232,320 SqFt	\$ 150	\$ 34,848,000
Improvement Area #1 Parcel 9	Multifamily	312 Apartments	\$ 140,000	\$ 43,680,000
Improvement Area #1 Parcel 11	Lot Type 1	158 Houses	\$ 320,000	\$ 50,560,000
	Lot Type 2	81 Houses	\$ 410,000	\$ 33,210,000
	Lot Type 3	47 Houses	\$ 350,000	\$ 16,450,000
				\$ 100,220,000
Improvement Area #1 Parcel 12	Lot Type 3	73 Houses	\$ 350,000	\$ 25,550,000
	Lot Type 4	11 Houses	\$ 450,000	\$ 4,950,000
				\$ 30,500,000
<b>Total Improvement Area #1</b>				<b>\$ 432,394,000</b>

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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December 28, 2018

Norton Rose Fulbright US LLP  
98 San Jacinto Boulevard, Suite 1100  
Austin, Texas 78701-4255  
United States

Tel +1 512 474 5201  
Fax +1 512 536 4598  
nortonrosefulbright.com

IN REGARD to the authorization and issuance of the "City of Austin, Texas Special Assessment Revenue Bonds, Series 2018 (Estancia Hill Country Public Improvement District Improvement Area #1)" (the "Bonds"), dated December 1, 2018, in the principal amount of \$4,265,000, we have examined the legality and validity of the issuance thereof by the City of Austin, Texas (the "City") solely to express legal opinions as to the validity of the Bonds and the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, or the history or prospects of the collection of the Pledged Revenues, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Bonds, or the sufficiency of the security for or the value or marketability of the Bonds, and have not assumed any responsibility with respect thereto. Capitalized terms used herein and not otherwise defined have the meanings assigned in the Indenture.

THE BONDS are issued in fully registered form only and mature, unless redeemed prior to maturity in accordance with the terms stated on the Bonds, on November 1 in each of the years specified in an Amended and Restated Indenture of Trust (the "Indenture"), dated as of December 1, 2018, with U.S. Bank National Association, as trustee (the "Trustee"), approved by the City Council of the City pursuant to an ordinance (the "Ordinance") adopted by the City Council of the City authorizing the issuance of the Bonds. The Bonds accrue interest from the date, at the rates, and in the manner and interest is payable on the dates, all as provided in the Indenture.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings had in connection with the issuance of the Bonds, including the Indenture, the Ordinance and an examination of the initial Bond executed and delivered by the City (which we found to be in due form and properly executed); (ii) certifications of officers of the City relating to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the City; and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Bonds, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATION, we are of the opinion that, under applicable law of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Bonds have been authorized, issued and delivered in accordance with law; that the Bonds are valid, legally binding and enforceable limited obligations of the City in accordance with their terms payable solely from the Trust Estate, except to the extent the

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enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors' rights generally.

2. Assuming continuing compliance after the date hereof by the City with the provisions of the Indenture and in reliance upon representations and certifications of the City made in a certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Bonds, interest on the Bonds for federal income tax purposes (i) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date hereof, of the owners thereof pursuant to section 103 of such Code, existing regulations, published rulings, and court decisions thereunder, and (ii) will not be included in computing the alternative minimum taxable income of the owners thereof.

We express no opinion with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, property and casualty insurance companies, life insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

APPENDIX E-1

FORM OF DISCLOSURE AGREEMENT OF THE ISSUER

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**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.

“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.

“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 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 (2<sup>nd</sup>) 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 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.

#### 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 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 has actual 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 made under this Section 5. 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.

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. Amendment; 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.

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 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 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>.

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]



CITY OF AUSTIN, TEXAS

By: \_\_\_\_\_  
City Manager

U.S. BANK NATIONAL ASSOCIATION  
(as Dissemination Agent)

By: \_\_\_\_\_  
Authorized Officer

**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 B**

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

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**ANNUAL ISSUER REPORT\***

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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

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\*Excluding Audited Financial Statements of the Issuer

**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]

## EXHIBIT C

### BASIC EXPECTED TIMELINE FOR ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES<sup>1</sup>

<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. <b>If there is to be a shortfall, the Trustee and Dissemination Agent should be immediately notified.</b>  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. <b>For properties Reserve Fund payment to Bond Fund may be delinquent by more than one year or if the</b>

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<sup>1</sup> Illustrates anticipated dates and procedures for pursuing the collection of delinquent Assessments, which dates and procedures are subject to adjustment by the Issuer.

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

		Issuer commence foreclosure or provide plan for collection.
<b>July 15</b>	<b>165</b>	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).
<b>August 1</b>	<b>180</b>	<b>Foreclosure action to be filed with the court.</b>
<b>August 15</b>	<b>195</b>	<b>Issuer notifies Dissemination Agent of Foreclosure filing status.</b> Dissemination Agent notifies bondholders.
<b>September 1</b>	<b>210</b>	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.



APPENDIX E-2

FORM OF DISCLOSURE AGREEMENT OF THE LANDOWNER

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

**CONTINUING DISCLOSURE AGREEMENT OF LANDOWNER**

This Continuing Disclosure Agreement of Landowner dated as of December 1, 2018 (this “Disclosure Agreement”) is executed and delivered by and between SLF III - Onion Creek, L. P. (the “Landowner”) and U.S. Bank National Association (the “Dissemination Agent”) with respect to the “City of Austin, Texas, Special Assessment Revenue Bonds, Series 2018 (Estancia Hill Country Public Improvement District Improvement Area #1)” (the “Bonds”). The Landowner 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 Landowner 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 Disclosure 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:

“Affiliate” shall mean an entity that is controlled by, controls, or is under common control with the Landowner or with any Subsequent Third Party Owner (defined below).

“Annual Collection Costs” shall have the meaning assigned to such term in the Indenture.

“Annual Installment(s)” 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.

“Designated Successors and Assigns” shall mean (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 the assets of the Landowner.

“Disclosure Agreement of Issuer” shall mean the Continuing Disclosure Agreement of the Issuer dated as of December 1, 2018 executed and delivered by the Issuer and the Dissemination Agent.

“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>.

“Financing Agreement” shall mean that Estancia Hill Country Public Improvement District Financing Agreement, effective as of June 20, 2013, as amended by that First Amendment dated November 29, 2018, executed and delivered by the Issuer and the Landowner.

“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.

“Improvement Area #1 Assessments” shall have the meaning assigned to such term in the Indenture.

“Improvement Area #1 Improvements” shall have the meaning assigned to such term in the Indenture.

“Issuer” shall mean the City of Austin, Texas.

“Landowner” shall mean SLF III - Onion Creek, L. P., a Texas limited partnership, and its Designated Successors and Assigns.

“Listed Events” shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

“Owner” shall mean the registered owner of any Bonds.

“Participating Underwriter” shall mean FMSbonds, Inc., and its successors and assigns.

“Quarterly Ending Date” shall mean each January 1, April 1, July 1 and October 1, beginning April 1, 2019.

“Quarterly Filing Date” shall mean not later than the 30th day following each Quarterly Ending Date.

“Quarterly Report” shall mean any Quarterly Report prepared by the Landowner pursuant to, and as described in, Section 3 of this Disclosure Agreement.

“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.

“Subsequent Third Party Owner” shall have the meaning assigned to such term in Section 5 of this Disclosure Agreement.

“Trustee” shall mean U.S. Bank National Association, or any successor trustee pursuant to the Indenture.

### SECTION 3. Quarterly Reports.

(a) The Landowner shall complete each Quarterly Report containing the information described in this Section 3, and shall provide or cause to be provided to the Issuer and the Dissemination Agent, at least fifteen (15) days prior to each Quarterly Filing Date, each Quarterly Report containing the information described in this Section 3. The Issuer shall review the information and authorize the Dissemination Agent to provide such information to the MSRB and the Participating Underwriter within fifteen (15) days of the Dissemination Agent’s receipt thereof pursuant to this subsection (a); provided, however, that the Quarterly Report must be submitted to the MSRB not later than each Quarterly Filing Date. In the event that the Landowner does not provide the information required by this subsection (a) of this Section in a timely manner and a Quarterly Report is not filed with the MSRB by each Quarterly Filing Date, the Dissemination Agent shall, upon written notice from the Landowner or the Issuer, file a notice of failure to file with the MSRB in substantially the form attached as Exhibit A, as soon as practicable. The information in each Quarterly Report shall be as of the applicable Quarterly Ending Date, provided that for the information related to homebuilders or developers under Section 3(d)(i)-(iii) below, the Landowner shall use commercially reasonable efforts to obtain such information from homebuilders or developers, and shall cause the Dissemination Agent to file the Quarterly Report no later than the applicable Quarterly Filing Date. If Landowner receives information from homebuilders or developers subsequent to the Quarterly Filing Date, Landowner shall within ten (10) Business Days provide a revised or amended Quarterly Report to the Issuer and the Dissemination Agent, and direct the Dissemination Agent to promptly file such revised or amended Quarterly Report.

(b) The Landowner shall provide, or cause to be provided, such Quarterly Reports during the period from the delivery of the Bonds until such time as the Landowner is no longer responsible for the payment of Annual Installments of Improvement Area #1 Assessments equal to at least 20% of the total Annual Installments of Improvement Area #1 Assessments for any calendar year.

(c) Such Quarterly Report shall include:

(i) Statement with respect to the Landowner or any Affiliate of the Landowner as to the status of development loans and any permanent financing with respect to any development undertaken by the Landowner in Improvement Area #1 not financed with Bond proceeds, including loan balance, existence of deeds of trust or other similar encumbrances against the property within Improvement Area #1, existence of any default and remaining term;

(ii) Statement as to available funds to complete Improvement Area #1 development under construction as contemplated (both bond financed and non-bond financed development undertaken by the Landowner or any Affiliate of the Landowner);

(iii) Status of parcel sales from the Landowner to any other party by type (e.g., developed lots, undeveloped pads, parcels, raw land), expected use, purchaser, and timing, as well as anticipated future absorption;

(iv) A statement as to material changes, if any, in the form, organization or controlling ownership of the Landowner;

(v) Written notification of any significant zoning or land use entitlement changes or any other matter that would have a material adverse impact on land values within Improvement Area #1, development potential of lands within Improvement Area #1 or the likelihood of the timely payment of the Improvement Area #1 Assessments levied on land or parcels owned by the Landowner; and

(vi) Any changes to the land use designation for the property in Improvement Area #1 that might negatively impact its development for those purposes identified in the final Service and Assessment Plan, as the same may be amended and supplemented from time to time.

(d) Additionally, the Landowner shall include the following information in each Quarterly Report:

(i) For each residential home builder, on a per quarter and running total basis by lot type,

(A) total number of lots subject to Improvement Area #1 Assessments,

(B) number of developed lots,

(C) number of undeveloped lots,

(D) number of lots under construction,

(E) number of homes available for sale,

(F) number of homes closed with homebuyers,

(G) average home sales price, and

(H) estimated or actual date of completion for all residential units of such type completed or expected to be constructed in Improvement Area #1;

(ii) For each parcel designated as multifamily, name of ownership entity, number of expected or actual dwelling units, date of commencement of construction, date of expected or substantial completion of the multifamily facility, average rental rates by dwelling unit type, and on a per quarter and running total number of completed dwelling units, number of occupied dwelling units, and number of vacant dwelling units; and

(iii) For each parcel designated as commercial/office/retail, name of ownership entity, intended or actual user of space or pad; date of commencement of construction, date of substantial completion of space or pad, name of business or tenant.

(iv) A listing of any Subsequent Third Party Owners (defined below) that the Landowner believes will be liable for at least twenty percent (20%) of the Annual Installments of Improvement Area #1 Assessments, the estimated amount of the Annual Installments of Improvement Area #1 Assessments next coming due by such Subsequent Third Party Owner, and the estimated percentage of such Annual Installments of Improvement Area #1 Assessments relative to the entire Annual Installment.

#### SECTION 4. Event Reporting Obligations of Landowner.

(a) Pursuant to the provisions of this Section 4, each of the following is a Listed Event with respect to the Bonds:

(i) Failure to pay any real property taxes or Improvement Area #1 Assessments levied within Improvement Area #1 on a parcel owned by the Landowner or an Affiliate of the Landowner; provided, however, that the exercise of any right of the Landowner as a landowner within Improvement Area #1 to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Listed Event under this Section 4 nor a breach or default of this Disclosure Agreement;

(ii) Material damage to or destruction of any development or improvements within or serving Improvement Area #1, including the Improvement Area #1 Improvements;

(iii) Material default by the Landowner or any Affiliate of the Landowner on any loan with respect to the development or permanent financing of the District undertaken by the Landowner or Affiliate of the Landowner;

(iv) Material default by the Landowner or any Affiliate of the Landowner on any loan secured by property within Improvement Area #1 owned by the Landowner;

(v) The bankruptcy filing of the Landowner or any Affiliate of the Landowner or any determination that the Landowner or any Affiliate of the Landowner is unable to pay its debts as they become due;

(vi) The consummation of a merger, consolidation, or acquisition of the Landowner, or the sale of all or substantially all of the assets of the Landowner, 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;

(vii) The filing of any lawsuit with claim for damage, in excess of \$1,000,000 against the Landowner which may adversely affect the completion of development of Improvement Area #1 or litigation which would materially adversely affect the financial condition of the Landowner; and

(viii) Any change in the legal structure, chief executive officer or controlling ownership of the Landowner or any Affiliate of the Landowner.

Whenever the Landowner or any Affiliate of the Landowner obtains knowledge of the occurrence of a Listed Event, the Landowner shall promptly, and not more than (5) Business Days after the Landowner or any Affiliate of the Landowner obtains such knowledge, notify, or cause such Affiliate to notify, the Issuer and the Dissemination Agent in writing and the Landowner shall direct the Dissemination Agent, subject to the Issuer's written approval, to immediately file a notice of such occurrence with the MSRB and the Participating Underwriter. Any such notice is required to be filed within ten (10) Business Days of the Landowner becoming aware of the occurrence of such Listed Event. If the Landowner timely notifies the Dissemination Agent of the occurrence of a Listed Event, as described in this Section 4, the failure of the Dissemination Agent to provide such notice to the Participating Underwriter in a timely manner shall not be deemed a default by the Landowner under this Disclosure Agreement.

Any notice under the preceding paragraph shall be accompanied with the text of the disclosure that the Landowner desires to make, the written authorization of the Landowner for the Dissemination Agent to disseminate such information as provided herein, and the date the Landowner desires for the Dissemination Agent to disseminate the information (which date shall not be more than ten (10) Business Days after Landowner becomes aware of the occurrence of the Listed Event).

In all cases, the Landowner shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures. In addition, the Landowner shall have the sole responsibility to ensure that any notice required to be filed with the MSRB under this Section 4 is filed within (10) Business Days after the Landowner becomes aware of the occurrence of the Listed Event.

(b) The Dissemination Agent shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the Issuer and the Landowner of such Listed Event. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Landowner 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 Landowner 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 Participating Underwriter, the Issuer, the Landowner 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 the Dissemination Agent has been instructed by the Landowner to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB within one (1) Business Day of its receipt of such written instructions from the Landowner, provided such instructions are delivered to the Dissemination Agent by 2:00 P.M. central standard time on any such day.

#### SECTION 5. Assignment to Subsequent Third Party Owner

If the Landowner sells, assigns or otherwise transfers ownership of real property in Improvement Area #1 of the District to a third party, which results in such third party, including any Affiliate of such third party, owning property representing at least twenty percent (20%) of the total Annual Installments of the Improvement Area #1 Assessments first coming due after such transfer of ownership (a "Subsequent Third Party Owner"), the Landowner shall require such Subsequent Third Party Owner to comply with the Landowner's disclosure obligations hereunder, including such obligations under Section 3 and Section 4, with respect to such acquired real property for so long as such Subsequent Third Party Owner is the owner of property liable for at least twenty percent (20%) of the total of Annual Installments of the Improvement Area #1 Assessments next coming due. The Landowner shall deliver to the Dissemination Agent and the Issuer, a written acknowledgement from each Subsequent Third Party Owner which acquired such portion of Improvement Area #1 from the Landowner, acknowledging and assuming its obligations under this Disclosure Agreement, including, but not limited to the indemnification under Section 11. Upon any such transfer to a Subsequent Third Party Owner, and such Subsequent Third Party Owner's delivery of written acknowledgement of assumption of Landowner's obligations under this Disclosure Agreement as to the property transferred, Landowner shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred. Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership, the Landowner shall not be liable for the acts or omissions of such Subsequent Third Party Owner arising from or in connection with such disclosure obligations under this Disclosure Agreement. Additionally, for the avoidance of doubt, the Landowner shall require in its purchase and sale agreement with a third party that any Subsequent Third Party Owner comply with obligations of this Section 5 with respect to any subsequent transfers by such Subsequent Third Party Owners to any individual or entity meeting the definition of a "Subsequent Third Party Owner" in the future.

#### SECTION 6. Termination of Reporting Obligations.

(a) The reporting obligations of the Landowner or a Subsequent Third Party Owner, if any, under this Disclosure Agreement shall terminate (i) upon the legal defeasance, prior redemption or payment in full of all of the Bonds or (ii) when the Landowner or such Subsequent Third Party Owner, if any, is no longer responsible for the payment of Annual Installments of Improvement Area #1 Assessments equal to at least 20% of the total Annual Installment of Improvement Area #1 Assessments for any year.

(b) At such time that either (i) the Issuer provides or causes to be provided written notice to the Landowner or a Subsequent Third Party Owner, if any, that such party is no longer responsible for the payment of Annual Installments of Improvement Area #1 Assessments equal to at least 20% of the total Annual Installment of Improvement Area #1 Assessments for any year, or (ii) the Improvement Area #1 Assessment Roll (as defined in the Service and Assessment Plan) shows that the Landowner or a Subsequent Third Party Owner, if any, is no longer responsible for the payment of Annual Installments

of Improvement Area #1 Assessments equal to at least 20% of the total Annual Installment of Improvement Area #1 Assessments for any year, such party's reporting obligations under this Disclosure Agreement shall be terminated. If such termination notice with respect to the Landowner or a Subsequent Third Party Owner occurs prior to the legal defeasance, prior redemption or payment in full of all of the Bonds, the Dissemination Agent shall provide notice in substantially the form attached as Exhibit B (the "Termination Notice") to the MSRB and the Participating Underwriter within ten (10) Business Days of its receipt thereof.

(c) The reporting obligations of the Dissemination Agent under this Disclosure Agreement shall terminate (i) upon the legal defeasance, prior redemption or payment in full of all of the Bonds or (ii) when the Landowner and any Subsequent Third Party Owner, if any, are no longer responsible for the payment of Annual Installments of Improvement Area #1 Assessments equal to at least 20% of the total Annual Installment of Improvement Area #1 Assessments for any year and any Termination Notice required by subsection (b) of this Section 6 has been provided to the MSRB and the Participating Underwriter.

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 the Landowner's 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. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Landowner and the Dissemination Agent may jointly amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested by the Landowner), 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 or 4, 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 the Landowner, or the type of business conducted; and

(b) 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. No amendment which adversely affects the Dissemination Agent or the Issuer may be made without the respective party's prior written consent (which consent will not be unreasonably withheld or delayed).

(c) In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Landowner shall describe such amendment in the next related Quarterly 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 Landowner. The Landowner shall provide, or cause to be

provided, at its cost and expense, an executed copy of any amendment or waiver entered into under this Section 8 to the Issuer and the Participating Underwriter.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Landowner 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 addition to that which is required by this Disclosure Agreement. If the Landowner chooses to include any information in any Quarterly Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Landowner shall have no obligation under this Disclosure Agreement to update such information or include it in any future Quarterly Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Landowner 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 Landowner 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 Landowner to comply with this Disclosure Agreement shall be an action to mandamus or specific performance. A default under this Disclosure Agreement by the Landowner shall not be deemed a default under the Disclosure Agreement of Issuer by the Issuer, and a default under the Disclosure Agreement of the Issuer by the Issuer shall not be deemed a default under this Disclosure Agreement by the Landowner.

SECTION 11. 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. The Landowner agrees to hold harmless the Dissemination Agent, its officers, directors, employees and agents 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 reasonable 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 Landowner 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 financial advisory relationship with the Issuer in connection with the transaction described in the Indenture shall not be construed to mean that the Dissemination Agent has actual knowledge of any event described in Section 4 above, except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Agreement. The Dissemination Agent shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Dissemination Agent hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the

Dissemination Agent and believed to be genuine and to have been signed or presented by the proper party or parties.

(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.

(c) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT OR THE LANDOWNER 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 LANDOWNER 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 12. No Personal Liability. No covenant, stipulation, obligation or agreement of the Landowner 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 officer, agent or employee of the Landowner or Dissemination Agent in other than that person's official capacity.

SECTION 13. 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 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 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Landowner, the Dissemination Agent, the Issuer, 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 15. 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 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 16. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 17. 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.]*

U.S. BANK NATIONAL ASSOCIATION  
(as Dissemination Agent)

By: \_\_\_\_\_  
Authorized Officer

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 A**

**NOTICE TO MSRB OF FAILURE TO FILE  
QUARTERLY 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 SLF III - Onion Creek, L.P., a Texas limited partnership (the "Landowner") has not provided the Quarterly Report for the period ending on [Quarterly Filing Date] with respect to the above-named bonds as required by the Continuing Disclosure Agreement of Landowner dated December 1, 2018, by and among the Landowner and U.S. Bank National Association, as "Dissemination Agent". The Landowner anticipates the Quarterly Report 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 B**

**TERMINATION NOTICE**

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\_\_

[Landowner][Subsequent Third Party Owner]

City of Austin, Texas

\_\_\_\_\_  
Austin, Texas \_\_\_\_\_

U.S. Bank National Association

NOTICE IS HEREBY GIVEN that the [Landowner][Subsequent Third Party Owner] is no longer responsible for the payment of Annual Installments of Improvement Area #1 Assessments equal to at least 20% of the total Annual Installment of Improvement Area #1 Assessments, with respect to the above-named bonds, for any year, thereby, terminating such party's reporting obligations under the Continuing Disclosure Agreement of Landowner dated December 1, 2018, by and among SLF III - Onion Creek, L. P., a Texas limited partnership (the "Landowner") and U.S. Bank National Association (the "Dissemination Agent").

Dated: \_\_\_\_\_

U.S. Bank National Association  
on behalf of the City of Austin, Texas  
(as Dissemination Agent)

By: \_\_\_\_\_

Title: \_\_\_\_\_

cc: City of Austin, Texas

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APPENDIX F

APPRAISAL OF IMPROVEMENT AREA #1

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# PAUL HORNSBY & COMPANY

APPRAISERS AND CONSULTANTS

Paul Hornsby, MAI, SRA  
Eli Hanslik, MAI  
Chris Hornsby, MAI  
Melany Adler, MAI  
Katie Daniewicz, MAI  
Clifford Shaw, ASA  
Matthew Cox, State Certified Appraiser

Justin Sims, Appraiser Trainee  
Jason Thomas, Appraiser Trainee  
Caitlin Warren, Appraiser Trainee  
Jake Kane, Analyst  
Travis Jenkins, Analyst  
Terri Bowden, Business Manager  
Hansi Holzhammer, Administrative Support  
Cynthia Stevens, Administrative Support

September 20, 2018

Joseph McAweeney  
City of Austin  
PO Box 1088  
Austin, Texas 78767

Re: Appraisal of Estancia Hill Country Phase I, between South IH-35 and Old San Antonio Road, Travis County, Texas.

---

Project Name:	Estancia Hill Country - Phase I
Assignment Number:	52-159
File Number:	4788.01.3
Project:	Estancia Hill Country - Phase I 214.90 Acres in 11 tracts
Property Owner:	SLF III - Onion Creek, LP
TCAD:	788256, 837554, 837559, 868485, 868486, 894914
Legal Description:	Approximately 214.90 acres of land out of the Trinidad Varcinas Survey No. 535, the S.F. Slaughter Survey No. 1 and the Santiago Del Valle Grant, in Travis County, Texas.

---

Dear Mr. McAweeney:

Pursuant to your request, we have undertaken an appraisal of the above-referenced property, the conclusions of which are set forth in this appraisal report. This report is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). This report has also been prepared in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute. We are not responsible for unauthorized use.

The purpose of the appraisal is to develop an opinion of market value of the fee simple interest in 11 parcels of land and improvements. The City of Austin is the client and the intended users of the appraisal report are the City of Austin or its agents and the property owner – SLF III - Onion Creek, LP. The intended use of this report is to assist the Office of Real Estate Services of the City of Austin in its determination of market value to evaluate the existing PID bonds on the property, both for the unimproved land and the improved residential and multifamily housing stock. This report is not intended for any other use. The effective date of this appraisal is August 9, 2018.

Based on the analysis and data herein, it is our opinion that the market value of the property, under the noted hypothetical conditions, as of August 9, 2018, is as follows:

<b>MARKET VALUE CONCLUSIONS</b>						
<b>Tract</b>	<b>Preliminary Plan Use</b>	<b>Acres</b>	<b>Sq Ft or Units</b>	<b>Unit of Measure</b>	<b>Unit Value</b>	<b>Indicated Value</b>
1	Multifamily	13.60	592,416	Square Foot	\$6.30	\$3,730,000
2	Multifamily	22.00	958,320	Square Foot	\$5.60	\$5,365,677
3	Multifamily	8.30	361,548	Square Foot	\$5.60	\$2,024,323
4	Multifamily	8.10	352,836	Square Foot	\$6.20	\$2,185,472
5	Multifamily	7.80	339,768	Square Foot	\$6.20	\$2,104,528
6	Multifamily	7.30	317,988	Square Foot	\$8.17	\$2,598,075
7	Multifamily	8.80	383,328	Square Foot	\$8.17	\$3,131,925
8	Retail	16.00	696,960	Square Foot	\$9.35	\$6,520,000
9	Multifamily	16.30	312	Multi-family Unit	\$140,000	\$43,700,000
11	Residential	71.50	3,114,540	Various	Various	\$73,100,000
12	Residential	35.20	1,533,312	Square Foot	\$3.25	\$4,980,000
<b>Total</b>		<b>214.90</b>				<b>\$149,440,000</b>

This letter of transmittal and the pages which follow constitute our report setting forth the data and analyses utilized in formulating the value opinions. Should you have any questions, or if we can be of further assistance, please contact our office.

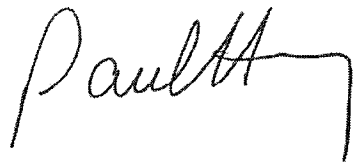
We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have not performed services as an appraiser or in any other capacity involving the subject within the three years prior to acceptance of this assignment.
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.



- Justin Sims and Jason Thomas made personal on-site inspections of the property that is the subject of this report. Paul Hornsby performed an off-site inspection for this assignment and has performed on-site inspections for prior assignments.
- No one provided significant real property appraisal assistance to the persons signing this certification.
- As of the date of this report, Paul Hornsby has completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, Justin Sims and Jason Thomas have completed the Standards and Ethics Educational Requirements for Practicing Affiliates of the Appraisal Institute.

**PAUL HORNSBY & COMPANY,**



Paul Hornsby, MAI, SRA  
Texas Certified Appraiser No. 1321761-G



Jason Thomas  
Texas Appraiser Trainee No. 1341346



Justin Sims  
Texas Appraiser Trainee No. TX 1341250

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**HYPOTHETICAL CONDITIONS**

This appraisal is predicated on the following hypothetical conditions. These elements do not yet exist, but are presumed for the purpose of analysis.

1. The "Basic Infrastructure" components, including water and wastewater lines to each tract providing sufficient capacity for development, and primary arterial roadway access through the construction of Estancia Parkway and Avenida Mercado Street, is completed.
2. Rollback taxes have been paid.

Absent these conditions, the value opinions would be different than as set forth herein.

**ASSIGNMENT SPECIFIC ASSUMPTIONS**

1. The Public Improvement District (PID) bonds (\$12,590,000) to finance the existing basic infrastructure improvements are in place. The PID bonds are special assessment revenue bonds with the debt serviced by special assessments on the real property within the PID. No City taxes will be imposed on the property until the PID bonds are retired so that no undue burden is placed on future landowners.
2. Despite our requests, data relevant to the progress of each single family home under construction was not provided by the builder, Lennar. For valuation purposes, we assume that the residences under construction are 50% complete on average.
3. A progress report was provided by Lennar which details the number of single family residences which have started construction, the number which have completed construction and the number which have been sold. For the purpose of this appraisal, we assume that these figures are representative of the counts as of the effective date.
4. Stormwater detention requirements will be facilitated by off-site by detention ponds.

Absent these assumptions, the value opinions may be different than as set forth herein.

**ORDINARY ASSUMPTIONS**

1. It is assumed that there are no easements or encroachments as of the effective date of this appraisal unless noted within the report.
2. It is assumed that there are no hidden or unapparent conditions of the property, sub-soils, or structures which would render them more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover such factors.
3. It is assumed that all necessary permits have been obtained and that there has been full compliance with all applicable federal, state, and local environmental regulations and laws unless non-compliance is stated, defined, and considered in the appraisal report.
4. It is assumed that all applicable zoning and use regulations and restrictions are complied with, unless nonconformity has been stated, defined, and considered in the appraisal report.
5. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed. I have no knowledge of the existence of such materials



on or in the property, and am not qualified to detect such substances. The presence of substances such as asbestos, radon gas, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimates are predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

6. Unless otherwise stated in this report, it is assumed that the property is free of any environmental issues, including endangered species or their habitat (i.e., caves) which might preclude development or otherwise affect the value of the property. No responsibility is assumed regarding the presence or absence of such features and the client is urged to retain an expert in these fields, if desired, as the appraiser is not qualified to discover such conditions.

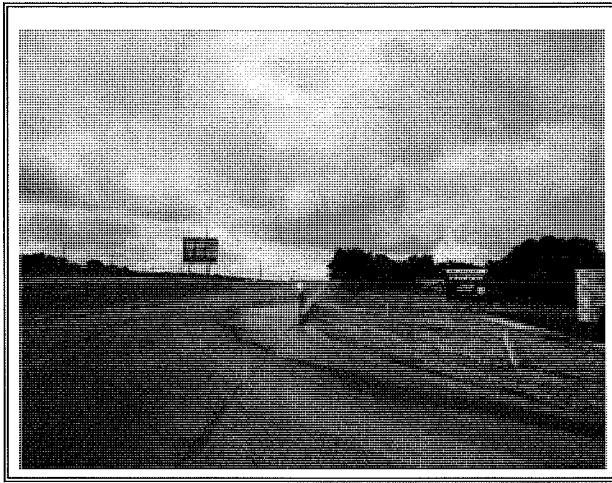
**LIMITING CONDITIONS**

1. The legal description furnished our firm is assumed to be correct. We assume no responsibility for matters legal in character, nor render any opinion as to the title, which is assumed to be good. The property has been appraised as if under responsible ownership and competent management.
2. We have made no survey and assume no responsibility in connection with such matters therefore, reference to a sketch, plat, diagram, or survey appearing in the report is only for the purpose of assisting the reader to visualize the property. The firm believes that the information contained in this report, although obtained from public record and other reliable sources and, where possible, carefully checked, is reliable, but assumes no responsibility for its accuracy.
3. The construction and condition of the property mentioned in the body of this report are based on observation and no engineering study has been made which could discover any possible latent defects. No certification as to any of the physical aspects could be given unless a proper engineering study is made.
4. We are not required to give testimony or attendance in court by reason of this appraisal with reference to the property in question, unless arrangements have been previously made.
5. Possession of this report or a copy thereof does not carry with it the right of publication. It may not be used for any purpose by anyone other than the addressee without the previous written consent of the appraiser(s).
6. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the author(s), particularly as to valuation and conclusions, the identity of the appraiser or firm with which they are connected, or any reference to the Appraisal Institute, the SRA, or the MAI designation.
7. The appraisers' liability regarding the statements and conclusions reported herein is limited to the fee charged for the assignment.



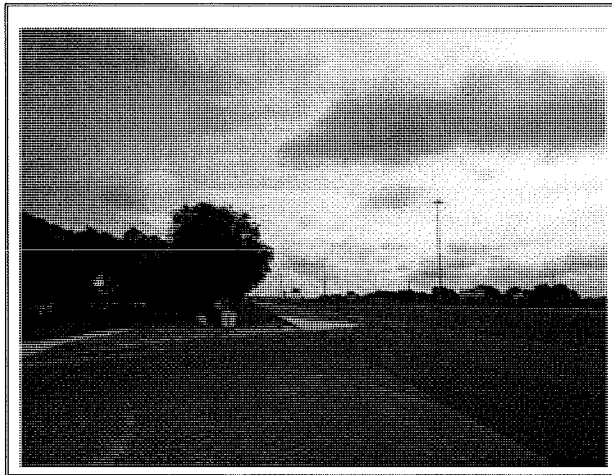
## **INTRODUCTION**

**SUBJECT PHOTOGRAPHS**



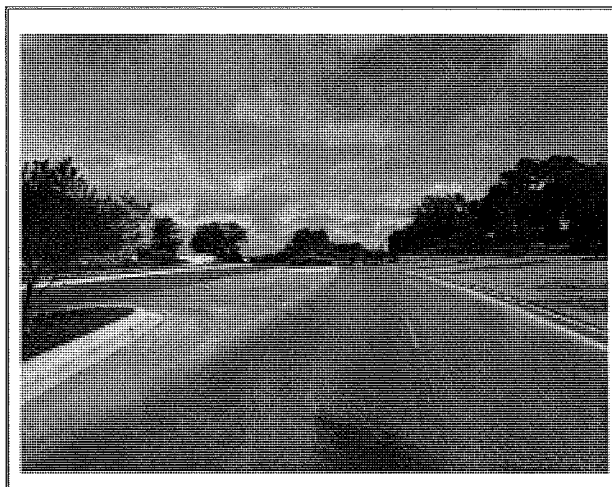
South along I-35 frontage road, the subject is to the right

Date of Photo: August 9, 2018



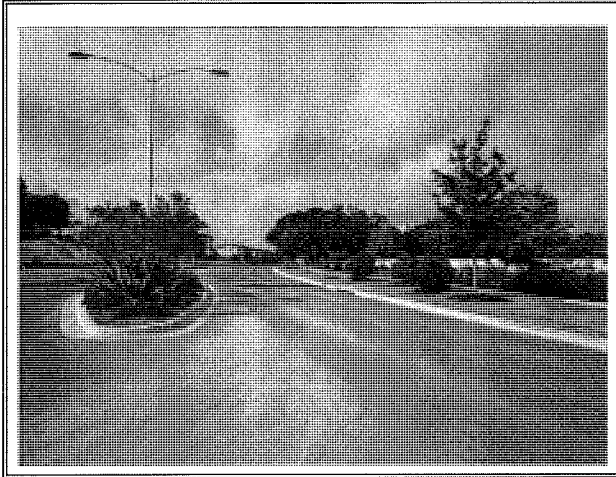
North along I-35 frontage road, the subject is to the left

Date of Photo: August 9, 2018



Interior ROW, northwest view along Estancia Parkway

Date of Photo: August 9, 2018



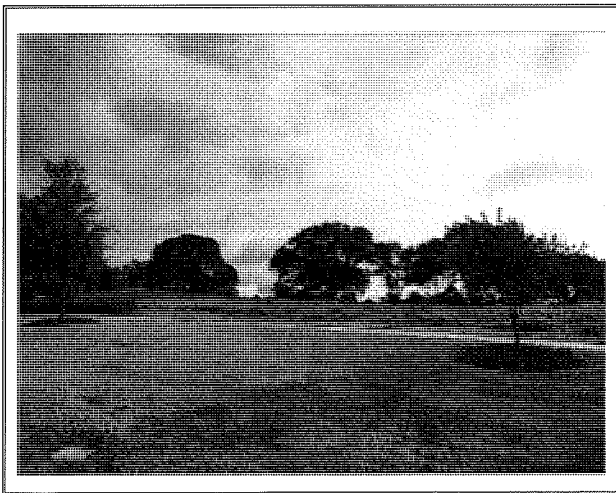
Interior ROW, southeast view along Estancia Parkway

Date of Photo: August 9, 2018



Northwest view of Tract 1 from Estancia Parkway

Date of Photo: August 9, 2018



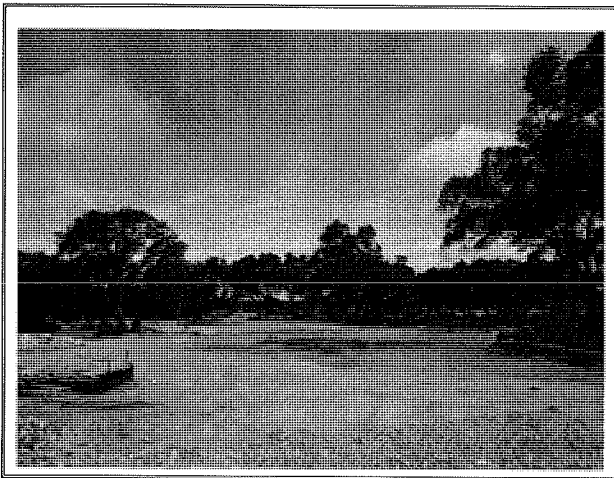
Northeast view of Tracts 2-5 from Estancia Parkway

Date of Photo: August 9, 2018



East view of Tracts 6-7 from the property interior

Date of Photo: August 9, 2018



Northwest view of Tracts 6-7 from Camino Vaquero Pkwy

Date of Photo: August 9, 2018



Southwest view of Tract 8 from Camino Vaquero Pkwy

Date of Photo: August 9, 2018



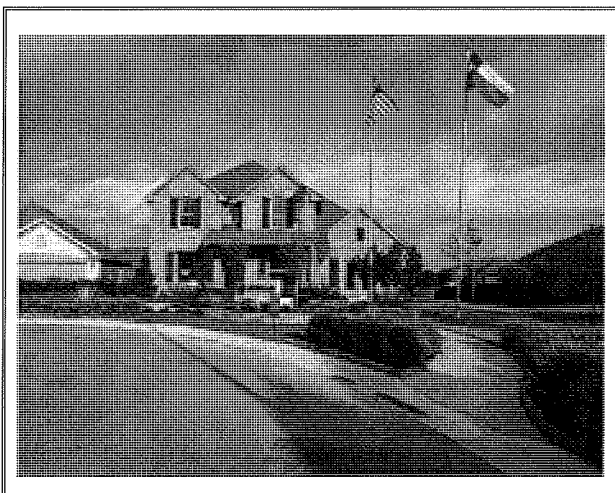
South view of Tract 9 from Camino Vaquero Pkwy

Date of Photo: August 9, 2018



East view of Tract 9 from Estancia Pkwy

Date of Photo: August 9, 2018



West view of a model home from the property interior (Tract 11)

Date of Photo: August 9, 2018



North view of completed homes (Tract 11)

Date of Photo: August 9, 2018



Southeast view of homes under construction (Tract 11)

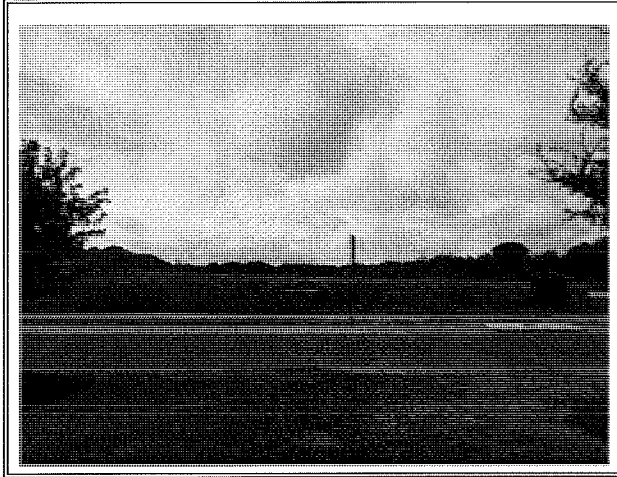
Date of Photo: August 9, 2018



Northeast view of vacant lots (Tract 11)

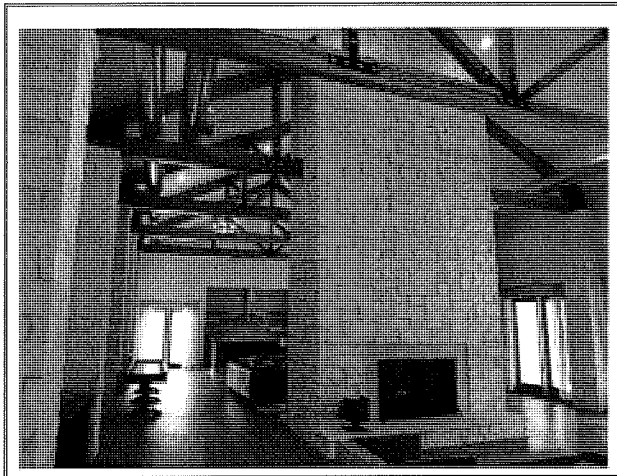
Date of Photo: August 9, 2018





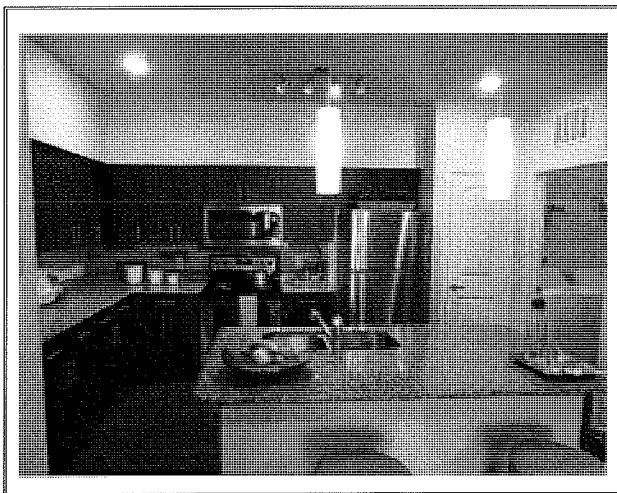
North view of Tract 12 from Estancia Pkwy

Date of Photo: August 9, 2018



Common area inside Estancia Villa Apartments (Tract 9)

Date of Photo: August 9, 2018



Kitchen inside model unit, Estancia Villa Apartments (Tract 9)

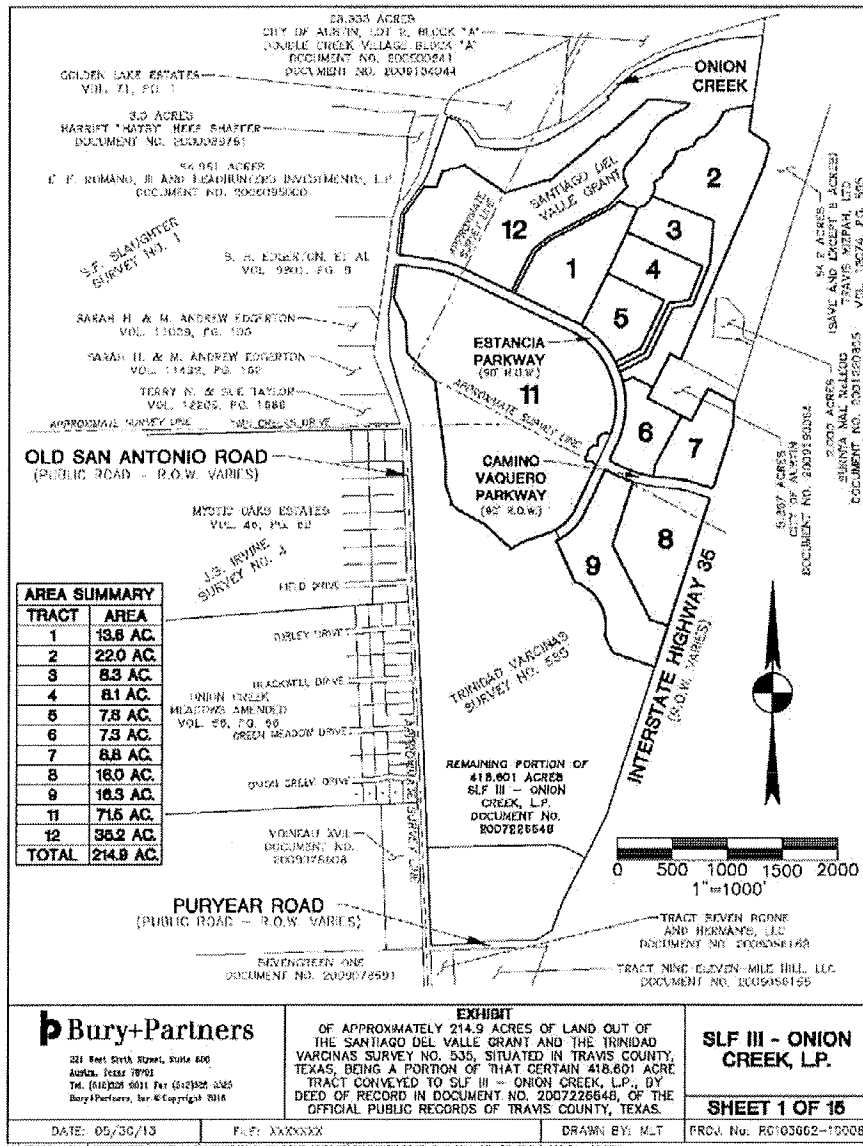
Date of Photo: August 9, 2018

**DISCUSSION OF ECONOMIC ENTITIES**

The subject property consists of Phase I of Estancia Hill Country. The development of this master planned community is ongoing and is in various stages of completion. It includes approximately 214.90 acres of land improved with residential and multifamily uses exclusive of right of way. Its vacant land components allow for retail, multifamily and single-family residential uses. Please see the aerial photograph below.



The property is segmented into 11 developable tracts shown on the exhibit below. For the purpose of this appraisal, we have adopted some of these tracts as economic units as they are likely to be sold in these configurations, while we have combined others to create larger economic units. Tracts 6 and 7 are combined into one economic unit as they are being used together for the development of an apartment complex which is currently under construction. Tracts 2 and 3 and Tracts 4 and 5 are also combined, referred to herein as "Tract 2-3" and "Tract 4-5" as they are more suited for development as assembled tracts as evidenced by the development of Tracts 6 and 7. The following exhibit details the configuration of the tracts.



**EFFECTIVE DATE OF VALUE**

August 9, 2018

**PURPOSE OF THE APPRAISAL**

The purpose of the appraisal is to develop an opinion of market value of the fee simple interest in 11 tracts of land and improvements.

**CLIENT, INTENDED USE AND USERS OF THE APPRAISAL**

The City of Austin is the client and the intended users of the appraisal report are the City of Austin or its agents and the property owner – SLF III - Onion Creek, LP. The intended use is to assist the Office of Real Estate Services of the City of Austin in its determination of market value and evaluation of the existing PID bonds on the property, both for the unimproved land and the improved residential and multifamily housing stock. This report is not intended for any other use.

**PROPERTY RIGHTS APPRAISED**

The property rights appraised are fee simple estate. Fee simple estate is "an interest in land that, being the broadest property interest allowed by law, endures until the current holder dies without heirs."<sup>1</sup>

**DEFINITION OF MARKET VALUE**

Market Value is the price which the property would bring when it is offered for sale by one who desires, but is not obligated to sell, and is bought by one who is under no necessity of buying it, taking into consideration all of the uses to which it is reasonably adaptable and for which it either is or in all reasonable probability will become available within the reasonable future.<sup>2</sup>

**LEGAL DESCRIPTION**

The following legal description was obtained from public records and is assumed to be correct.

Approximately 214.90 acres of land out of the Trinidad Varcinas Survey No. 535, the S.F. Slaughter Survey No. 1 and the Santiago Del Valle Grant, in Travis County, Texas.

**OWNER OF RECORD AND HISTORY**

The tracts of land which make up the subject property are owned by several different entities which are detailed in the following table. Complete ownership information for Property ID #851695 is not available as it is under a condominium regime and title is held as 300+ separately owned property interests which are being improved and sold as single family residences. Sale prices for each individual property are retained in the workfile and have been analyzed as part of the valuation of the subject.

<sup>1</sup> Black's Law Dictionary, 8<sup>th</sup> ed. (St. Paul, MN: Thomson West, 2007), 648-649.

<sup>2</sup> City of Austin vs. Cannizzo, et al., 267 S.W.2d 808,815 [1954]



TCAD Property ID	Owner Name	Document Number	Sale Date
788256	Estancia Hill Country Master Community Inc	2007226648	12/19/07
837554	Lennar Homes of Texas Land & Construction LTD	2013134518	7/19/13
837559	Estancia Hill Country Master Community Inc	2017016153	1/26/17
868485	Estancia Villas LLC	2015162544	10/7/15
868486	SLF Onion Creek LP	2007226648	12/19/07
894914	The Park at Estancia LTD	2017050706	3/30/17
851695	Various (Condominium)	Various	N/A

Portions of the subject property have been sold in the past three years. Tract 6-7 was transferred as vacant land on March 30, 2017 for a reported \$3,840,000. Parcel 9 transferred as vacant land on October 7, 2015. Both properties were purchased for multifamily development and are analyzed in greater detail in the Valuation section of this report.

This information is included to satisfy the requirements of USPAP. It is not intended as a guarantee to the chain of title, and a title search should be performed by a title company should a definitive abstract be desired.

### **AD VALOREM TAXES**

The subject property is taxed under seven Travis Central Appraisal District (TCAD) Property ID numbers. Ad valorem tax information for each property number is listed in the table below. Complete tax information for Property ID #851695 is not available as it is under a condominium regime and is taxed as 300+ separately owned property interests.

Property ID	Land Value	Improvement Value
788256	\$3,160,329	\$0
837554	\$976,848	\$0
837559	\$139,610	\$0
868485	\$2,489,824	\$23,152,932
868486	\$2,439,360	\$0
894914	\$1,752,092	\$0
851695	N/A	N/A
	\$10,958,063	\$23,152,932

**SCOPE OF WORK**

To complete the assignment, a number of steps were undertaken. The most salient of these are listed below.

- Justin Sims and Jason Thomas made onsite inspections of the property on August 9, 2018. The inspection included walking and/or driving portions of the interior and perimeter of the site. Paul Hornsby performed an off-site inspection for this assignment, and has previously inspected on site.
- The neighborhood was inspected from numerous roads, and trends in residential and commercial development were noted.
- We reviewed documents specific to the subject including surveys, deed records, bond documents, historical sales data, tax plats, flood plain maps, topographical maps, and aerial maps.
- Design plans for existing road and utility extensions, consisting of preliminary drawings, construction agreements, and budgets, were reviewed. A survey for the subject designating separate development tracts was also reviewed.
- A highest and best use analysis was performed to determine the physically possible uses, legally permissible uses, financial feasibility, and maximally productive use of the property.
- The three traditional valuation techniques were considered to estimate the value of the subject. The Sales Comparison Approach was utilized to value the vacant tracts. The Cost Approach was used to value the partially complete multifamily property. The Sales Comparison Approach (improved) was used to value the improved residential tract and the complete multifamily property. The Income Approach was not used because the subject is mostly vacant land and sufficient data existed to value the improved subjects by other methods.
- Sales were confirmed by research of county deed records, conversations with various real estate brokers, Co-Star Group, LoopNet (internet based real estate sales data, by subscription), and the Austin Multiple Listing Service. The time frame for our data search was from 2014 through the effective date. The geographic area of research included Hays, Travis and Williamson Counties. The sales were inspected from perimeter roadways, and data were confirmed with parties directly involved with the transactions (buyer, seller, or brokers) or associates having special knowledge of the transactions.
- Additional steps taken to gather, confirm, and analyze relevant data are detailed in individual sections of the report. A study of overall market conditions by property type, competing subdivisions, vacant lot inventories, and local development trends was performed by researching local publications and through conversations with developers, brokers, and participants in the market. Sources for additional data include general market and industry reports published by residential and commercial market research sources, the Austin MLS system, Texas A&M Real Estate Research Center, the local newspaper, and business publications.



## **MARKET AND SITE DESCRIPTION AND ANALYSES**

**AUSTIN AREA ANALYSIS**

As of second quarter 2018, the Austin MSA continues to reflect strong economic viability in all market sectors and appears to have returned to a hyper-growth phase. Austin settled into a more stable phase in 2016 and 2017 after four years of hyper-growth from 2012 to 2015. However, economic momentum has returned to 2012-2015 levels as evidenced by the city's continuing expansion, trailing 12-month employment growth and record-low unemployment levels.

The single-family sector continues to experience healthy sales. Home builders remain in lot-acquisition and development mode but are unable to meet increasing demand. Single-family inventory has declined, intensifying buyer competition in the single-family market and raising sale prices. The multi-family market has had significant development over the last few years and, occupancies are showing signs of flattening; however, rents have exhibited a modest increase to date in 2018. Tracking the strong demand in residential markets, the office, retail and industrial markets reflect healthy occupancy and rents despite recent additions to supply. Corporate relocations and expansions continue to fuel the Austin real estate market.



**EMPLOYMENT**

The following tables show employment statistics and changes in the Austin MSA. The employment gains show improvement beginning in 2010.

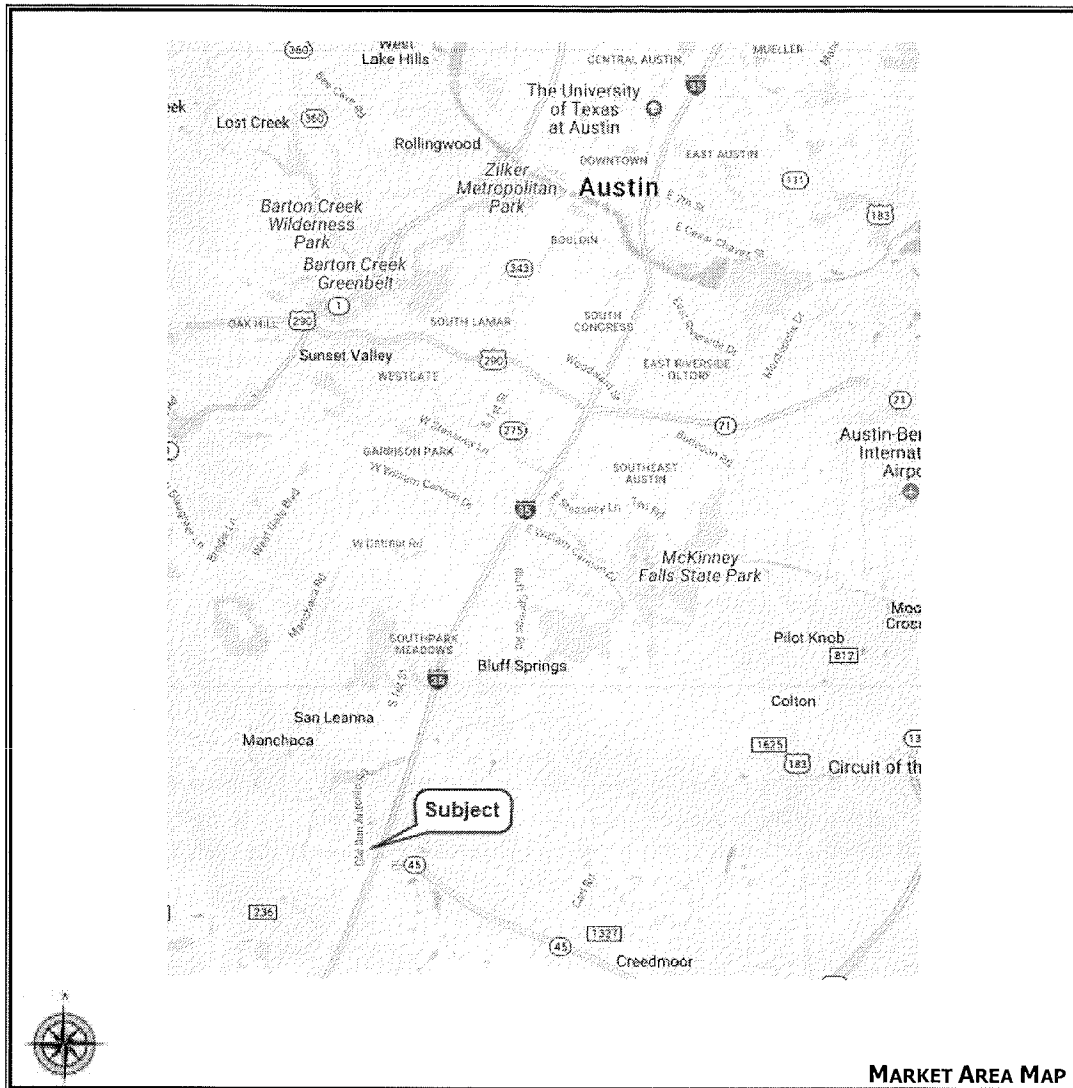
	Changes From Previous Year								
	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Civilian Employment	0.3%	1.3%	4.9%	4.7%	5.1%	4.8%	3.4%	3.2%	4.5%
Non-agricultural employment	-3.1%	1.5%	3.7%	5.4%	5.1%	5.0%	6.0%	3.5%	3.4%

	Year End 2017	2nd Q 2017	1st Q 2018	2nd Q 2018	Trailing Year Change	YTD Change	Quarterly Change
Total Civilian Employment	1,133,101	1,095,549	1,190,395	1,192,072	8.8%	5.2%	0.1%
Non-agricultural employment	1,053,500	1,023,400	1,060,300	1,074,100	5.0%	2.0%	1.3%
Unemployment	2.7%	3.4%	3.1%	3.2%			

**SUMMARY**

With a trailing year 5.0% non-agricultural employment growth, Austin continues to fare better than most cities in the nation. If growth continues at this same level through the balance of the year, it will approach the level experienced in the hyper-growth years of 2012-2015.

**NEIGHBORHOOD ANALYSIS**



**MARKET AREA MAP**

Estancia Hill Country is a 600-acre mixed-use development located in far south Austin along the west line of IH-35 north and west of its intersection with Puryear Road and on both the east and west sides of Old San Antonio Road. The subject is Improvement Area #1 or Phase I and is comprised of ±214.90 acres plus ROW. It is bordered by Old San Antonio Road on the west, IH-35 on the east, Phase I on the north, and Puryear Road on the south.

**LINKAGES**

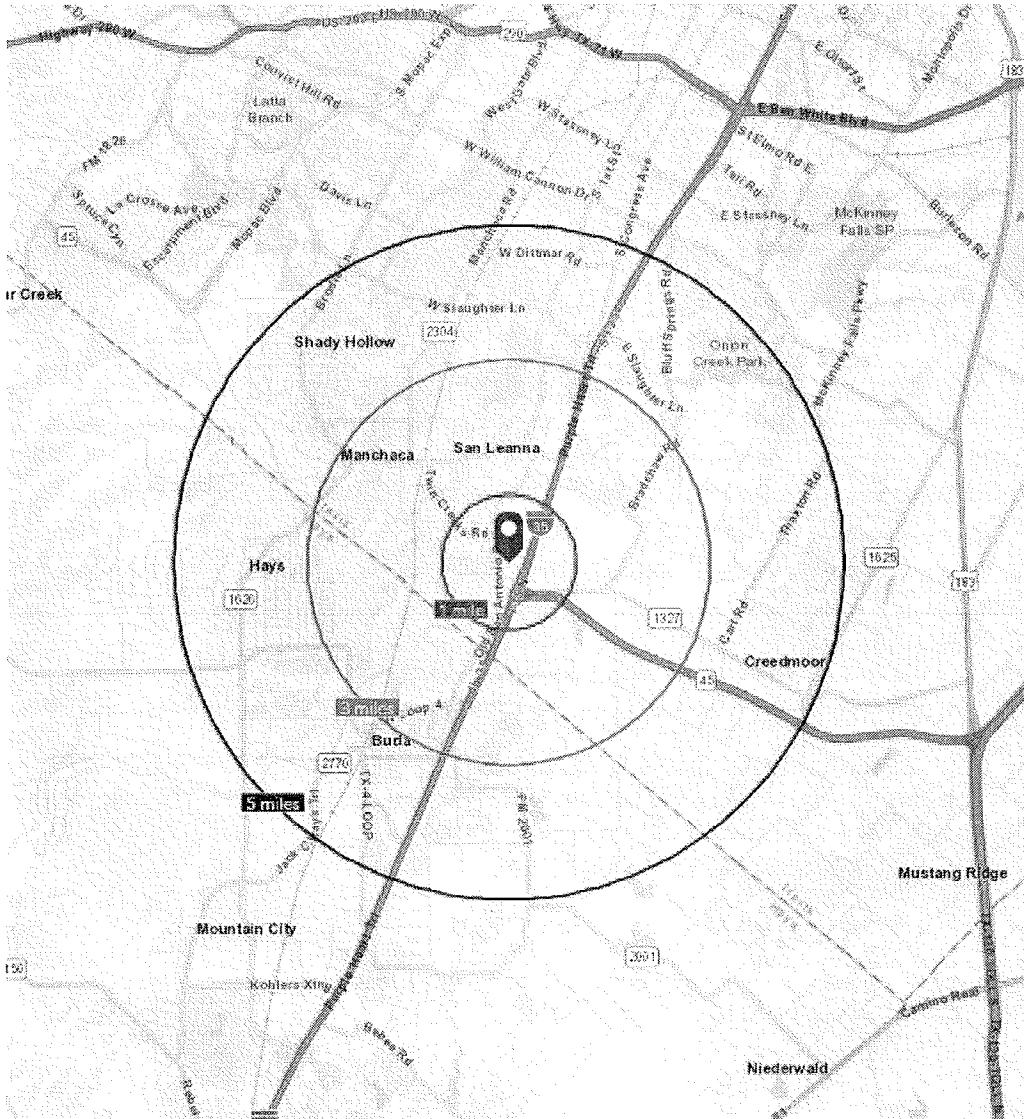
Primary access to the area is provided by IH-35, a north-south arterial extended through the middle of Austin, SH-45 and SH-130, parts of the Austin toll road system. SH-130 is located approximately seven miles to the east and is accessed via SH-45. The toll road in this area was completed in 2007 to 2008 and connects Georgetown at IH-35 on its north end to Seguin at IH-10 at its south end. Construction on SH-45 SW began in



November 2016 and is projected to be complete in late 2019. This is a four-lane toll road that is being built between State Loop 1 (Mopac) and FM 1626, just north of the subject property.

**DEMOGRAPHIC PROFILE**

The subject is located near the Travis and Hays County lines, approximately 12 miles south of the Austin central business district. The map below shows the 1 mile, 3 mile, and 5 mile radiuses for the study areas outlined in the demographic table that follows.





**Executive Summary**

Estancia Phase II 2  
78610, Buda, Texas  
Rings: 1, 3, 5 mile radii

Prepared by Esri  
LAINUEDC 39.11673  
E:\projects\107\_Annex2

	1 mile	3 miles	5 miles
<b>Population</b>			
2000 Population	755	9,829	44,304
2010 Population	716	18,192	79,663
2018 Population	1,020	29,054	116,530
2023 Population	1,604	35,785	141,420
2000-2010 Annual Rate	-0.53%	6.35%	6.04%
2010-2018 Annual Rate	4.48%	5.84%	4.72%
2018-2023 Annual Rate	10.37%	4.26%	3.95%
2018 Male Population	50.4%	49.1%	49.1%
2018 Female Population	49.6%	50.9%	50.9%
2018 Median Age	50.7	37.5	34.4

In the identified area, the current year population is 116,530. In 2010, the Census count in the area was 79,663. The rate of change since 2010 was 4.72% annually. The five-year projection for the population in the area is 141,420 representing a change of 3.95% annually from 2018 to 2023. Currently, the population is 49.1% male and 50.9% female.

**Median Age**

The median age in this area is 50.7, compared to U.S. median age of 38.3.

**Households**

2000 Households	277	3,727	15,799
2010 Households	292	7,269	29,970
2018 Total Households	427	11,275	43,533
2023 Total Households	700	13,834	52,478
2000-2010 Annual Rate	0.53%	6.91%	6.61%
2010-2018 Annual Rate	4.71%	5.46%	4.63%
2018-2023 Annual Rate	10.39%	4.18%	3.81%
2018 Average Household Size	2.41	2.57	2.67

The household count in this area has changed from 29,970 in 2010 to 43,533 in the current year, a change of 4.63% annually. The five-year projection of households is 52,478, a change of 3.81% annually from the current year total. Average household size is currently 2.67, compared to 2.65 in the year 2010. The number of families in the current year is 29,228 in the specified area.

**Median Household Income**

2018 Median Household Income	\$85,286	\$75,446	\$72,969
2023 Median Household Income	\$86,910	\$80,595	\$78,155
2018-2023 Annual Rate	0.38%	1.33%	1.38%

**Average Household Income**

2018 Average Household Income	\$122,380	\$92,378	\$91,468
2023 Average Household Income	\$124,092	\$101,552	\$101,270
2018-2023 Annual Rate	0.41%	1.91%	1.06%

**Per Capita Income**

2018 Per Capita Income	\$49,361	\$35,426	\$34,015
2023 Per Capita Income	\$50,412	\$38,776	\$37,375
2018-2023 Annual Rate	0.42%	1.82%	1.90%

**Households by Income**

Current median household income is \$72,969 in the area, compared to \$58,100 for all U.S. households. Median household income is projected to be \$78,155 in five years, compared to \$65,727 for all U.S. households.

Current average household income is \$91,468 in this area, compared to \$83,694 for all U.S. households. Average household income is projected to be \$101,270 in five years, compared to \$96,109 for all U.S. households.

Current per capita income is \$34,015 in the area, compared to the U.S. per capita income of \$31,950. The per capita income is projected to be \$37,375 in five years, compared to \$36,530 for all U.S. households.

**Housing**

2000 Total Housing Units	290	3,956	16,518
2000 Owner Occupied Housing Units	249	3,303	12,612
2000 Renter Occupied Housing Units	28	424	3,187
2000 Vacant Housing Units	13	229	719
2010 Total Housing Units	305	7,727	31,717
2010 Owner Occupied Housing Units	262	5,477	20,649
2010 Renter Occupied Housing Units	30	1,792	9,321
2010 Vacant Housing Units	13	458	1,747
2018 Total Housing Units	444	11,794	45,189
2018 Owner Occupied Housing Units	392	7,930	25,598
2018 Renter Occupied Housing Units	35	3,345	13,937
2018 Vacant Housing Units	17	519	1,656
2023 Total Housing Units	727	14,304	54,013
2023 Owner Occupied Housing Units	459	9,229	35,836
2023 Renter Occupied Housing Units	241	4,605	16,641
2023 Vacant Housing Units	27	470	1,535

Currently, 65.5% of the 45,189 housing units in the area are owner occupied; 30.8% are renter occupied; and 3.7% are vacant. Currently, in the U.S., 56.0% of the housing units in the area are owner occupied; 32.8% are renter occupied; and 11.2% are vacant. In 2010, there were 31,717 housing units in the area - 65.1% owner occupied, 29.4% renter occupied, and 5.5% vacant. The annual rate of change in housing units since 2010 is 17.04%. Median home value in the area is \$218,644, compared to a median home value of \$218,482 for the U.S. In five years, median value is projected to change by 2.47% annually to \$246,998.



**CONCLUSION**

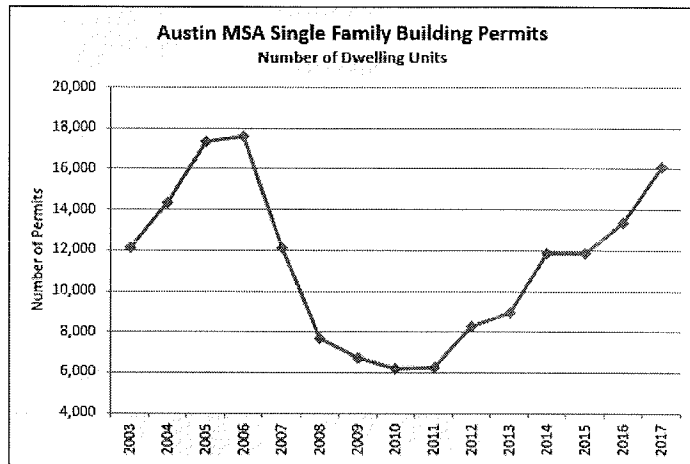
This neighborhood has realized growth during the Austin market's expansion over the past 20 years, but mostly in the past 10 years. Most of the significant growth in the south Austin IH-35 corridor has occurred immediately north of the subject in the Southpark Meadows and Slaughter Lane areas. Others in Austin fringe areas that have exhibited above average growth in recent years are the Pflugerville, Round Rock, Buda and Kyle submarkets. Continued growth in the subject's area is supported by the completion of the toll roads and the construction of hospital and retail facilities just south in Kyle.

**RESIDENTIAL MARKET ANALYSIS**

Supply and demand in the submarket directly affect value, as well as potential exposure time and marketing period. In this section we summarize the trend of the residential market. The Austin-area residential market is one of the hottest residential real estate markets in the country. The average and median prices are at historical highs. Inventories have fallen and multiple offers and 24-hour listing-to-contract scenarios are typical. Permit activity is rising to the levels seen from 1998 to 2007 when the Austin market experienced its last period of rapid expansion.

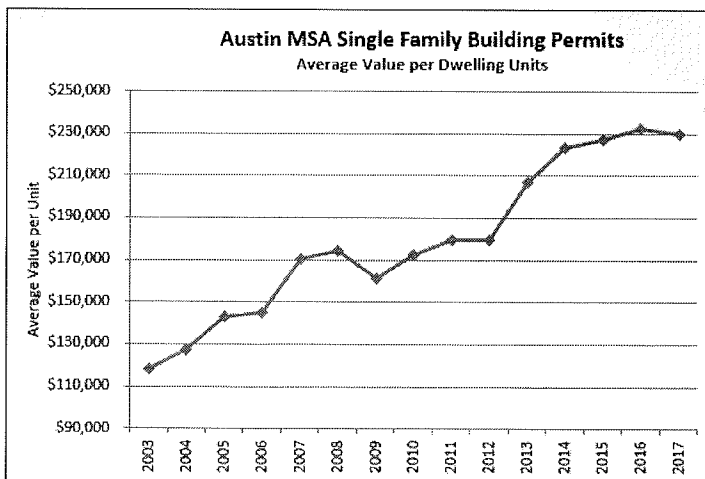
**Permit Activity**

Single family permit activity, which includes condominium units, in the Austin MSA area over the past 15 years is as follows. The source of all data in the charts in this section is the Real Estate Center at Texas A&M University and the data is through the end of 2017. The chart to the right shows the trend of permit activity in the Austin MSA since 2003.



The number of permits issued reached peak levels in 2005 and 2006, and then fell precipitously in 2007 and 2008. The decline continued at a slower pace in 2009 and 2010 in Austin while the statewide number leveled during the same period. In 2008, 7,710 permits were issued, down from 12,120 in 2007. In 2009, 2010, and 2011, less than 6,700 permits were issued in each year. The last time this level was evident was in 1994 when 6,250 permits were issued. At that time, the 6,000-level ranked high in Austin's history. The number of permits issued has significantly increased from 2011 to 2017. In 2017, the count was 16,119, an increase of 20.9% over 2016.

The average value of the permits dropped 7.2% in 2009, the first decline since 2003. However, in 2010 the average value increased 6.9% to nearly wipe out the previous year's loss. In 2011, the average value increased by 3.9%. From there, the average value continued to increase except for 2017 when the average value dropped slightly.



This is somewhat indicative of higher priced homes being more dominant during the lower activity periods as opposed to an indication of a change in price. However, the average and median price is also rising, so an upward trend and a rapid recovery compared to the nation is evident.

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**Economic Overview – State and Region**

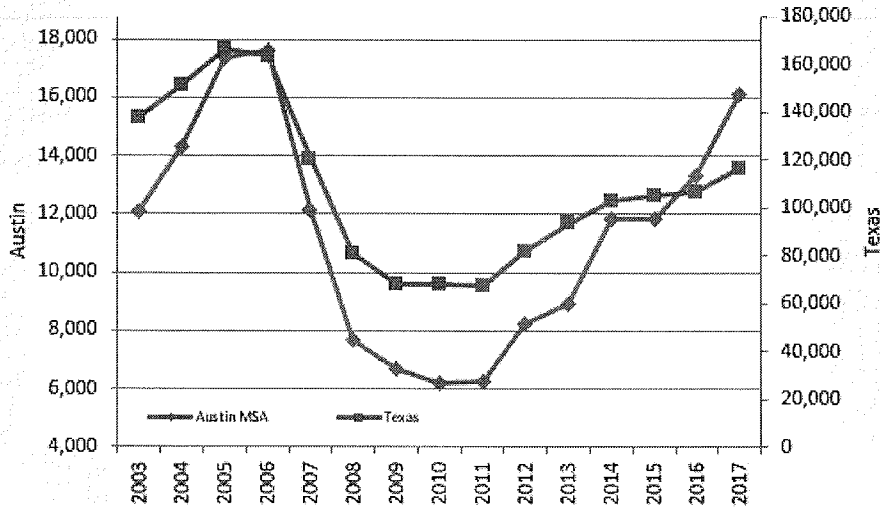
The 2017 statewide permit activity exceeded the 2016 level by 9.6% compared to the 20.9% increase posted in the Austin market. Year 2017 is showing permit activity at levels seen from 2005 and 2006 when the Austin market experienced rapid growth. These data from 2003 through the end of 2017 are shown in the next table.

<b>SINGLE FAMILY PERMIT HISTORY</b>				
Austin MSA Compared to the State of Texas				
Year	Austin MSA	Change	Texas	Change
2003	12,116		137,493	
2004	14,309	18.1%	151,384	10.1%
2005	17,346	21.2%	166,203	9.8%
2006	17,615	1.6%	163,032	-1.9%
2007	12,120	-31.2%	120,366	-26.2%
2008	7,710	-36.4%	81,107	-32.6%
2009	6,678	-13.4%	68,230	-15.9%
2010	6,200	-7.2%	68,170	-0.1%
2011	6,231	0.5%	67,254	-1.3%
2012	8,261	32.6%	81,926	21.8%
2013	8,954	8.4%	93,478	14.1%
2014	11,842	32.3%	103,045	10.2%
2015	11,857	0.1%	105,448	2.3%
2016	13,327	12.4%	106,511	1.0%
2017	16,119	20.9%	116,766	9.6%

*Source: Real Estate Center at Texas A&M University*

In the next chart, the relationship of permit activity between the Austin MSA (numbers in the left axis) and the state of Texas (numbers in the right axis) is compared. The Austin market and the state of Texas experienced a drop in the 2007 to 2011 period because of the recession. From that time forward, the trend or direction has increased each year.

**Austin MSA and Texas Single Family Building Permits**  
 Number of Dwelling Units



A lengthy history of sales volume, price, and monthly inventory in the Austin area is as follows.

**AUSTIN MSA RESIDENTIAL CHANGE HISTORY**

Year	Volume	Change	Average Price	Change	Median Price	Change	Total Listings	Months Inventory
1995	11,291		\$121,307		\$100,025		3,778	3.8
1996	12,406	9.9%	\$128,651	6.1%	\$107,884	7.9%	5,126	4.9
1997	12,253	-1.2%	\$137,845	7.1%	\$111,819	3.6%	5,344	4.3
1998	15,338	25.2%	\$146,237	6.1%	\$117,207	4.8%	4,318	2.7
1999	17,845	16.3%	\$160,335	9.6%	\$125,888	7.4%	3,292	1.7
2000	18,321	2.7%	\$189,054	17.9%	\$143,550	14.0%	3,002	2.2
2001	18,095	-1.2%	\$191,261	1.2%	\$149,611	4.2%	6,500	4.1
2002	18,414	1.8%	\$195,500	2.2%	\$153,545	2.6%	8,163	5.3
2003	19,469	5.7%	\$194,997	-0.3%	\$153,836	0.2%	9,669	5.5
2004	22,193	14.0%	\$196,919	1.0%	\$153,198	-0.4%	9,723	4.4
2005	26,448	19.2%	\$208,855	6.1%	\$160,701	4.9%	8,297	3.2
2006	29,767	12.5%	\$228,976	9.6%	\$171,272	6.6%	8,028	2.9
2007	27,571	-7.4%	\$246,038	7.5%	\$183,292	7.0%	9,163	4.0
2008	22,068	-20.0%	\$243,337	-1.1%	\$187,319	2.2%	10,911	5.1
2009	20,407	-7.5%	\$236,688	-2.7%	\$185,150	-1.2%	10,131	5.1
2010	19,547	-4.2%	\$246,561	4.2%	\$189,356	2.3%	10,906	5.3
2011	20,999	7.4%	\$250,167	1.5%	\$189,500	0.1%	9,071	3.9
2012	25,209	20.0%	\$266,100	6.4%	\$202,600	6.9%	7,023	2.4
2013	29,971	18.9%	\$287,087	7.9%	\$220,000	8.6%	5,444	1.8
2014	30,164	0.6%	\$307,362	7.1%	\$240,000	9.1%	5,654	2.0
2015	31,435	4.2%	\$331,612	7.9%	\$260,000	8.3%	5,935	1.9
2016	32,711	4.1%	\$347,695	4.8%	\$280,000	7.7%	6,395	2.0
2017	33,944	3.8%	\$366,689	5.5%	\$295,000	5.4%	7,254	2.1
Compound Annually		6.7%		6.7%		6.6%	Average	3.5

*Source: Real Estate Center at Texas A&M University*





The 2011 sales volume shows a reversal of the declining direction that began in 2007, and volume continued to increase significantly in 2012 and 2013. From that time forward, the trend or direction has increased slowly.

Employment in the Austin area is increasing, and residential subdivision development is abundant. The data indicates that the local housing market is strong, and the impact on sales in the subject project will be positive.

The Austin residential market has been noticeably superior to national markets, and its strength is not recent or sporadic. The continuation of residential market stability can be expected based on Austin's long history of steady and consistent development. The subject is in its beginning stages, and although competition exists, homebuilders are finding lot inventories to be short of demand. Austin publications are touting a robust residential market as evidenced by the following recently published comments.

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#### AUSTIN HOUSING IN THE NEWS

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Publication	Title
<b>Austin Business Journal (8-17-2018)</b>	<i>Housing sales, prices hit record highs in July</i>
So demand is clearly high. On the supply side, permitting for new single-family homes and apartments is back to pre-recession levels and Metrostudy data show construction started on 4,604 homes in the first quarter, up more than 17 percent year over year.	
<b>Community Impact Austin (7-26-2018)</b>	<i>Housing Starts on the Rise Throughout City</i>
Historically as more residential product is built home prices drop. But the demand in this area is so high that there is currently a positive effect on values for the foreseeable future, Crorey said. This is good for sellers, he said, as value is continuing to rise. For potential homebuyers Crorey said now is the time to buy.	
<b>Austin American Statesman (6-27-2018)</b>	<i>Expert: Outlook bright for Austin economy, housing market</i>
But for the near-term, Gaines said, the Austin area housing market, spanning a metro area from Georgetown to San Marcos, is "blowing and going." Housing demand continues to outpace builders' ability to find lots and labor to construct houses in the areas and price ranges - namely below \$300,000 - that are most in demand, Gaines noted.	

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Market data indicates that there is good demand for new lots. The limited development activity during the down-cycle has resulted in pent-up demand that is now being satisfied by several new projects, but demand persists as the Austin market continues to grow. The subject is well located between two recent growth areas, the north Hays County submarket and the south Austin/Southpark Meadows area. A huge section of land in this area is undeveloped because it was owned by one family until the early to mid-2000s, and when it was sold, the economic downturn of 2007 to 2010 prevented its development until now. This is a popular and growing area with a history of absorption of both residential and commercial properties, and additional residential development is supported by market activity.

**MULTIFAMILY MARKET ANALYSIS****Austin Area Overview**

In the following chart, supply and demand for all multifamily apartments are exhibited. The data is presented as of June 2018, and is based on the data supplied by Capitol Market Research.

<b>Historical and Current Occupancy</b>					
<b>Area</b>	<b>June 2016*</b>	<b>December 2016*</b>	<b>June 2017</b>	<b>December 2017</b>	<b>June 2018</b>
Central	90.3%	93.8%	95.3%	95.2%	97.2%
East	92.5%	89.8%	89.8%	90.2%	88.8%
Far North Central	...	94.2%	93.5%	91.0%	93.8%
Far Northwest	94.8%	93.4%	92.7%	90.3%	92.8%
Georgetown	93.9%	95.1%	96.2%	88.5%	82.0%
Kyle/Buda	93.5%	92.7%	95.0%	84.6%	86.4%
North Central	95.2%	95.7%	94.9%	93.9%	92.6%
Northwest	95.0%	94.5%	93.4%	92.7%	94.5%
Round Rock	96.1%	93.9%	92.8%	91.8%	94.0%
South Central	92.9%	93.4%	92.4%	91.3%	92.9%
Southeast	93.1%	92.6%	92.5%	91.8%	93.5%
San Marcos	96.6%	98.2%	95.1%	95.6%	94.0%
Southwest	90.8%	87.9%	90.5%	92.6%	95.2%
<b>Market Area Totals</b>	<b>94.0%</b>	<b>93.8%</b>	<b>93.3%</b>	<b>92.2%</b>	<b>93.2%</b>

<b>Historical and Current Rent Per Square Foot</b>					
<b>Area</b>	<b>June 2016*</b>	<b>December 2016*</b>	<b>June 2017</b>	<b>December 2017</b>	<b>June 2018</b>
Central	\$2.17	\$2.20	\$2.25	\$2.21	\$2.34
East	\$1.38	\$1.42	\$1.45	\$1.40	\$1.51
Far North Central	...	\$1.22	\$1.26	\$1.24	\$1.26
Far Northwest	\$1.24	\$1.22	\$1.23	\$1.20	\$1.26
Georgetown	\$1.18	\$1.17	\$1.21	\$1.23	\$1.22
Kyle/Buda	\$1.25	\$1.28	\$1.29	\$1.28	\$1.26
North Central	\$1.29	\$1.34	\$1.37	\$1.36	\$1.41
Northwest	\$1.33	\$1.28	\$1.32	\$1.27	\$1.33
Round Rock	\$1.21	\$1.22	\$1.20	\$1.19	\$1.21
South Central	\$1.50	\$1.49	\$1.50	\$1.49	\$1.54
Southeast	\$1.34	\$1.36	\$1.39	\$1.38	\$1.42
San Marcos	\$1.25	\$1.26	\$1.30	\$1.33	\$1.35
Southwest	\$1.48	\$1.44	\$1.45	\$1.44	\$1.52
<b>Market Area Totals</b>	<b>\$1.39</b>	<b>\$1.39</b>	<b>\$1.41</b>	<b>\$1.39</b>	<b>\$1.44</b>



The Austin multifamily market contained an overall inventory of 216,543 units as of June 2018. Overall inventory increased by 3.0% from the previous year. The market has generally strengthened over the last three years. The overall vacancy rate is estimated to be 6.8% as of June 2018, which has remained steady over the past couple years. Absorption over the last year amounted to 11,143 units, with the majority in the South Central and Far North Central submarkets of 1,689, and 1,433 units respectively.

The current vacancy rate remains low. Austin continued to grow and create jobs during the economic downturn while construction slowed after the 2009 peak. Demand persisted and no supply was available, resulting in falling vacancy and rapidly rising rental rates. While the current vacancy rate is unsustainable with several new projects on the horizon, over the long term, a sub-10% vacancy rate can be expected as evidenced by the 10-year average of 7.7%.

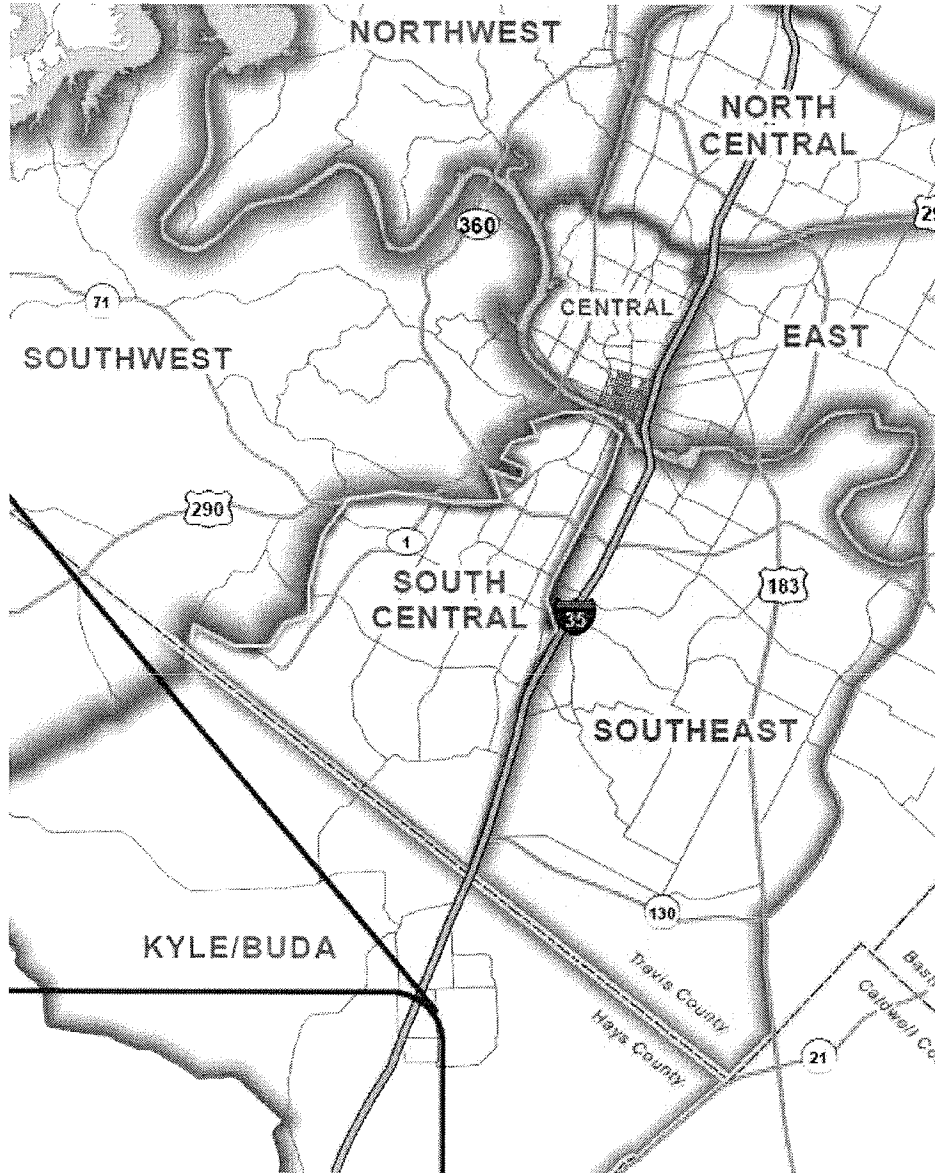
<b>Absorption</b> <i>June 2017 to June 2018</i>			
<b>Area</b>	June 2017 to December 2017	December 2017 to June 2018	June 2017 to June 2018
Central	150	663	813
East	678	588	1,266
Far North Central*	370	1,063	1,433
Far Northwest	455	918	1,373
Georgetown	7	315	322
Kyle/Buda	32	275	307
North Central	(-69)	458	389
Northwest	312	467	779
Round Rock	162	419	581
South Central	333	1,356	1,689
Southeast	529	768	1,297
San Marcos	189	3	192
Southwest	354	348	702
<b>Market Area Total</b>	<b>3,502</b>	<b>7,641</b>	<b>11,143</b>

From June 2017 to December 2017, 29 complexes delivered 4,085 units to the market. The first six months of 2018 saw 16 projects that commenced in 2017 deliver 2,965 units to the market, and another seven projects finish construction, adding 1,130 units.

Rental rates market wide have been stagnant overall from June 2016 at \$1.39/SF to a June 2018 rate of \$1.44/SF, an increase of only 3.5% in two years.

**Submarket Analysis – South Central**

The subject is competing in the South Central submarket. A map indicating the boundaries of the market is shown below.



The site is located in far south Austin along the west line of IH-35, north and west of Puryear Road, and both sides of Old San Antonio Road. It is approximately 12 miles south of downtown Austin and located in the south portion of the South Central submarket.



The following charts illustrate the average rents, current inventory and occupancy rates for the South Central submarket.

SOUTH CENTRAL								
Average Rent per Square Foot by Type and Year of Completion								
Year Completed	Total Units	Efficiency	1/1	2/1	2/2	3/2	3/2+	3 + bed
Pre-2007	14,357	\$2.18	\$1.54	\$1.43	\$1.29	\$1.19	\$1.05	\$1.36
2007	804	...	\$1.49	\$1.35	\$1.34	\$1.32	...	...
2008	644	...	\$1.41	\$1.20	\$1.20	\$1.04	...	...
2009	1,053	\$2.15	\$1.45	\$1.42	\$1.26	\$1.19	...	...
2010	...	...	...	...	...	...	...	...
2011	...	...	...	...	...	...	...	...
2012	272	...	\$1.55	...	\$1.44	...	...	...
2013	1,195	\$2.00	\$1.61	...	\$1.35	\$1.11	...	...
2014	1,198	\$2.44	\$2.07	\$2.28	\$1.78	\$1.16	...	...
2015	1,022	\$2.65	\$2.62	...	\$2.42	\$3.06	...	...
2016	2,462	\$2.02	\$1.90	\$1.32	\$1.54	\$1.06	...	\$0.77
2017	556	\$1.84	\$2.14	...	\$1.89	...	...	...
2018	1,622	\$1.74	\$1.77	\$1.54	\$1.41	\$1.29	\$1.55	...
<b>Weighted Average</b>	<b>25,185</b>	<b>\$2.17</b>	<b>\$1.69</b>	<b>\$1.43</b>	<b>\$1.40</b>	<b>\$1.22</b>	<b>\$1.26</b>	<b>\$1.12</b>

Total/Average by Year of Completion					
Year Completed	Total Units	Occupied Units	% Occupied	Average Rent	Average Rent per Square Foot
Pre-2007	14,357	13,629	94.9%	\$1,164	\$1.43
2007	804	776	96.5%	\$1,318	\$1.40
2008	644	634	98.4%	\$1,193	\$1.27
2009	1,053	1,026	97.4%	\$1,253	\$1.34
2010	...	...	...	...	...
2011	...	...	...	...	...
2012	272	261	96.0%	\$1,360	\$1.50
2013	1,195	1,113	93.1%	\$1,298	\$1.49
2014	1,198	1,156	96.5%	\$1,641	\$1.96
2015	1,022	993	97.2%	\$2,237	\$2.57
2016	2,462	2,314	94.0%	\$1,465	\$1.69
2017	556	526	94.6%	\$1,410	\$2.01
2018	1,622	957	59.0%	\$1,351	\$1.62
<b>Total</b>	<b>25,185</b>	<b>23,385</b>	<b>92.9%</b>	<b>\$1,295</b>	<b>\$1.54</b>

Occupancy and average rents in the South Central Submarket are in line with the overall Austin market. The submarket's occupancy rate of 92.9% is slightly below the overall Austin average, while the average rent of \$1.54/SF is slightly above the Austin average.

Rents within the submarket are not indicative of the subject. Areas with close proximity to downtown Austin are likely to rent for a much higher rate than the subject. As Austin continues to grow and prices steadily rise, residents will look for less expensive options. The subject is well positioned with access to Interstate 35 and relatively close proximity to downtown Austin.

**RETAIL MARKET ANALYSIS**

Capitol Market Research summarizes the 2017 year-end Austin retail picture in the table and chart below.

AUSTIN AREA TOTAL						
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RETAIL SPACE BY TYPE OF CENTER						
Type of Center	Total Square Feet	# of Buildings	% of Market	Occupied Square Feet	% Occupied	Average Rent
<i>Community</i>	18,251,385	83	41.5%	17,640,756	96.7%	\$22.03
<i>Neighborhood</i>	8,490,270	108	19.3%	8,197,280	96.5%	\$23.90
<i>Regional</i>	9,604,055	16	21.9%	9,239,772	96.2%	\$40.54
<i>Strip</i>	7,583,818	229	17.3%	7,013,243	92.5%	\$23.63
<b>Totals:</b>	<b>43,929,528</b>	<b>436</b>		<b>42,091,051</b>	<b>95.8%</b>	<b>\$26.49</b>

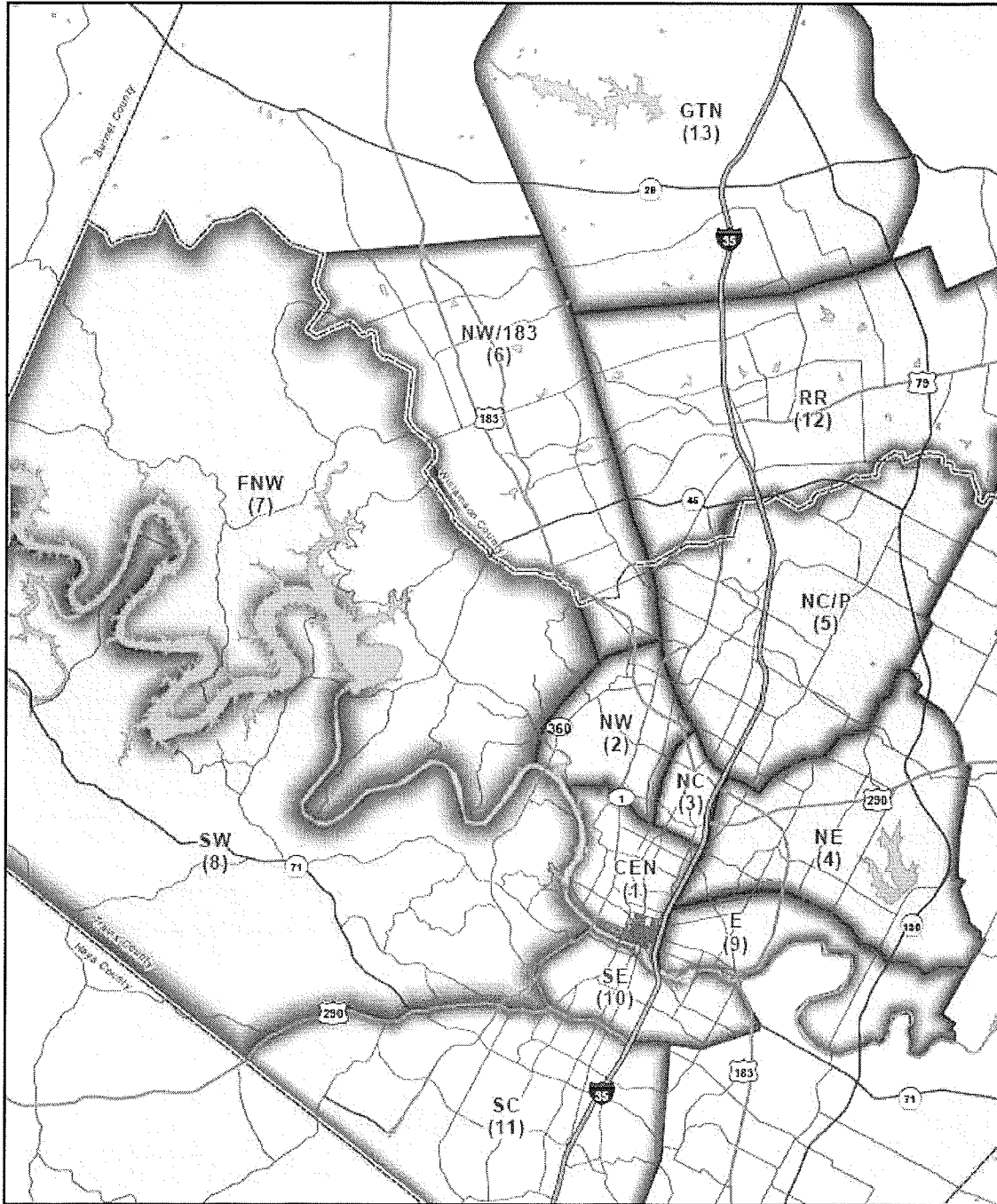
RETAIL SPACE BY DATE OF CONSTRUCTION						
Year	Total Square Feet	# of Buildings	% of Market	Occupied Square Feet	% Occupied	Average Rent
<i>Pre-2002</i>	25,231,991	279	57.4%	24,048,980	95.3%	\$23.76
<i>2002</i>	110,770	2	0.3%	100,906	91.1%	\$22.93
<i>2003</i>	1,335,666	11	3.0%	1,316,337	98.6%	\$26.90
<i>2004</i>	726,942	10	1.7%	693,291	95.4%	\$22.17
<i>2005</i>	2,134,828	16	4.9%	2,078,766	97.4%	\$26.88
<i>2006</i>	1,908,321	19	4.3%	1,867,245	97.8%	\$25.25
<i>2007</i>	3,698,450	14	8.4%	3,562,029	96.3%	\$41.10
<i>2008</i>	2,696,267	19	6.1%	2,629,800	97.5%	\$28.69
<i>2009</i>	1,678,316	9	3.8%	1,655,424	98.6%	\$25.77
<i>2010</i>	416,776	4	0.9%	412,776	99.0%	\$25.00
<i>2011</i>	92,040	2	0.2%	92,040	100.0%	...
<i>2012</i>	637,125	5	1.5%	607,408	95.3%	\$31.90
<i>2013</i>	408,692	3	0.9%	402,190	98.4%	\$31.00
<i>2014</i>	659,409	9	1.5%	638,964	96.9%	\$25.81
<i>2015</i>	261,939	9	0.6%	216,677	82.7%	\$27.69
<i>2016</i>	1,288,675	15	2.9%	1,173,550	91.1%	\$32.67
<i>2017</i>	643,321	10	1.5%	594,668	92.4%	\$34.35
<b>Totals:</b>	<b>43,929,528</b>	<b>436</b>		<b>42,091,051</b>	<b>95.8%</b>	<b>\$26.49</b>

As indicated in the previous two charts, retail space has grown steadily over the past 15 years. Since 2002, retail space has grown by 57%. Over that same period, average rent for new construction has increased by nearly 70%. The overall occupancy in the Austin market is 95.8% and the average rent is \$26.49/SF.



**SUBMARKET ANALYSIS**

As indicated in the following map, the subject is located in the South Central Submarket.



<b>ABSORPTION TABLE</b>			
<b>Retail Lease Space Absorption By Area</b>			
<i>December 2016 to December 2017</i>			
<b>Area</b>	December 2016 to June 2017	June 2017 to December 2017	December 2016 to December 2017
Central	(-9,020)	13,973	4,953
East	0	17,300	17,300
Far Northwest	25,784	(-13,927)	11,857
Georgetown	(-1,773)	(-10,934)	(-12,707)
North Central	(-21,839)	15,304	(-6,535)
North Central/Pflugerville	17,107	(-30,893)	(-13,786)
Northeast	37,540	(-792)	36,748
Northwest	54,699	83,732	138,431
Northwest/183	443,035	194,952	637,987
Round Rock	12,481	18,157	30,638
South Central	(-43,794)	56,372	12,578
Southeast	(-5,458)	(-5,016)	(-10,474)
Southwest	(-78,374)	40,430	(-37,944)
<b>Market Area Total</b>	<b>430,388</b>	<b>378,658</b>	<b>809,046</b>

The South Central Submarket absorbed 12,578 SF of additional retail space in 2017. Although this figure was below average for the Austin area, several other markets experienced negative absorption.

<b>SOUTH CENTRAL (AREA 11)</b>						
<b>RETAIL SPACE BY TYPE OF CENTER</b>						
Type of Center	Total Square Feet	# of Buildings	% of Market	Occupied Square Feet	% Occupied	Average Rent
<i>Community</i>	2,477,955	13	41.8%	2,444,847	98.7%	\$24.75
<i>Neighborhood</i>	1,181,019	13	19.9%	1,160,279	98.2%	\$25.73
<i>Regional</i>	1,321,141	2	22.3%	1,280,661	96.9%	\$30.00
<i>Strip</i>	953,328	25	16.1%	908,534	95.3%	\$20.08
<b>Totals:</b>	<b>5,933,443</b>	<b>53</b>		<b>5,794,321</b>	<b>97.7%</b>	<b>\$24.92</b>

Overall occupancy in the South Central Submarket is 97.7%. Average rent of \$24.92/SF is below average for the Austin area.

#### CONCLUSION

The South Central Submarket has seen relatively little growth over the past 10 years. Over that period, 4 new buildings have been constructed, adding 164,256 SF to the retail market. The subject is well positioned along Interstate 35 with good access and visibility. In a market operating at nearly 98% occupancy, new retail development is likely to attract additional retailers.

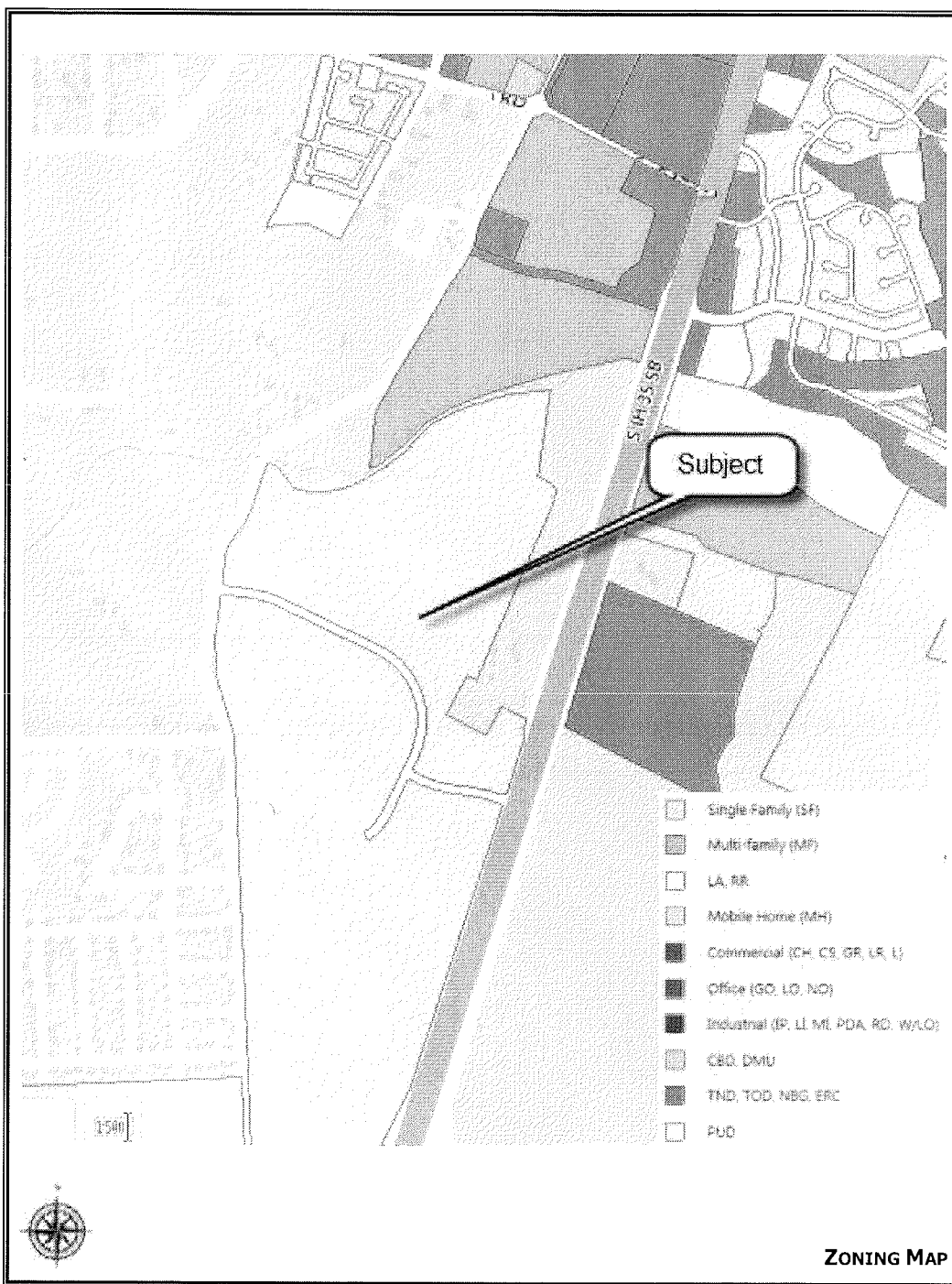




**SITE DESCRIPTION AND ANALYSIS**



Source: Google Earth

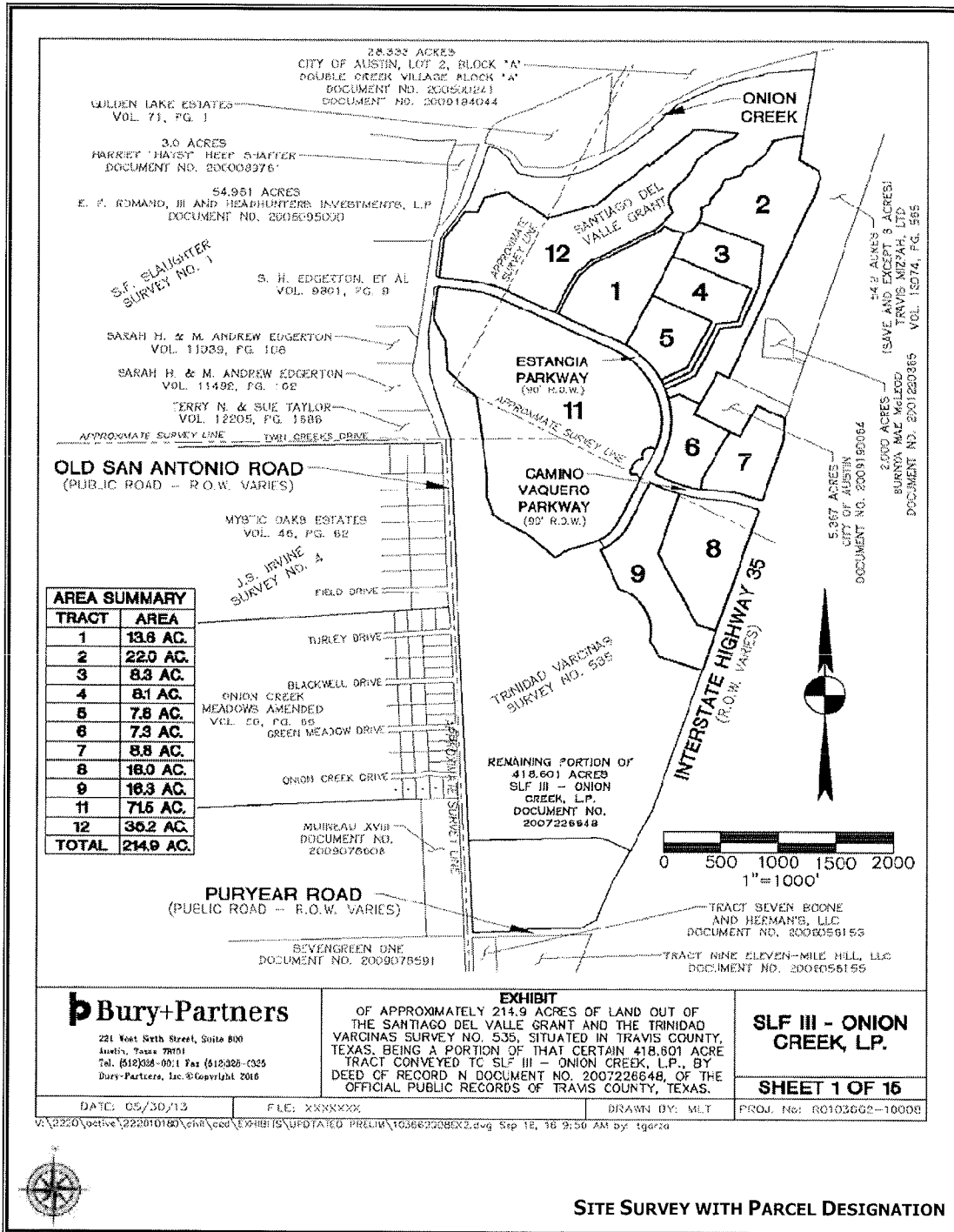


Source: City of Austin GIS



Source: Travis CAD





Source: Client-supplied plan by Stratford Land



**SITE ANALYSIS**

**Location:** Estancia is located in far south Austin along the west line of IH-35, north and west of Puryear Road, and both sides of Old San Antonio Road, Austin, Travis County, Texas. Phase I, the subject, is located between the IH-35 southbound frontage road and Old San Antonio Road, north of Puryear Road, and north of Phase II.

**Site Area:** Phase I contains ±214.90 acres or ±9,361,044 SF (plus ROW). The individual tract sizes based on the survey on page 34 are as follows.

<b>Tract</b>	<b>Acres</b>
1	13.60
2-3	30.30
4-5	15.90
6-7	16.10
8	16.00
9	16.30
11	71.50
12	35.20
<b>Total</b>	<b>214.90</b>

**Access/Visibility and Frontage:** The site has frontage on the IH-35 southbound frontage road on the east and Old San Antonio Road on the west. Visibility from these roads is good. Puryear Road connects the IH-35 frontage road and Old San Antonio Road.

**Flood Plain:** There is flood plain associated with Onion Creek along the north property boundary. The flood plain is in an area dedicated for green space and detention ponds and is outside of the 214.90 acres designated as Phase I.

**Shape:** All of the individual tracts are irregular in shape. Since each tract is large enough to be configured in a variety of ways, site utility based on shape and dimension is not an issue.

**Subsoil Conditions and Drainage:** An engineering study to determine the soil and subsoil conditions was not provided. The soil and subsoil conditions are assumed to be typical of those found in this area. We are not qualified to render an opinion as to the quality of the soils or feasibility for development. Upon inspection of the subject and surrounding improvements, soil conditions appear adequate to support development of the subject with adequate engineering. The opinions of value stated herein are contingent upon the soils providing a stable base as evidenced by existing improvements.

**Topography:** The site is rolling with elevations rising to approximately 740 feet above mean sea level (MSL) near the IH-35 frontage road, declining to about 600 feet near the north boundary with Onion Creek. The topography does not result in any particular development limitations and is an

	appealing feature for residential and mixed-use development.
Environmental and Toxic Waste:	We were not provided an environmental site assessment, and we did not observe evidence of recognized environmental conditions such as hazardous waste and/or toxic materials. We have no knowledge of the existence of any such substances on the property; however, we are not qualified to detect hazardous waste and/or toxic materials. An expert in these fields should be consulted for opinions on these matters. The appraisal is predicated on the assumption that no environmental hazards or special resources exist within or on the subject.
Watersheds:	Onion Creek
Utilities:	The City of Austin supplies water and wastewater service to the site in an agreement with the developer. It is assumed to be constructed to City and County standards and specifications and owned and operated by the City.
Political Boundaries:	City of Austin, Travis County, State of Texas
Zoning:	The site is zoned PUD, Planned Unit Development District, by the City of Austin. This zoning is intended for development and uses to conform to the limitations and conditions set forth in the City of Austin ordinance and in the Preliminary Plan. The uses include various forms of detached and attached residential, multifamily, and commercial improvements, along with supporting parkland and common areas.  Projects such as the subject are approved based on their intention to be developed as a viable community rather than as independent parcels of land. The development standards define the relationship of commercial and residential development and set a framework for review, approval, and ongoing code enforcement for subsequent land development.
School District	Austin ISD
Public Services:	The site is within the limited purpose jurisdiction of the City of Austin. Police, emergency and fire protection are currently under the jurisdiction of the Travis County ESD No. 5 and the Travis County Sheriff's Department.
Land Use Restrictions:	We were not provided a title policy. A search of the Travis County Deed Records did not reveal any adverse restrictions. We are not aware of any known deed restrictions, either public or private, that would limit the utilization of the tracts; however, this statement should not be taken as a guarantee or warranty that no such restrictions exist. Deed and title examination by a title attorney is recommended should any questions arise regarding restrictions. We have assumed no adverse restrictions exist.
Easements/Encumbrances:	Public records and our inspection did not indicate any adverse

easements. The following list of permitted encumbrances was taken from the 2007 deed, the vesting document between the original landowner and the developer.

1. Covenants recorded in Volume 11606, Page 234 of the Real Property Records of Travis County, Texas, as noted on survey dated October 11, 2007, last revised December 10, 2007, prepared by John T. Bilnoski, Registered Professional Land Surveyor No. 4998.

2. 10-foot waterline easement granted to Creedmoor-Maha Water Supply Corp. by instrument dated September 24, 1991, recorded under Document No. 2000152775 of the Official Public Records of Travis County, Texas, as shown on survey dated October 11, 2007, last revised December 10, 2007, prepared by John T. Bilnoski, Registered Professional Land Surveyor No. 4998.

3. Electric and telephone easement granted to Texas Power & Light Company by instrument dated November 27, 1936, recorded in Volume 554, Page 426 of the Deed Records of Travis County, Texas, as noted on survey dated October 11, 2007, last revised December 10, 2007, prepared by John T. Bilnoski, Registered Professional Land Surveyor No. 4998.

4. The terms, conditions and stipulations set out in that certain Partition Agreement dated June 9, 2000, recorded under Document No. 2000089760 of the Official Public Records of Travis County, Texas, as noted on survey dated October 11, 2007, last revised December 10, 2007, prepared by John T. Bilnoski, Registered Professional Land Surveyor No. 4998.

5. 15-foot permanent waterline easements (Phase I and Phase II) and 50-foot temporary easement as to Phase II vested to Creedmoor-Maha Water Supply Corporation in Agreed Judgment dated February 16, 2006, in Cause No. 2530, County Court at Law No. 2, Travis County, Texas, as shown on survey dated October 11, 2007, last revised December 10, 2007, prepared by John T. Bilnoski, Registered Professional Land Surveyor No. 4998.

6. Overhead electric line traversing subject property as shown on survey dated October 11, 2007, last revised December 10, 2007, prepared by John T. Bilnoski, Registered Professional Land Surveyor No. 4998.

Encroachments: Encroachments were not noted and it is assumed that the sites are free and clear of the same.

Adjacent Properties: North: Onion Creek followed by multifamily  
South: Phase II of Estancia Hill Country which is currently undeveloped

East: Interstate 35 followed by mostly vacant land

West: Residential development of homes built in the 1980s/vacant land



**HIGHEST AND BEST USE ANALYSIS***As if Vacant***Physically Possible**

The physical characteristics of the parent tract and site segments do not appear to impose any unusual restrictions on residential or commercial development. Overall, the physical characteristics of the land and the availability of utilities results in functional utility suitable for a variety of uses allowed by the assumed PUD zoning.

**Legally Permissible**

The subject's location, accessibility, and physical characteristics were discussed in the *Market Area Analysis* and *Site Description and Analysis*. The only permitted uses under the development agreement and PUD ordinance, and the only uses that are consistent with prevailing and future land use patterns in the area, are a combination of single family residential, multifamily, and commercial uses in a mixed use, master planned community. To our knowledge, there are no other legal restrictions such as easements or deed restrictions that would limit the use of the property as proposed. Given prevailing land use patterns in the area, only mixed use is given further consideration in determining the highest and best use of the site.

**Financially Feasible**

Based on the residential market analysis, there is demand for additional single family development at the current time. Multifamily development is also in high demand as outlined in the multifamily market analysis. Because of a slowdown in new construction over the past three years and the resulting drop in residential lot inventory, there is a shortage of residential lots compared to historical levels. A similar condition exists for multifamily properties. Commercial development is in demand but to a lesser degree, but the addition of residential development will create the need for supporting commercial development, especially neighborhood commercial uses.

The PID agreement with the City of Austin will significantly offset the cost of infrastructure development. The development of residential, multifamily, and commercial lots should be at a competitive price due to the offset in costs for roads, utilities, and the some of the subdivision amenities.

**Maximally Productive**

There is no reasonably probable use of the parent site that would generate a higher residual land value than a mixed use, master planned community. The best use of the individual tracts is in accordance with the preliminary plan for single family, multi-family and commercial use.

Tract	Highest and Best Use
1	Multifamily
2-3	Multifamily
4-5	Multifamily
6-7	Multifamily
8	Retail
9	Multifamily
11	Single Family
12	Single Family



*As Improved*

The improved subject tracts contain single family residences and multifamily structures at various levels of completion. All of the subject tracts are a part of an emerging, mixed-use, master-planned community zoned as a PUD. The highest and best use of the subject property as improved is continuation of its current use as a mixed use development.

**VALUATION OF THE PROPERTY**

**SALES COMPARISON APPROACH****Site Valuation Overview**

The Sales Comparison Approach is utilized to estimate the value of each of the sites or tracts. In valuing property with this approach, comparable sales are gathered, and the most comparable are used for comparison. Since properties are not identical, the sales must be adjusted to the subject for differences in transactional impact and physical characteristics.

We researched the market area for similar properties that sold recently or were under contract. Additionally, real estate brokers and property owners in the area were contacted for information pertaining to properties which would be in direct competition with the subject if they were offered for sale in the open market. Those data which were considered most similar to the subject are presented on the following pages.

For the purpose of valuation, the site is divided into saleable tracts or parcels as outlined in the map on page 9. These parcels are available to be sold individually with road access and utilities. Per the client's instructions, we have appraised the market value of each parcel independently. The results are individual market values that do not consider holding periods or carrying costs required to market numerous parcels, or units, in one location. Instead, we assume that each parcel would be the first and/or only unit sold in the current market.

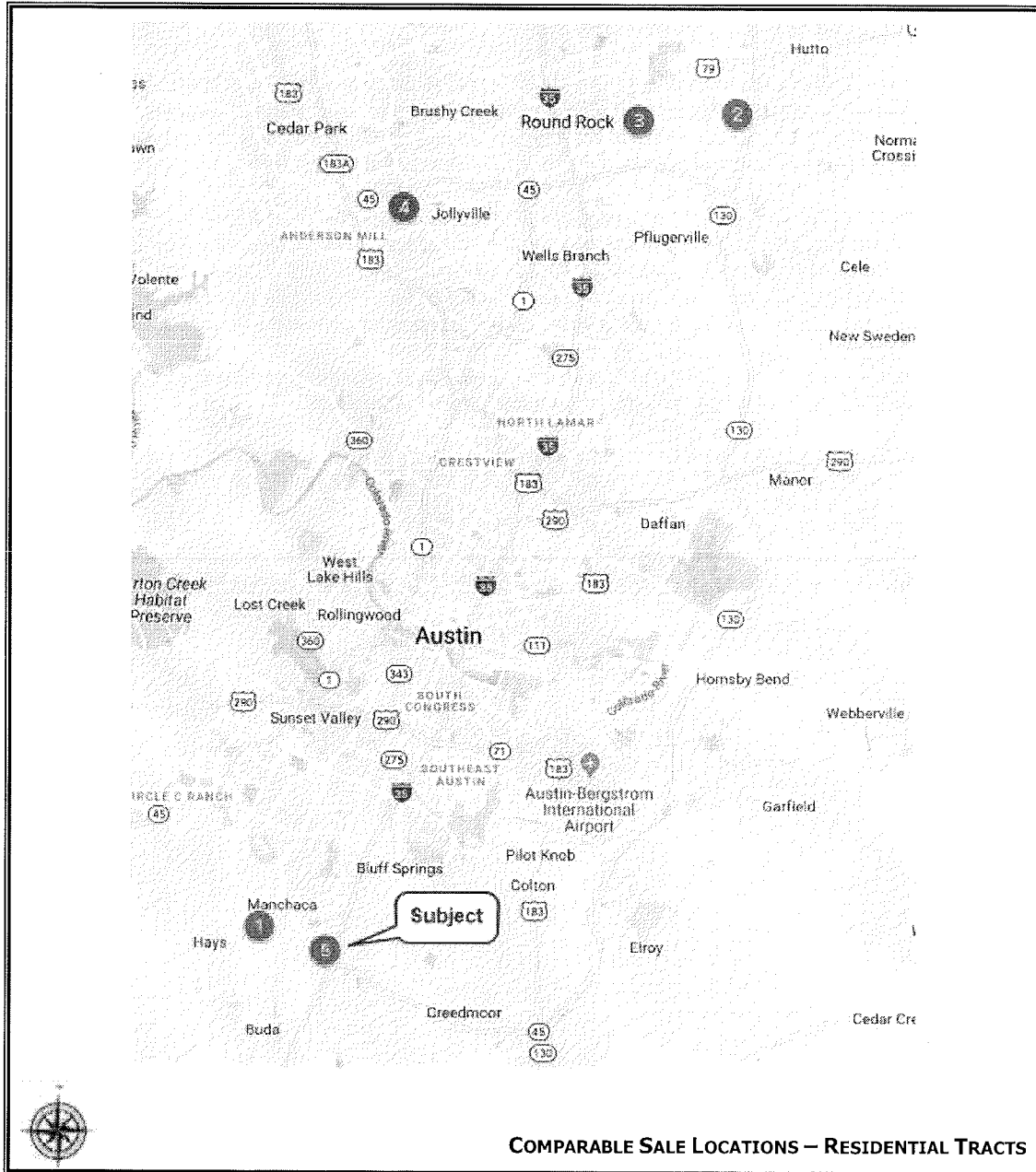
The sales comparison approach develops an indication of value by researching, verifying, and analyzing sales of similar properties. All tracts in this analysis are available for development.

Each section includes a map showing the location of the comparable sales, a summary of the sales, and an adjustment grid. Similar tracts are combined within the same analysis, and each is valued separately through this process.



**VALUATION OF THE VACANT RESIDENTIAL TRACT 12**

A section is designated for single family detached residential development. The residential site is located west of the commercial and multifamily area away from the interstate highway. It is adjacent to Onion Creek on the north and Old San Antonio Road on the west. This section of the development contains rolling topography and areas of tree cover. Locations of the comparable sales used in this analysis are shown in the map below.



## Land Sale No. 1

**Property Identification**

<b>Record ID</b>	4166
<b>Property Name</b>	The Hills of Bear Creek
<b>Address</b>	12913 Olivers Way, Manchaca, Travis County, Texas 78652
<b>Location</b>	SE of FM 1626, N of Little Bear Creek
<b>Tax ID</b>	Multiple account numbers
<b>Longitude, Latitude</b>	W-97.849485, N30.135908

**Sale Data**

<b>Grantor</b>	2013 Land Investments, Ltd.
<b>Grantee</b>	Milestone Development, Inc.
<b>Sale Date</b>	October 31, 2016
<b>Deed Book/Page</b>	2016183211
<b>Deed Review Date</b>	8/23/2018
<b>Date of Inspection</b>	8/23/2018
<b>Verification</b>	Adam MacLean; 512-366-3099, August 14, 2018; Other sources: Deed; Confirmed by CCW

<b>Sale Price</b>	\$8,000,180
<b>Cash Equivalent</b>	\$8,000,180

**Land Data**

<b>Zoning</b>	None, ETJ
<b>Topography</b>	Rolling
<b>Utilities</b>	All to site
<b>Shape</b>	Irregular
<b>Flood Info</b>	Approximately 15% in the floodplain along southern line
<b>Current/Intended Use</b>	SFR Subdivision

**Land Size Information**

<b>Gross Land Size</b>	87.040 Acres or 3,791,462 SF
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**Indicators**

<b>Sale Price/Gross Acre</b>	\$91,914
<b>Sale Price/Gross SF</b>	\$2.11

**Legal Description**

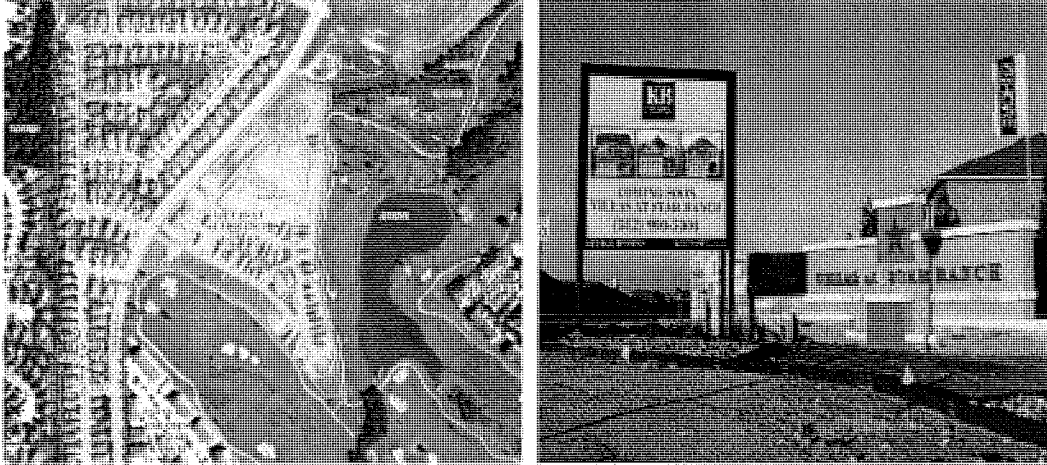
Tract 1: Lots 1-37, Block A; Lots 1-28, Block B; Lots 1-16, Block C; Lots 1-26, Block D; Lots 1-26, Block E; Lots 1-7, Block F; Lots 1-4, Block G, out of the Ring Tract, Phase One Subdivision, recorded under Document No. 201600227, in the Official Public Records of Travis County, Texas.  
Tract 2: The approximately 38.605 acres of real property in Travis County, Texas, as more particularly described by metes and bounds on Exhibit "A-1" attached hereto and incorporated herein by reference.

**Remarks**

This tract was purchased as an extension of "The Hills of Bear Creek" subdivision. Milestone Community Builders has begun construction on the new phase of single-family residences.



## Land Sale No. 2

**Property Identification**

<b>Record ID</b>	3644
<b>Property Name</b>	Villas at Star Ranch
<b>Address</b>	310 Danish Drive, Hutto, Williamson County, Texas 78634
<b>Location</b>	On Winterfield Rd on each side of Star Ranch, Hutto ETJ
<b>Tax ID</b>	R543379
<b>Longitude, Latitude</b>	W-97.586940, N30.511825

**Sale Data**

<b>Grantor</b>	TACK Development LTD
<b>Grantee</b>	KB Home Lone Star Inc.
<b>Sale Date</b>	December 12, 2014
<b>Deed Book/Page</b>	2014100311
<b>Deed Review Date</b>	8/23/2018
<b>Date of Inspection</b>	8/23/2018
<b>Verification</b>	Kent Taylor; 512-708-0800; August 23, 2018; Confirmed by PH&Co

<b>Sale Price</b>	\$2,730,000
<b>Cash Equivalent</b>	\$2,730,000

**Land Data**

<b>Zoning</b>	None
<b>Utilities</b>	All to Site
<b>Shape</b>	Irregular
<b>Flood Info</b>	None
<b>Current/Intended Use</b>	SFR Subdivision

**Land Size Information**

<b>Gross Land Size</b>	19.970 Acres or 869,893 SF
<b>Front Footage</b>	1373 ft: Winterfield Drive
<b>Indicators</b>	
<b>Sale Price/Gross Acre</b>	\$136,705
<b>Sale Price/Gross SF</b>	\$3.14



**Legal Description**

S10973 - Star Ranch Parcel 23, Block A, Lot 1 (PT), Acres 19.97

**Remarks**

Once completed, the Villas at Star Ranch will have 136 homes. The one- and two-story floor plans available at Villas at Star Ranch range in size from 1,340 to 2,708 square feet. The property is located east of SH 130 in Hutto, with nearby access to Hwy 79 and SH 45. Dell Diamond, Stone Hill Town Center and La Frontera offer nearby entertainment options.





## Land Sale No. 3

**Property Identification**

**Record ID** 3648  
**Property Name** The Grove  
**Address** 1051 Kenney Fort Xing, Round Rock, Williamson County, Texas 78665  
**Location** Forest Creek Drive just west of Kenney Fort Blvd  
**Tax ID** R055831

**Sale Data**

**Grantor** Round Rock Ranch Ltd  
**Grantee** Pulte Homes of Texas LP  
**Sale Date** March 16, 2016  
**Deed Review Date** 8/23/2018  
**Date of Inspection** 8/23/2018  
**Verification** Kent Taylor; 512-708-0800; August 23, 2018; Confirmed by PH&Co

**Sale Price** \$3,100,000  
**Cash Equivalent** \$3,100,000

**Land Data**

**Zoning** None  
**Utilities** All to Site  
**Shape** Irregular  
**Flood Info** None  
**Current/Intended Use** SFR Subdivision

**Land Size Information**

**Gross Land Size** 17.800 Acres or 775,368 SF  
**Front Footage** 1,060 ft: Forest Creek Dr; 850 ft: Kenney Fort Xing

**Indicators**

**Sale Price/Gross Acre** \$174,157  
**Sale Price/Gross SF** \$4.00



**Legal Description**

Tract 1: Being all that certain tract or parcel of land containing 9.254 acres, more or less, situated in the Prior A. Holder Survey, Abstract No. 297, Williamson County, Texas.

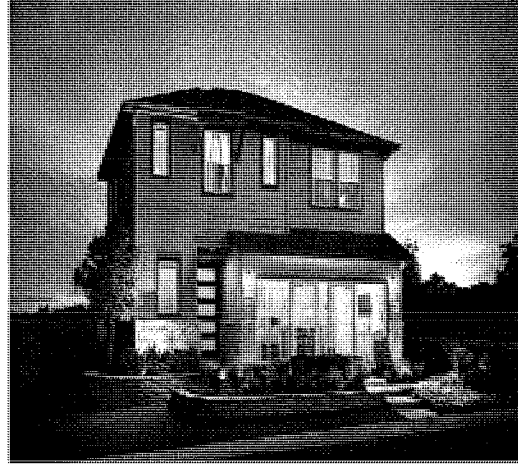
Tract 2: Being all of that certain tract or parcel of land containing 16.884 acres, more or less, situated in the Prior A. Holder Survey, Abstract No. 297, Williamson County, Texas.

**Remarks**

The property has been renamed Concord at Brushy Creek – The Grove. Homes range in size from 1,676 SF to 2,418 SF. The property is located off Forest Creek Drive in Round Rock, with access to La Frontera Shopping Center and the Dell Diamond.



## Land Sale No. 4

**Property Identification**

**Record ID** 3842  
**Address** Briarwick Drive, Austin, Williamson County, Texas 78729  
**Location** SEC of Amberglen Blvd and Briarwick  
**Tax ID** R330948, R330949, R562655  
**Longitude, Latitude** W-97.768037, N30.468385

**Sale Data**

**Grantor** Austin Jack, LLC  
**Grantee** Cal Atlantic Homes of Texas, Inc.  
**Sale Date** September 14, 2016  
**Deed Book/Page** 2016085861  
**Deed Review Date** 8/23/2018  
**Date of Inspection** 8/23/2018  
**Verification** Mitchell Kirkpatrick; 210-299-8910, December 06, 2017; Confirmed by CPH

**Sale Price** \$3,400,000  
**Cash Equivalent** \$3,400,000

**Land Data**

**Zoning** None  
**Topography** Level  
**Utilities** All available  
**Shape** Irregular  
**Flood Info** Not in floodplain  
**Easements** Typical Public Utility Easements  
**Current/Intended Use** SFR Subdivision

**Land Size Information**

**Gross Land Size** 12.826 Acres or 558,701 SF  
**Front Footage** 700 ft: Amberglen Blvd; 860 ft: Briarwick Dr;

**Indicators**

<b>Sale Price/Gross Acre</b>	\$265,087
<b>Sale Price/Gross SF</b>	\$6.09

**Legal Description**

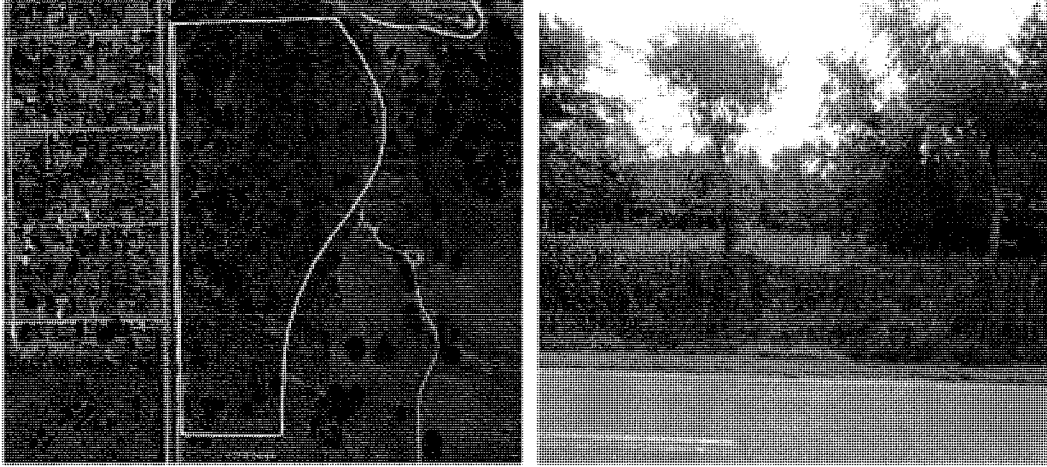
Lots 1 and 2, Block B, State Farm Subdivision, Section 1, Williamson County, Texas

**Remarks**

Buyer obtained a Site Development Permit (SP-2016-0101D) on December 8, 2016 for 83 units. Amber Oaks will have 70 units, when it is completed. Homes range from 1,474 SF to 2,511 SF. The community is located south of Hwy 620, west of Parmer Lane with nearby access to Lakeline Mall, The Domain and La Frontera Shopping Centers.



## Pending Land Sale No. 5

**Property Identification**

<b>Record ID</b>	4170
<b>Property Name</b>	Estancia Hill Country Phase II
<b>Address</b>	Old San Antonio Rd, Austin, Travis County, Texas 78748
<b>Location</b>	E/S of Old San Antonio Rd, N of Puryear Rd
<b>Tax ID</b>	Part of 837564
<b>Longitude, Latitude</b>	W-97.809993, N30.119211

**Sale Data**

<b>Grantor</b>	SLF III - Onion Creek, L.P.
<b>Grantee</b>	M/I Homes of Austin, LLC
<b>Date of Inspection</b>	8/9/2018
<b>Verification</b>	Davis Wiggins; 214-239-2356, August 10, 2018; Other sources: Review of Contract; Confirmed by CCW

<b>Contract Price</b>	\$3,884,332
<b>Cash Equivalent</b>	\$3,884,332

**Land Data**

<b>Zoning</b>	PUD
<b>Topography</b>	Rolling
<b>Utilities</b>	All to Site
<b>Shape</b>	Irregular
<b>Flood Info</b>	None
<b>Current/Intended Use</b>	SFR Subdivision

**Land Size Information**

<b>Gross Land Size</b>	29.724 Acres or 1,294,777 SF
<b>Front Footage</b>	1,925 ft: Old San Antonio Rd

**Indicators**

<b>Sale Price/Gross Acre</b>	\$130,680
<b>Sale Price/Gross SF</b>	\$3.00



**Legal Description**

28.3953 acres of land out of the Trinidad Varcinas Survey No. 535, situated in Travis County, Texas.

**Remarks**

This tract of land is currently under contract between Stratford Land and MI Homes. The proposed plan for the tract is 163 single-family residences.



**VALUATION OF RESIDENTIAL TRACT 12**

The table below summarizes the transactions that are most comparable to the subject.

<b>LAND SALES SUMMARY</b>								
No.	Property Location	Sale Date	Zoning	Size (Acres)	Utilities	Intended Use	Sale Price	Price per SF
1	Hills of Bear Creek, Manchaca	10/31/2016	ETJ	87.040	All to site	SFR Subdivision	\$8,000,180	\$2.11
2	310 Danish Dr, Hutto	12/12/2014	ETJ	19.970	All to site	SFR Subdivision	\$2,730,000	\$3.14
3	1051 Kenney Fort Crossing, Round Rock	3/16/2016	ETJ	17.800	All to site	SFR Subdivision	\$3,100,000	\$4.00
4	Briarwick Drive, Austin	9/14/2016	ETJ	12.826	All to site	SFR Subdivision	\$3,400,000	\$6.09
5	Estancia Phase II Tract, Austin	2/1/2017	PUD	29.724	All to site	SFR Subdivision	\$3,884,332	\$3.00
	Estancia Residential Tract 12	N/A	PUD	35.200	All to site	Residential	N/A	N/A

In analyzing and comparing the market data to the subject property, each comparable was adjusted for dissimilar characteristics. Adjustments were applied as follows.

***Conditions of Sale/Financing***

The sales reflected cash-to-seller transactions or those where the financing terms were reported to be at market. As such, no adjustments for cash equivalency were necessary.

***Market Conditions***

The transactions occurred between December 2014 and October 2016. According to area brokers and our analysis of the land sales in this submarket, land prices have been appreciating in recent years. Research indicated that the rate of change was approximately 6% per year, and each sale is adjusted accordingly. Sale 5 is adjusted from February 2017 (typical closing date for a July 2016 contract) to the present to recognize the atypically long period from the contract date to closing, which has not yet occurred.

***Location/Access***

The subject is located west of the southbound IH-35 frontage road north of its intersection at Puryear Road in far-south Austin. The area primarily consists of single family development with multifamily and commercial development along the arterials. The area surrounding the subject is mostly vacant land with older residential development or small acreage residential sites in the immediate area, and newer residential development to the north and to the south in the Buda and Kyle submarkets.

Access to the subject will be via a southbound IH-35 exit just north of the site. An entrance ramp near the middle of Estancia will also provide ingress to IH-35 southbound. Northbound access to IH-35 is attainable by the Puryear Road overpass connecting the northbound frontage road.

Paired sales analysis was utilized to support the location adjustments shown below; the details of that analysis are contained in our work file.

Sale 1 is located west of the subject in Manchaca off FM 1626. Its general location and access are inferior because of farther proximity from IH-35. It is adjusted upward.



Sale 2 is located east of SH 130 in Hutto. It is superior because of location and the maturity of the surrounding development; therefore, it is adjusted downward.

Sale 3 is located north of SH 45, east of Interstate 35 in Round Rock. Its general location and surrounding development are superior to the subject. It is adjusted downward.

Sale 4 is located south of FM 620, west of Parmer Lane in north Austin. Its mature surrounding development and location are superior; therefore, a downward adjustment is made.

Sale 5 is located within Estancia Hill Country Phase II with similar access. No adjustments were warranted for Sale 5.

### *Size*

Typically, there is an inverse relationship between price and size as larger properties generally sell for less per unit than smaller tracts. The sales are adjusted for differences at a rate of 10% per size doubling or halving. After adjusting on this basis and adjusting for other factors, the indicated unit values form a relatively tight range, providing support for the adjustment basis.

### *Entitlements*

The subject benefits from an off-site detention pond, which is considered a positive factor for development of the site. Sales 1, 3 and 4 have on-site detention ponds and were considered inferior to the subject. A slight upward adjustment was made to each sale. The subject property also features on-site parkland/open space, which reduces the development potential of the site, but is common in the Austin entitlement process. All the sales were similar for this characteristic and were not adjusted.

### *Floodplain*

Neither the subject nor the sales have significant flood plain, and none were adjusted for flood considerations.

### *Utilities/Infrastructure*

The subject's utilities, spine road, and basic infrastructure are presumed to be in place according to a hypothetical condition. Consequently, in the adjustment grid, the subject is viewed as having access and all utilities available to the site. The sales also have utilities and roads at the perimeter, and no adjustments are applied.

### *Zoning*

The subject is presumed to be through the zoning and entitlement process on the date of valuation. Sale 5 was zoned PUD at the time of its contract execution and is not adjusted. All remaining sales were located in ETJ areas or were not specifically zoned or entitled. An upward adjustment was applied to Sales 1-4.

### *Other Characteristics (PID)*

The sales are located in areas with public infrastructure at their perimeter. Therefore, the subject's PID approval and subsequent infrastructure construction place it in a similar condition. As this analysis presumes completion of infrastructure items, no adjustments are warranted.



**Market Value Conclusion – Residential Tract****ADJUSTMENT GRID - Estancia Residential Tract 12**

	<b>Subject</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Transaction Type	---	Sale	Sale	Sale	Sale	Sale
Transaction Date	---	10/31/2016	12/12/2014	3/16/2016	9/14/2016	2/1/2017
Zoning	PUD	ETJ	ETJ	ETJ	ETJ	PUD
Sales Price	NA	\$8,000,180	\$2,730,000	\$3,100,000	\$3,400,000	\$3,884,332
Size (acres)	35.200	87.040	19.970	17.800	12.826	29.724
Size (SF)	1,533,312	3,791,462	869,893	775,368	558,701	1,294,777
Price per SF		\$2.11	\$3.14	\$4.00	\$6.09	\$3.00
Property Rights		0%	0%	0%	0%	0%
Terms of Sale		0%	0%	0%	0%	0%
Conditions of Sale/Financing		0%	0%	0%	0%	0%
Market Conditions		+11%	+22%	+15%	+12%	+9%
Adjusted \$/SF		\$2.34	\$3.83	\$4.60	\$6.82	\$3.27
Location/Access		+15%	-10%	-30%	-50%	0%
Size		+15%	-10%	-10%	-15%	0%
Entitlements		+5%	0%	+5%	+5%	0%
Floodplain		0%	0%	0%	0%	0%
Utilities/Infrastructure		0%	0%	0%	0%	0%
Zoning		+5%	+5%	+5%	+5%	0%
Other (PID)		0%	0%	0%	0%	0%
Net Adjustment		+40%	-15%	-30%	-55%	0%
Indicated Unit Value		\$3.28	\$3.26	\$3.22	\$3.07	\$3.27

Five sales were considered in this analysis. These data indicated an adjusted range for the subject of \$3.07 per SF to \$3.28 per SF with a mean and median of \$3.22 per SF and \$3.26 per SF, respectively. With reliance on central tendency of the data, a value of \$3.25 per SF is reconciled.

MARKET VALUE CONCLUSION - TRACT 12			
Acres	SF	Value per SF	Market Value
35.20	1,533,312	\$3.25	\$4,983,264
		Rounded	<b>\$4,980,000</b>

A review of recent sales transactions and an analysis of supply and demand in the local market indicate that the probable exposure time for the subject is 6 to 12 months.



**VALUATION OF THE IMPROVED RESIDENTIAL TRACT 11**

Tract 11 is developed with a residential subdivision which contains improved lots, both completed and under construction, and vacant home sites. The following chart details the number of each type.

Single Family Residences Completed	181
Single Family Residences Under Construction	51
Vacant Lots	66

*Single Family Residences Completed*

Historical sales prices for all of the individual residences which have sold were available and were analyzed. As their sales prices are indicative of their market value, the summation of all of the sale prices is adopted as the market value for the cumulative retail value of the single family residences. The sale prices were tested for reasonableness by analysis of similar home sales in the submarket. The historical sales prices for the homes that have been sold are provided in the addenda to this report. Sales prices for three improved lots were unavailable. For these lots, the average sales price of all of the sold homes is adopted as the market value, \$333,170. Based on the historical prices on the subject homes, and our analysis of the sales of similar homes in the market, the cumulative value of this property component is as follows:

Cumulative Single Family Completed		
181 Residences	=	\$60,303,770

*Single Family Residences Under Construction*

Data for the construction progress for each incomplete residence was not provided by the homebuilder. For valuation purposes, we assume that incomplete homes are 50% complete on average. Their as-complete value is input at the average price of all home sales. The chart below indicates the cumulative value of all incomplete homes.

Cumulative Single Family Under Construction			
	Avg Sale Price	% Complete	
51 Residences	x \$333,170	50%	\$8,495,835

*Vacant Lots*

51 lots in the residential subdivision remain vacant and owned by the homebuilder. These lots are valued by the Travis Central Appraisal District at \$49,111 each. The TCAD land value assigned to the improved lots which have been sold by the homebuilder is \$64,586, implying an inventory discount was applied to the builder-owned lots. The land value assigned to the improved lots (\$64,586) is representative of market value in the subject market area. This opinion is based on a comparison of the TCAD values to sale prices of similar lots in the market. The TCAD value equates to 19% of the finished home value, which is a typical land contribution for production homes. The per-lot value has been adopted, after rounding, as the market value for the vacant residential lots in the subdivision.

Cumulative Vacant Lot Value		
\$65,000/lot	x 66 Lots =	\$4,290,000

*Value Conclusion*

The following chart indicates the value of each component and the cumulative value of Tract 11.

CUMULATIVE MARKET VALUE CONCLUSION - TRACT 11	
Cumulative Single Family Completed	60,303,770
Cumulative Single Family Under Construction	8,495,835
Cumulative Single Family Vacant	4,290,000
Total:	73,089,605
Rounded:	\$73,100,000

A review of recent sales transactions and an analysis of supply and demand in the local market indicate that the probable exposure time for vacant lots and complete single family homes is 1 to 6 months.



**VALUATION OF MULTIFAMILY TRACT 9**

Tract 9 is 16.33 acres of land improved with a 312-unit apartment complex named Estancia Villas. It was constructed in 2017 and was 87% occupied as of the effective date. The following improved multifamily sales in the subject's market were used to determine a value for the subject.

Name	YB	# Units	Avg Rent/SF	Avg Unit Size	Sale Price	Sale Date	\$/Unit
imt Southpark South	2016	285	\$1.38	859	\$40,600,000	3/14/2016	\$142,456
The James on S 1st	2016	250	\$1.28	905	\$36,800,000	12/15/2016	\$147,200
Pure Creekside at Onion Creek	2016	276	\$1.50	828	\$40,170,000	1/25/2017	\$145,543
Still Waters	2016	256	\$1.33	746	\$35,000,000	11/5/2017	\$136,719
Bexley 3five	2016	338	\$1.36	859	\$54,418,000	6/8/2017	\$161,000
Ocotillo	2017	308	\$1.53	852	\$52,360,000	5/16/2018	\$170,000
Southpark Crossing	2017	308	\$1.32	801	\$42,250,000	12/28/2017	\$137,175
Estancia Villas	2017	312	\$1.32	845			

The previous chart indicates a value range of \$136,719/unit to \$170,000/unit and a mean and median of \$148,585/unit and \$145,543/unit, respectively. As market rents have been relatively flat over the past 2 years, no market condition adjustments are made to the prices of the comparable properties. An adjustment of 5% has been made to each sale to reflect the subject's below-market occupancy. After the occupancy adjustment, the indicated value range is \$129,883 per unit to \$161,500 per unit with a mean and median of \$141,156/unit and \$138,266/unit, respectively. As the sale properties are sufficiently similar to the subject, no adjustments are applied except for occupancy. Reconciling between the mean and median, a value of \$140,000/unit is indicated.

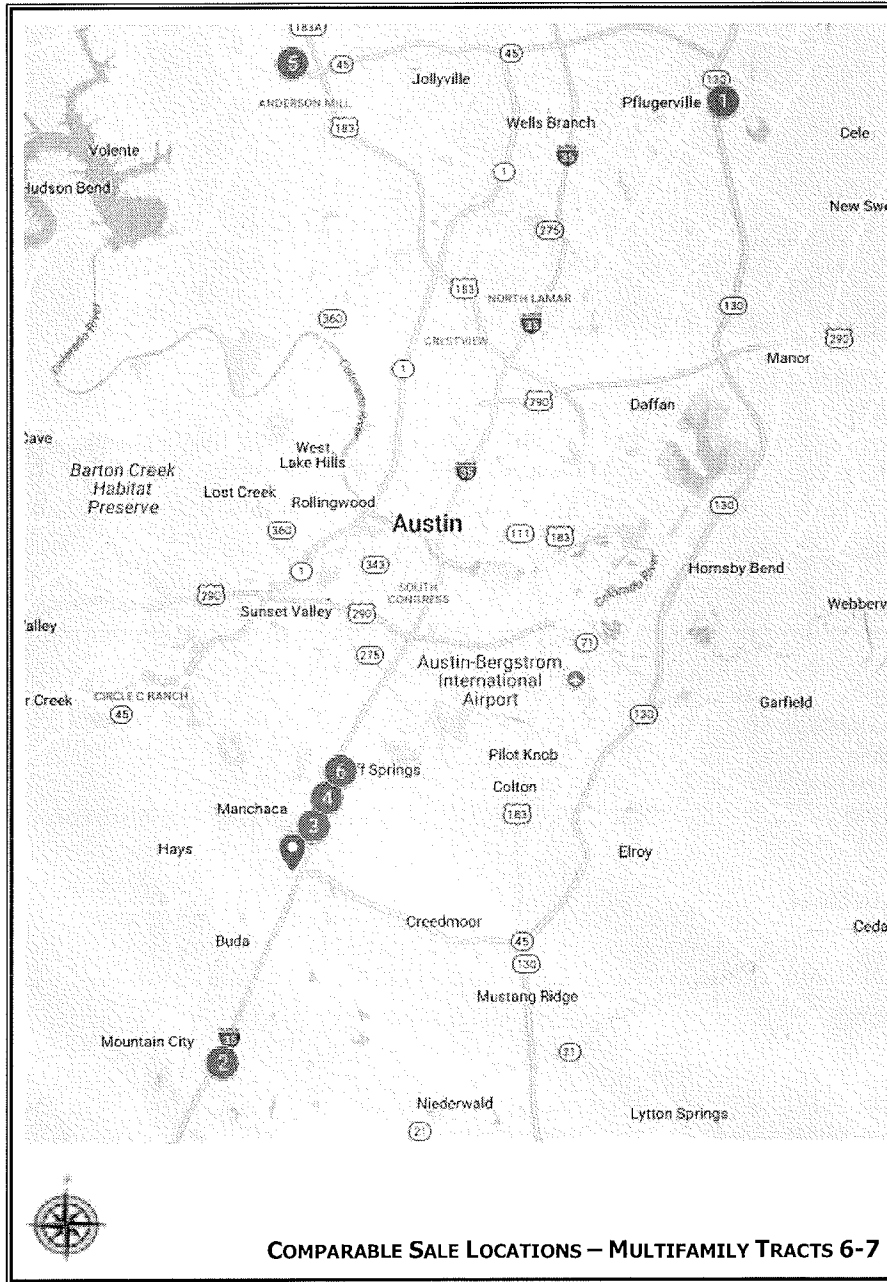
MARKET VALUE CONCLUSION - TRACT 9		
Units	Value per Unit	Market Value
312	\$140,000	\$43,680,000
	Rounded	\$43,700,000

A review of recent sales transactions and an analysis of supply and demand in the local market indicate that the probable exposure time for the subject is 6 to 12 months.



**VALUATION OF MULTIFAMILY TRACTS 6-7**

Tracts 6 and 7 are 16.10 acres of land which will be improved with a 320-unit apartment complex named the Park at Estancia. The improvements are currently under construction. To value the subject, we have estimated the land value and included costs for site clearing and construction of the foundation. In addition, we have added costs for permitting, entitlement and other soft costs. The map below indicates the sales used to value the unimproved land.



## Land Sale No. 1

**Property Identification**

**Record ID** 3457  
**Address** 2132 Falcon Village Lane, Pflugerville, Travis County, Texas 78660  
**Location** WS Colorado Sand at Lone Star Ranch Blvd./ NS Falcon Village Lane  
**Tax ID** 874455  
**Longitude, Latitude** W-97.591183, N30.453367

**Sale Data**

**Grantor** Terrabrook Falcon Pointe, LLC  
**Grantee** Waypoint Austin Falcon Owner, LLC  
**Sale Date** September 12, 2016  
**Deed Book/Page** 2016151239  
**Deed Review Date** 8/23/2018  
**Date of Inspection** 8/23/2018  
**Verification** Matt Mathias; 512-330-9111, January 05, 2017; Confirmed by MMA

**Sale Price** \$4,356,000  
**Cash Equivalent** \$4,356,000

**Land Data**

**Zoning** Multi-family, PUD  
**Topography** Slopes moderately upward south to north  
**Utilities** All available; Off-site detention provided  
**Shape** Irregular  
**Flood Info** None noted  
**Current/Intended Use** MF Development

**Land Size Information**

**Gross Land Size** 20.000 Acres or 871,200 SF  
**Front Footage** 630 ft: Falcon Village Lane; 1,050 ft: Colorado Sand Drive



**Indicators**

<b>Sale Price/Gross Acre</b>	\$217,800
<b>Sale Price/Gross SF</b>	\$5.00

**Legal Description**

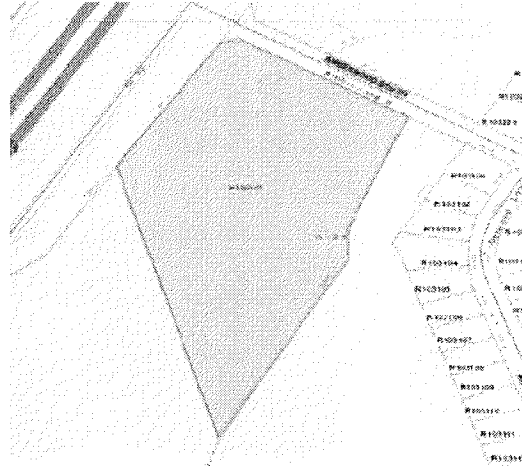
Lot 2, Block 2, Falcon Pointe POD 7, Phase 1, under Document No. 201600108 of the Official Public Records of Travis County, Texas

**Remarks**

The site had access to off-site detention facilities. The site was purchased for multi-family development.



## Land Sale No. 2

**Property Identification**

**Record ID** 2859  
**Address** 19196 IH 35, Kyle, Hays County, Texas 78640  
**Location** EL of IH 35 northbound at Amberwood South  
**Tax ID** R126545  
**Longitude, Latitude** W-97.845000, N30.037720

**Sale Data**

**Grantor** South Corridor Park, Ltd.  
**Grantee** Strand Kyle Holdings, LLC  
**Sale Date** March 03, 2014  
**Deed Book/Page** V. 4870, Pg. 66  
**Deed Review Date** 8/23/2018  
**Date of Inspection** 8/23/2018  
**Verification** Bert Pence - Owner; 512-917-6000, November 07, 2014; Other sources: CoStar # 3076451, Confirmed by JM

**Sale Price** \$1,300,000  
**Cash Equivalent** \$1,300,000

**Land Data**

**Zoning** R/S - Retail Services, Retail  
**Topography** Level  
**Utilities** All available  
**Shape** Irregular  
**Flood Info** Not in the flood plain  
**Current/Intended Use** Vacant land/Apartments

**Land Size Information**

**Gross Land Size** 7.634 Acres or 332,537 SF  
**Front Footage** 387 ft: IH 35; 540 ft: Amberwood South





**Indicators**

<b>Sale Price/Gross Acre</b>	\$170,291
<b>Sale Price/Gross SF</b>	\$3.91

**Legal Description**

Lot 2, Amberwood Commercial Section, a subdivision in Hays County, Texas, according to the map or plat thereof, recorded in Volume 14, Pages 129-131 of the Plat records of Hays County, Texas

**Remarks**

This is the sale of a commercial lot located along the east line of northbound IH-35 frontage road at Amberwood South. The buyers acquired a zoning change to multi-family and developed the site as apartments.



## Land Sale No. 3

**Property Identification**

**Record ID** 4139  
**Property Name** Estancia Villa Apartments  
**Address** Estancia Pkwy, Austin, Travis County, Texas 78748  
**Location** W/S of IH-35, S of Camino Vaquero Pkwy  
**Tax ID** 868485  
**Longitude, Latitude** W-97.806190, N30.121550

**Sale Data**

**Grantor** SLF - Onion Creek, L.P.  
**Grantee** Estancia Villas LLC  
**Sale Date** October 07, 2015  
**Deed Book/Page** 2015162544  
**Deed Review Date** 8/9/2018  
**Date of Inspection** 8/9/2018  
**Verification** Davis Wiggins; 214-239-2356, August 09, 2018; Other sources: Costar; Confirmed by Justin Sims and Jason Thomas

**Sale Price** \$3,800,000  
**Cash Equivalent** \$3,800,000

**Land Data**

**Zoning** PUD  
**Topography** Mostly level  
**Utilities** All to site  
**Shape** Irregular  
**Flood Info** None  
**Current/Intended Use** Multifamily Apartments

**Land Size Information**

**Gross Land Size** 16.331 Acres or 711,378 SF  
**Front Footage** 473 ft: IH-35; 275 ft: Camino Vaquero Pkwy; 730 ft: Estancia Pkwy



**Indicators**

<b>Sale Price/Gross Acre</b>	\$232,686
<b>Sale Price/Gross SF</b>	\$5.34

**Legal Description**

A 16.331-acre tract of land out of the Trinidad Varcinas Survey, Abstract No. 535 and the Santiago Del Valle Survey, Abstract No. 24 situated in Travis County, Texas.

**Remarks**

This property is part of the Estancia Hill Country development in South Austin. The site has been developed with 312 multifamily units.



## Land Sale No. 4

**Property Identification**

**Record ID** 4140  
**Property Name** The Park at Estancia  
**Address** Estancia Pkwy, Austin, Travis County, Texas 78748  
**Location** W/S of IH-35, N of Camino Vaquero Pkwy  
**Tax ID** 894914  
**Longitude, Latitude** W-97.804540, N30.124970

**Sale Data**

**Grantor** SLF III - Onion Creek, L.P.  
**Grantee** The Park at Estancia, LTD.  
**Sale Date** March 30, 2017  
**Deed Book/Page** 2017050706  
**Deed Review Date** 8/9/2018  
**Date of Inspection** 8/9/2018  
**Verification** Davis Wiggins; 214-239-2356, August 09, 2018; Other sources: Costar; Confirmed by Justin Sims and Jason Thomas

**Sale Price** \$3,780,000  
**Cash Equivalent** \$3,780,000

**Land Data**

**Zoning** PUD  
**Topography** Mostly level  
**Utilities** All to site  
**Shape** Irregular  
**Flood Info** None  
**Current/Intended Use** Proposed multifamily

**Land Size Information**

**Gross Land Size** 16.089 Acres or 700,837 SF  
**Front Footage** 855 ft: IH-35; 975 ft: Camino Vaquero Pkwy; 700 ft: Estancia Pkwy



**Indicators**

<b>Sale Price/Gross Acre</b>	\$234,943
<b>Sale Price/Gross SF</b>	\$5.39

**Legal Description**

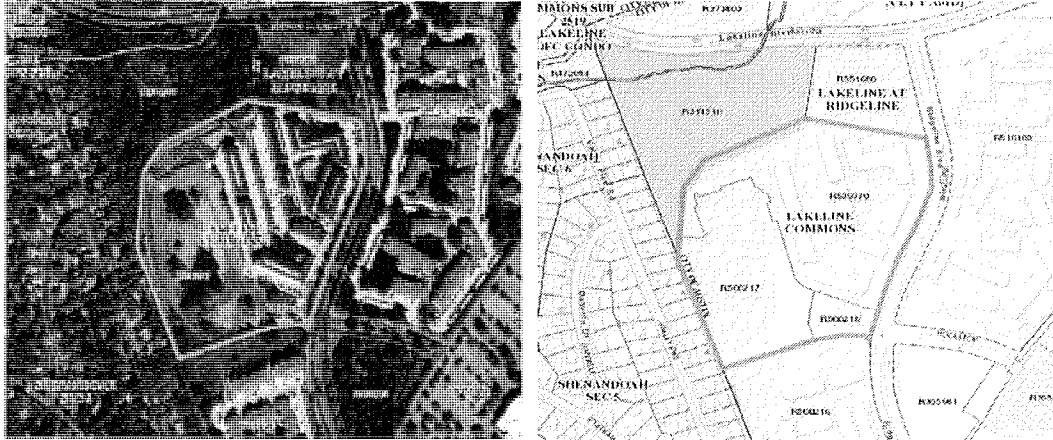
16.089 acres of land out of the Santiago Del Valle grant, situated in Travis County, Texas.

**Remarks**

This property is part of the Estancia Hill Country development in South Austin. The buyer intends to construct multifamily apartments on site.



## Land Sale No. 5

**Property Identification**

**Record ID** 3221  
**Address** 12700 Ridgeline Boulevard, Cedar Park, Williamson County, Texas 78750  
**Location** West line of Ridgeline opposite Lakeline Mall  
**Tax ID** R500217 & R500218 & R539770  
**Longitude, Latitude** W-97.812570, N30.472880

**Sale Data**

**Grantor** Liberty Bankers Life Insurance Company  
**Grantee** Lakeline Crossing Phase I and 2, LP  
**Sale Date** April 30, 2015  
**Deed Book/Page** 2015035070 & 2015035224  
**Deed Review Date** 8/23/2018  
**Date of Inspection** 8/23/2018  
**Verification** PH & Co Database; May 28, 2016; Confirmed by JM

**Sale Price** \$4,646,000  
**Cash Equivalent** \$4,646,000

**Land Data**

**Zoning** LO-CO, GR-MU-CO, Multi-Family  
**Topography** Level  
**Utilities** All to site  
**Shape** Irregular  
**Flood Info** None  
**Easements** Typical with some drainage easements  
**Current/Intended Use** Vacant/Apartments

**Land Size Information**

**Gross Land Size** 21.904 Acres or 954,138 SF  
**Front Footage** 851 ft: Ridgeline Boulevard

**Indicators**

**Sale Price/Gross Acre** \$212,107



**Sale Price/Gross SF**                      \$4.87

**Legal Description**

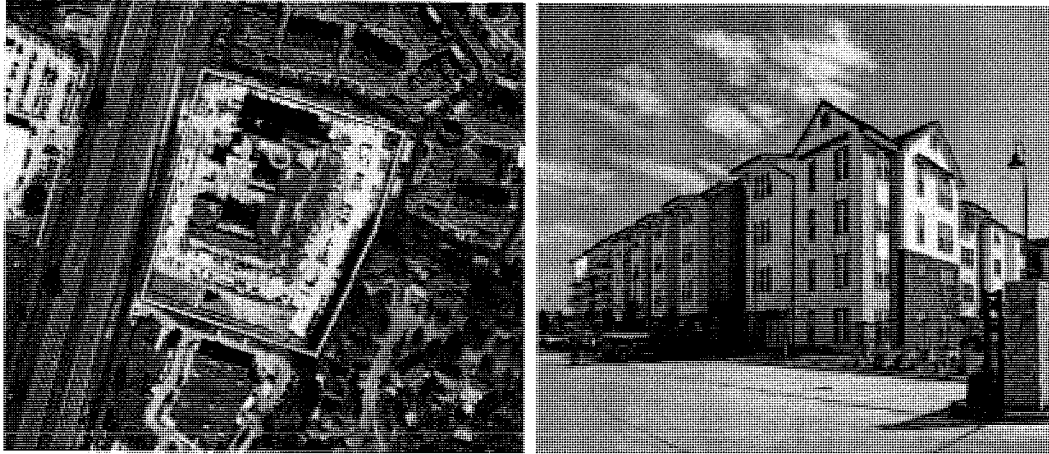
Being 21.90 acres of land out of the Rachel Saul Survey Abstract 551, situated in Williamson County, Texas being a portion of Lot 3 and Lot 4, Lakeline Commons II, a Subdivision of Record in Cabinet FF, Slide 229 of the Plat Records of Williamson County, Texas

**Remarks**

This is the sale of a parcel of land opposite the Lakeline Mall in Cedar Park, that is being improved with the 501-unit Class A Lakeline Crossing Apartments. It has excellent access and visibility to all major arterials and employment centers in the area.



## Land Sale No. 6

**Property Identification**

<b>Record ID</b>	4204
<b>Property Type</b>	Land
<b>Address</b>	10801 S Interstate 35, Austin, Travis County, Texas 78747
<b>Location</b>	E/L IH 35, N of Onion Creek Pkwy
<b>Tax ID</b>	718805
<b>Longitude, Latitude</b>	W-97.793319, N30.144237
<b>Map Reference</b>	043918
<b>MSA</b>	Austin-Round Rock
<b>Market Type</b>	Suburban

**Sale Data**

<b>Grantor</b>	Keesee Partners, LTD
<b>Grantee</b>	Keesee Tract Partners, LP
<b>Sale Date</b>	March 08, 2016
<b>Deed Book/Page</b>	2016034594
<b>Deed Review Date</b>	8/30/2018
<b>Date of Inspection</b>	8/30/2018
<b>Property Rights</b>	Fee simple
<b>Conditions of Sale</b>	None
<b>Financing</b>	Cash to seller
<b>Verification</b>	CBRE; 512-499-4900, August 30, 2018; Other sources: Lance Lawson, Confirmed by Jason Thomas

<b>Sale Price</b>	\$2,571,782
<b>Cash Equivalent</b>	\$2,571,782





**Land Data**

<b>Zoning</b>	GR-MU
<b>Topography</b>	Rolling
<b>Utilities</b>	All available
<b>Shape</b>	Irregular
<b>Flood Info</b>	Not in a flood plain
<b>Easements</b>	Typical
<b>Improvements</b>	None
<b>Current/Intended Use</b>	Multifamily

**Land Size Information**

<b>Gross Land Size</b>	7.45 Acres or 324,653 SF
<b>Front Footage</b>	600 ft IH 35;

**Indicators**

<b>Sale Price/Gross Acre</b>	\$345,067
<b>Sale Price/Gross SF</b>	\$7.92

**Legal Description**

Lot 2 and Lot 3, Block A. Section 2, Keesee Addition, a subdivision in Austin, Travis County, Texas, according to the map or plat thereof recorded under Document No. 200500253 of the Official Public Records of Travis County, Texas.

**Remarks**

The property is located on the northbound frontage of IH 35, south of Slaughter Lane, approximately 15 minutes from downtown Austin. The site was purchased in March 2016 and improved with the Farmhouse Apartments.



**VALUATION OF MULTIFAMILY TRACTS 6-7**

The table below summarizes the transactions researched that are most comparable to the subject.

<b>LAND SALES SUMMARY</b>								
No.	Property Location	Sale Date	Zoning	Size (Acres)	Utilities	Intended Use	Sale Price	Price per SF
1	2132 Falcon Village Ln, Pflugerville	9/12/2016	MF, PUD	20.00	All to site	Multifamily	\$4,356,000	\$5.00
2	19196 IH-35, Kyle	3/3/2014	Retail	7.63	All to site	Multifamily	\$1,300,000	\$3.91
3	Estancia Pkwy, Austin	10/7/2015	PUD	16.33	All to site	Multifamily	\$3,800,000	\$5.34
4	Estancia Pkwy, Austin	3/30/2017	PUD	16.09	All to site	Multifamily	\$3,840,000	\$5.48
5	12700 Ridgeline Blvd, Cedar Park	4/30/2015	MF	21.90	All to site	Multifamily	\$4,646,000	\$4.87
6	10801 S IH-35, Austin	3/8/2016	GR-MU	7.45	All to site	Multifamily	\$2,571,782	\$7.92
Estancia Multifamily Tracts 6-7		NA	PUD	16.10	All to site	Multifamily	NA	NA

In analyzing and comparing the market data to the subject property, each comparable was adjusted for dissimilar characteristics. Adjustments were applied as follows.

***Conditions of Sale/Financing***

The sales reflected cash-to-seller transactions or those where the financing terms were reported to be at market. As such, no adjustments for cash equivalency were necessary.

***Market Conditions***

The transactions occurred between March 2014 and March 2017. According to area brokers and our analysis of the land sales in this submarket, land prices have been appreciating in recent years. Research indicated that the rate of change was approximately 6% per year, and each sale is adjusted accordingly.

***Location/Access***

The subject is located along the south IH-35 frontage road. The area primarily consists of single family development with multifamily and commercial development along the arterials. The area surrounding the subject is mostly vacant land with older residential development or small acreage residential sites in the immediate area and newer residential development to the north and to the south in the suburban Buda and Kyle markets.

Access to the subject will be via a southbound exit just north and an entrance ramp near the middle of Estancia will provide ingress to IH-35 southbound. Northbound access to IH-35 is attainable by the Puryear Road overpass connecting the northbound frontage road.

Paired sales analysis was utilized to support the location adjustments shown below; the details of that analysis are contained in our work file.



Sale 1 is located along the east side of Hwy 130 in Pflugerville. Its general location along the east side of the TX 130 toll road is inferior to the subject; therefore, an upward adjustment was warranted.

Sales 2 is located south of the subject in Kyle off of IH-35. The location is inferior to the subject for multifamily development, and an upward adjustment was applied.

Sales 3 and 4 are located just north of the subject and are a part of Estancia Hill Country development. No adjustments for location/access were required.

Sale 5 is located on Ridgeline Blvd, just north of RR 620 and across from Lakeline Mall. This is a superior area and a downward adjustment is applied.

Sale 6 is located north of the subject along Interstate 35. The surrounding land use developments and access to additional commercial amenities makes Sale 6 superior to the subject. A downward location adjustment has been made to Sale 6.

### *Size*

Typically, there is an inverse relationship between price and size as larger properties generally sell for less per unit than smaller tracts. The sales are adjusted for differences at a rate of 10% per size doubling. After adjusting on this basis and adjusting for other factors the indicated unit values form a relatively tight range, providing support for the adjustment basis.

### *Entitlements*

The subject benefits an off-site detention pond, which is considered a positive factor for development of the site. Sales 5 and 6 have on-site detention ponds and were considered inferior to the subject. A slight upward adjustment was made to each sale. The subject property also features on-site parkland/open space, which reduces the development potential of the site. All the sales were similar for this characteristic and were not adjusted.

### *Floodplain*

Neither the subject nor the sales have significant flood plain, and none were adjusted for flood considerations.

### *Utilities/Infrastructure*

The subject's utilities, spine road, and basic infrastructure are in place. Consequently, in the adjustment grid, the subject is viewed as having access and all utilities available to the site. The sales are typical of sites ready for development with all infrastructure immediately available, and no adjustments are applied.

### *Zoning*

The subject is presumed to be through the zoning and entitlement process on the date of valuation. Each sale, with exception of Sale 2, is located in a development with zoning and entitlements in place or a zoning change was not required. No adjustments are applied. Sale 2 required a zoning change for multifamily development; therefore, it was adjusted upward.

### *Other Characteristics (PID)*

The sales are located in areas with public infrastructure at their perimeter. Therefore, the subject's PID approval and subsequent infrastructure construction place it in a similar condition. No adjustments are warranted.

## Market Value Conclusion – Multifamily Tracts 6-7

## ADJUSTMENT GRID - Estancia Multifamily Tracts 6-7

Subject	1	2	3	4	5	6	
Transaction Type	---	Sale	Sale	Sale	Sale	Sale	Sale
Transaction Date	---	9/12/2016	3/3/2014	10/7/2015	3/30/2017	4/30/2015	3/8/2016
Zoning	PUD	MF, PUD	Retail	PUD	PUD	MF	GR-MU
Sales Price	NA	\$4,356,000	\$1,300,000	\$3,800,000	\$3,840,000	\$4,646,000	\$2,571,782
Size (Acres)	16.10	20.00	7.63	16.33	16.09	21.90	7.45
Size (SF)	701,316	871,200	332,537	711,378	700,837	954,138	324,653
Price per SF		\$5.00	\$3.91	\$5.34	\$5.48	\$4.87	\$7.92
Property Rights		0%	0%	0%	0%	0%	0%
Terms of Sale		0%	0%	0%	0%	0%	0%
Conditions of Sale/Financing		0%	0%	0%	0%	0%	0%
Market Conditions		+12%	+27%	+17%	+9%	+20%	+15%
Adjusted \$/SF		\$5.60	\$4.97	\$6.25	\$5.97	\$5.84	\$9.11
Location/Access		+5%	+20%	0%	0%	-5%	-30%
Size		+5%	-10%	0%	0%	+5%	-10%
Entitlements		0%	0%	0%	0%	+5%	+5%
Floodplain		0%	0%	0%	0%	0%	0%
Utilities/Infrastructure		0%	0%	0%	0%	0%	0%
Zoning		0%	+10%	0%	0%	0%	0%
Other (PID)		0%	0%	0%	0%	0%	0%
Net Adjustment		+10%	+20%	0%	0%	+5%	-35%
Indicated Unit Value		\$6.16	\$5.96	\$6.25	\$5.97	\$6.13	\$5.92

Six sales were considered in this analysis. These data indicated an adjusted range for the subject of \$5.92 per SF to \$6.25 per SF with a mean and median of \$6.07 per SF and \$6.05 per SF, respectively. With reliance on the proximate Sales 3 and 4, a value of \$6.20/SF is reconciled.

MARKET VALUE - TRACTS 6-7 LAND			
Acres	SF	Value per SF	Market Value
16.10	701,316	\$6.20	\$4,348,159

As of the effective date of this appraisal, the subject site had been cleared and improved with a foundation for the multi-family development. *Marshall Valuation Service* was utilized to determine the costs associated with clearing the site and constructing the foundation. In addition, permitting and entitlement costs have been included. Based on conversations with a representative at AVI homes, an area developer, with extensive work on similar multi-family projects, \$500,000 has been estimated for permitting and entitlements. Those costs are illustrated in the chart below.

Type of Improvement	MVS Reference	Base Range	Current Cost Multiplier	Local Cost Multiplier	Soft Costs & Entrepreneurial Incentive	Adjusted Range	Reconciled Cost Estimate	Unit
Site Preparation	Section 41 Page 1	\$0.44	1.00	0.83	1.20	\$0.44	\$0.44	SF
Foundation	Section 41 Page 1	\$4.04 \$4.43	1.00	0.83	1.20	\$4.02 \$4.41	\$4.20	SF
Permitting/Entitlements	Professional Source	\$500,000	--	--	--	\$500,000	\$500,000	EA



**MARKET VALUE CONCLUSION – TRACTS 6-7**

To conclude the market value of Tracts 6 and 7, the land value is combined with the costs associated with site preparation, constructing the foundation and entitlements. The value indication is illustrated in the following chart.

<b>MARKET VALUE CONCLUSION - TRACTS 6-7</b>	
Land Value	\$4,348,159
Site Preparation (16.10 acres)	\$308,579
Foundation (136,815 SF)	\$574,623
Permitting and Entitlements	\$500,000
<b>Total:</b>	<b>\$5,731,361</b>
<b>Rounded:</b>	<b>\$5,730,000</b>

The value allocated between the two tracts is indicated in the following chart:

<b>Allocation of Values</b>			
Tract	Size	Percentage of whole	Value Indication
Tract 6	±7.30 acres	45.34%	\$2,598,075
Tract 7	±8.80 acres	54.66%	\$3,131,925
<b>Total</b>	<b>±16.10 acres</b>		<b>\$5,730,000</b>

A review of recent sales transactions and an analysis of supply and demand in the local market indicate that the probable exposure time for the subject as vacant is 6 to 12 months.

**VALUATION OF VACANT MULTIFAMILY TRACTS**

Tracts 1-5 were determined to be best suited for multifamily development in the highest and best use analysis. The multifamily tracts are contiguous but are not likely to be developed as a single project due to their size. The multi-family tracts have been separated into three economic units based on size and location, as defined below.

Economic Unit 1: Tract 1

Economic Unit 2: Tracts 2 and 3

Economic Unit 3: Tracts 4 and 5

**VALUATION OF VACANT MULTIFAMILY TRACT 1**

A separate analysis of each is presented, but with common comparable sales. The sales used in the appraisal of Tracts 6-7 are used in our analysis of Tracts 1-5. The following grid pertains to Tract 1, which contains 13.60 acres.

**ADJUSTMENT GRID - Estancia Multifamily Tract 1**

	Subject	1	2	3	4	5	6
Transaction Type	---	Sale	Sale	Sale	Sale	Sale	Sale
Transaction Date	---	9/12/2016	3/3/2014	10/7/2015	3/30/2017	4/30/2015	3/8/2016
Zoning	PUD	MF, PUD	Retail	PUD	PUD	MF	GR-MU
Sales Price	NA	\$4,356,000	\$1,300,000	\$3,800,000	\$3,840,000	\$4,646,000	\$2,571,782
Size (Acres)	13.60	20.00	7.63	16.33	16.09	21.90	7.45
Size (SF)	592,416	871,200	332,537	711,378	700,837	954,138	324,653
Price per SF		\$5.00	\$3.91	\$5.34	\$5.48	\$4.87	\$7.92
Property Rights		0%	0%	0%	0%	0%	0%
Terms of Sale		0%	0%	0%	0%	0%	0%
Conditions of Sale/Financing		0%	0%	0%	0%	0%	0%
Market Conditions		+12%	+27%	+17%	+9%	+20%	+15%
Adjusted \$/SF		\$5.60	\$4.97	\$6.25	\$5.97	\$5.84	\$9.11
Location/Access		+5%	+20%	0%	0%	-5%	-30%
Size		+5%	-10%	+5%	0%	+5%	-10%
Entitlements		0%	0%	0%	0%	+5%	+5%
Floodplain		0%	0%	0%	0%	0%	0%
Utilities/Infrastructure		0%	0%	0%	0%	0%	0%
Zoning		0%	+10%	0%	0%	0%	0%
Other (PID)		0%	0%	0%	0%	0%	0%
Net Adjustment		+10%	+20%	+5%	0%	+5%	-35%
Indicated Unit Value		\$6.16	\$5.96	\$6.56	\$5.97	\$6.13	\$5.92

Six sales were considered in this analysis. These data indicated an adjusted range for the subject of \$5.92 per SF to \$6.56 per SF with a mean and median of \$6.12 per SF and \$6.05 per SF, respectively. With greatest reliance on the proximate Sales 3 and 4 (the subject), a value of \$6.30/SF is reconciled.

**MARKET VALUE CONCLUSION - TRACT 1**

Acres	SF	Value per SF	Market Value
13.60	592,416	\$6.30	\$3,732,221
		Rounded	\$3,730,000

A review of recent sales transactions and an analysis of supply and demand in the local market indicate that the probable exposure time for the subject is 6 to 12 months.



**VALUATION OF VACANT MULTIFAMILY TRACTS 2-3**

Tracts 2-3 have the same highest and best use as Tract 1 (multifamily development) and share the same development characteristics. Its size is the only difference, at 30.30 acres compared to Tract 1 at 13.60 acres. The sales used in the analysis of Tract 1 were used to appraise Tracts 2-3.

**ADJUSTMENT GRID - Estancia Multifamily Tracts 2-3**

	Subject	1	2	3	4	5	6
Transaction Type	---	Sale	Sale	Sale	Sale	Sale	Sale
Transaction Date	---	9/12/2016	3/3/2014	10/7/2015	3/30/2017	4/30/2015	3/8/2016
Zoning	PUD	MF, PUD	Retail	PUD	PUD	MF	GR-MU
Sales Price	NA	\$4,356,000	\$1,300,000	\$3,800,000	\$3,840,000	\$4,646,000	\$2,571,782
Size (Acres)	30.30	20.00	7.63	16.33	16.09	21.90	7.45
Size (SF)	1,319,868	871,200	332,363	711,378	700,837	954,138	324,653
Price per SF		\$5.00	\$3.91	\$5.34	\$5.48	\$4.87	\$7.92
Property Rights		0%	0%	0%	0%	0%	0%
Terms of Sale		0%	0%	0%	0%	0%	0%
Conditions of Sale/Financing		0%	0.0%	0%	0%	0%	0%
Market Conditions		+12%	+27%	+17%	+9%	+20%	+15%
Adjusted \$/SF		\$5.60	\$4.97	\$6.25	\$5.97	\$5.84	\$9.11
Location/Access		+5%	+20%	0%	0%	-5%	-30%
Size		-5%	-20%	-10%	-10%	-5%	-20%
Entitlements		0%	0%	0%	0%	+5%	+5%
Floodplain		0%	0%	0%	0%	0%	0%
Utilities/Infrastructure		0%	0%	0%	0%	0%	0%
Zoning		0%	+10%	0%	0%	0%	0%
Other (PID)		0%	0%	0%	0%	0%	0%
Net Adjustment		0%	+10%	-10%	-10%	-5%	-45%
Indicated Unit Value		\$5.60	\$5.47	\$5.63	\$5.37	\$5.55	\$5.01

Six sales were considered in this analysis. These data indicated an adjusted range for the subject of \$5.01 per SF to \$5.63 per SF with a mean and median of \$5.44 per SF and \$5.51 per SF, respectively. With greatest reliance on the proximate Sales 3 and 4 (the subject), a value of \$5.60/SF is reconciled.

**MARKET VALUE CONCLUSION - TRACTS 2-3**

Acres	SF	Value per SF	Market Value
30.30	1,319,868	\$5.60	\$7,391,261
		Rounded	\$7,390,000

The value allocated between the two tracts is indicated in the following chart:

<b>Allocation of Values</b>			
Tract	Size	Percentage of whole	Value Indication
Tract 2	±22.00 acres	72.61%	\$5,365,677
Tract 3	±8.30 acres	27.39%	\$2,024,323
Total	±30.30 acres		\$7,390,000

A review of recent sales transactions and an analysis of supply and demand in the local market indicate that the probable exposure time for the subject is 6 to 12 months.



**VALUATION OF VACANT MULTIFAMILY TRACTS 4-5**

Tracts 4-5 have the same highest and best use as Tract 1 and Tracts 2-3 (multifamily development) and share the same development characteristics. Its size is the only difference, at 15.90 acres compared to Tract 1 at 13.60 acres, and Tracts 2-3 at 30.30 acres. The sales used in the analysis of Tracts 1 and 2-3, were used to appraise Tracts 4-5.

**ADJUSTMENT GRID - Estancia Multifamily Tracts 4-5**

Subject	1	2	3	4	5	6	
Transaction Type	---	Sale	Sale	Sale	Sale	Sale	Sale
Transaction Date	---	9/12/2016	3/3/2014	10/7/2015	3/30/2017	4/30/2015	3/8/2016
Zoning	PUD	MF, PUD	Retail	PUD	PUD	MF	GR-MU
Sales Price	NA	\$4,356,000	\$1,300,000	\$3,800,000	\$3,840,000	\$4,646,000	\$2,571,782
Size (Acres)	15.90	20.00	7.63	16.33	16.09	21.90	7.45
Size (SF)	692,604	871,200	332,363	711,378	700,837	954,138	324,653
Price per SF		\$5.00	\$3.91	\$5.34	\$5.48	\$4.87	\$7.92
Property Rights		0%	0%	0%	0%	0%	0%
Terms of Sale		0%	0%	0%	0%	0%	0%
Conditions of Sale/Financing		0%	0.0%	0%	0%	0%	0%
Market Conditions		+12%	+27%	+17%	+9%	+20%	+15%
Adjusted \$/SF		\$5.60	\$4.97	\$6.25	\$5.97	\$5.84	\$9.11
Location/Access		+5%	+20%	0%	0%	-5%	-30%
Size		+5%	-10%	0%	0%	+5%	-10%
Entitlements		0%	0%	0%	0%	+5%	+5%
Floodplain		0%	0%	0%	0%	0%	0%
Utilities/Infrastructure		0%	0%	0%	0%	0%	0%
Zoning		0%	+10%	0%	0%	0%	0%
Other (PID)		0%	0%	0%	0%	0%	0%
Net Adjustment		+10%	+20%	0%	0%	+5%	-35%
Indicated Unit Value		\$6.16	\$5.96	\$6.25	\$5.97	\$6.13	\$5.92

Six sales were considered in this analysis. These data indicated an adjusted range for the subject of \$5.92 per SF to \$6.25 per SF with a mean and median of \$6.07 per SF and \$6.05 per SF, respectively. With greatest reliance on the proximate Sales 3 and 4 (the subject), a value of \$6.20/SF is reconciled.

**MARKET VALUE CONCLUSION - TRACTS 4-5**

Acres	SF	Value per SF	Market Value
15.90	692,604	\$6.20	\$4,294,145
		Rounded	\$4,290,000

The value allocated between the two tracts is indicated in the following chart:

Allocation of Values			
Tract	Size	Percentage of whole	Value Indication
Tract 4	±8.10 acres	50.94%	\$2,185,472
Tract 5	±7.80 acres	49.06%	\$2,104,528
Total	±15.90 acres		\$4,290,000

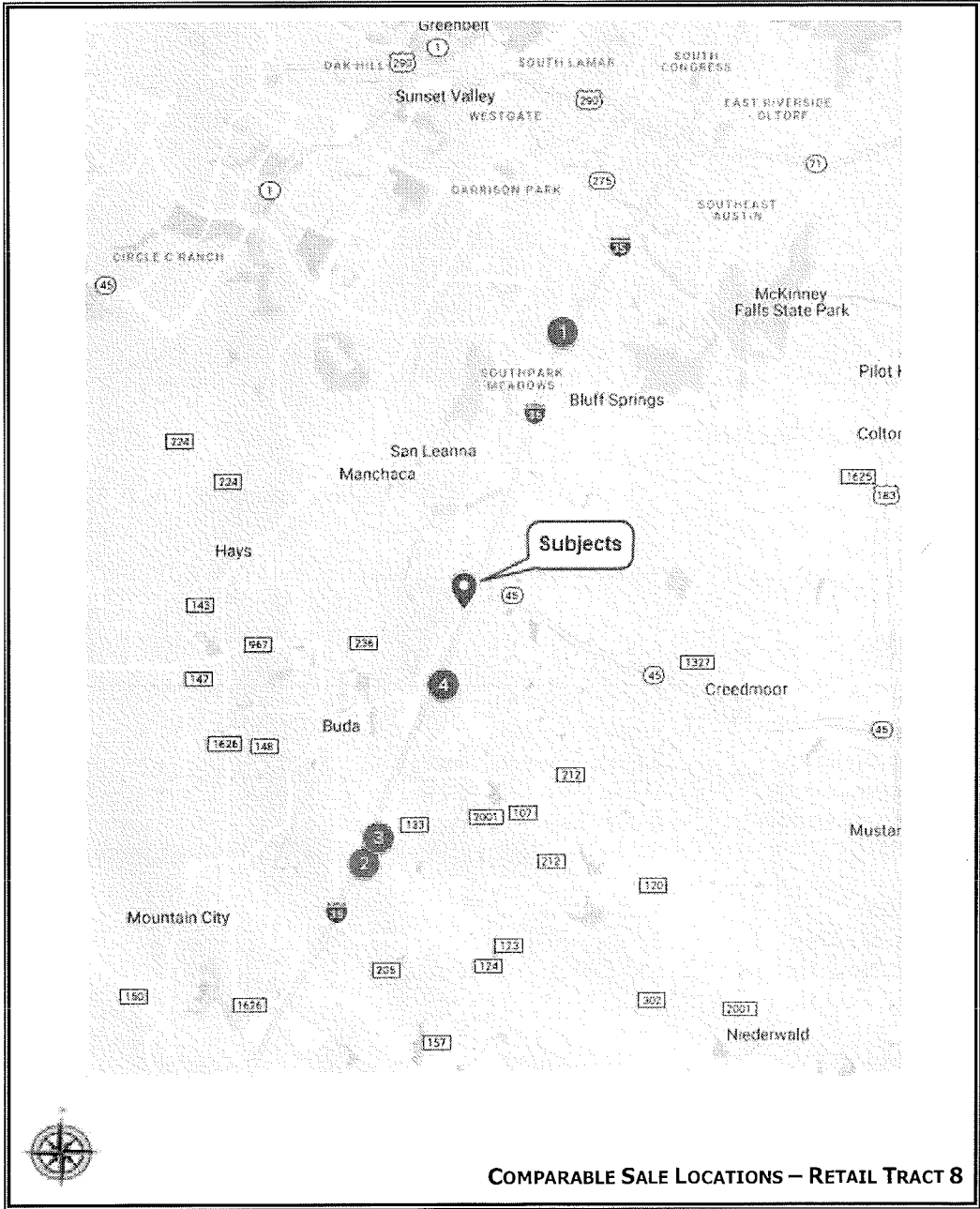
A review of recent sales transactions and an analysis of supply and demand in the local market indicate that the probable exposure time for the subject is 9 to 12 months.





**VALUATION OF RETAIL TRACT 8**

Tract 8 is determined to be best suited for retail development in the highest and best use analysis. The retail tract is 16,000 acres. The location map of the sales used in this analysis is shown below.



## Land Sale No. 1

**Property Identification**

**Record ID** 3588  
**Location** WL of IH 35, EL of S Congress Avenue at Ralph Ablanedo Drive  
**Tax ID** 513056-7  
**Longitude, Latitude** W-97.784363, N30.172702

**Sale Data**

**Grantor** Charles D. Spillmann, et al.  
**Grantee** SOCO 35 Retail, LTD.  
**Sale Date** August 15, 2016  
**Deed Book/Page** 2016133768-9  
**Deed Review Date** 8/23/2018  
**Date of Inspection** 8/23/2018  
**Verification** Review of contract; April 12, 2017; Confirmed by KAD

**Sale Price** \$7,313,811  
**Cash Equivalent** \$7,313,811  
**Upward Adjustment** \$50,000 Demolition costs  
**Adjusted Price** \$7,363,811

**Land Data**

**Zoning** LI-CO, Light Industrial  
**Topography** Generally level to sloping  
**Utilities** All available  
**Shape** Irregular  
**Flood Info** None  
**Improvements** Salvage yard  
**Current/Intended Use** Vacant/Commercial development



**Land Size Information**

**Gross Land Size** 11.993 Acres or 522,415 SF  
**Front Footage** 750ft: IH 35; 668 ft: S Congress Avenue

**Indicators**

**Sale Price/Gross Acre** \$609,840 Actual or \$614,009 Adjusted  
**Sale Price/Gross SF** \$14.00 Actual or \$14.10 Adjusted

**Legal Description**

Lot 1A and Lot 2A, Mrs. Rosa J. Spillmann Estate, Travis County, Texas

**Remarks**

This sale consisted of two transactions with related sellers and the same buyer. The property was purchased to be developed with retail pad sites in conjunction with the planned HEB-anchored retail center to the south. The property was improved with a salvage yard at the time of sales. Demolition costs are estimated at \$50,000. A pipeline easement runs through the center of the tract.



## Land Sale No. 2

**Property Identification**

**Record ID** 3957  
**Address** Buda, Hays County, Texas 78610  
**Location** ES IH 35 N of Industrial Way Dr  
**Tax ID** R151540  
**Longitude, Latitude** W-97.836820, N30.049496

**Sale Data**

**Grantor** Cotton Development 2, LP  
**Grantee** BNT Holdings, LLC  
**Sale Date** April 13, 2016  
**Deed Book/Page** 2016-16011623  
**Deed Review Date** 8/23/2018  
**Date of Inspection** 8/23/2018  
**Verification** Perry Horton; Broker; 512-415-4565, March 21, 2018;  
 Confirmed by MMA

**Sale Price** \$2,500,000  
**Cash Equivalent** \$2,500,000

**Land Data**

**Zoning** None; Buda ETJ  
**Topography** Gently rolling  
**Utilities** Water, no wastewater  
**Shape** Generally rectangular  
**Flood Info** None noted

**Land Size Information**

**Gross Land Size** 9.459 Acres or 412,034 SF  
**Front Footage** 495ft: IH 35



**Indicators**

<b>Sale Price/Gross Acre</b>	\$264,299
<b>Sale Price/Gross SF</b>	\$6.07

**Legal Description**

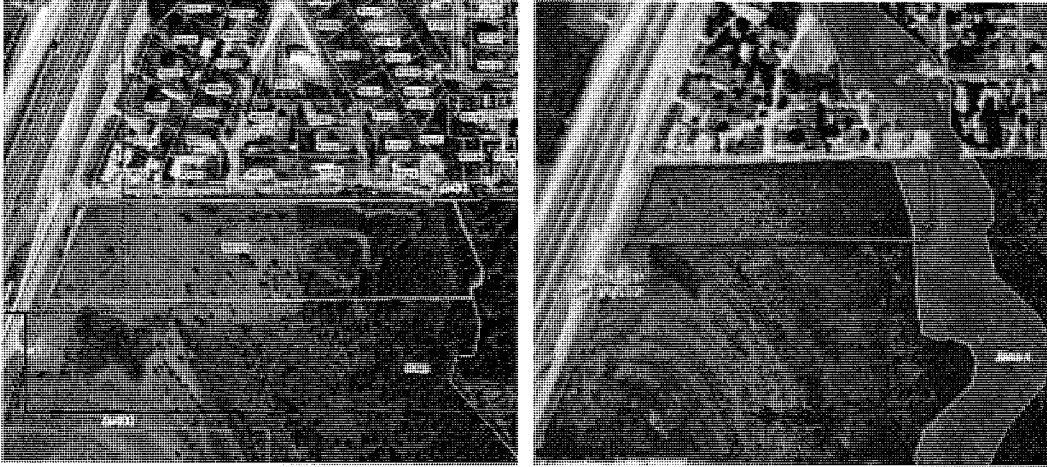
Lot 1, Cotton Development 2, Plat Records of Hays County, Texas

**Remarks**

The site was purchased to construct a 60,000 SF industrial building.



## Land Sale No. 3

**Property Identification**

**Record ID** 3959  
**Address** 17301 IH 35, Buda, Hays County, Texas 78761  
**Location** SEC IH 35 and Suffield Dr  
**Tax ID** R151704  
**Longitude, Latitude** W-97.835146, N30.051428

**Sale Data**

**Grantor** Cotton Development 2, LLC  
**Grantee** ATX Fence Supply, Inc  
**Sale Date** June 30, 2015  
**Deed Book/Page** 2015-15021316  
**Deed Review Date** 8/23/2018  
**Date of Inspection** 8/23/2018  
**Verification** Perry Horton; Broker; 512-415-4565, March 21, 2018;  
 Confirmed by MMA

**Sale Price** \$1,550,997  
**Cash Equivalent** \$1,550,997

**Land Data**

**Zoning** None; Buda ETJ  
**Topography** Gently rolling  
**Utilities** Water; no wastewater  
**Shape** Nearly rectangular  
**Flood Info** +/- 10% at rear of site

**Land Size Information**

**Gross Land Size** 7.496 Acres or 326,526 SF  
**Front Footage** 300 ft: IH 35; 1,000 ft: Suffield Dr



**Indicators**

**Sale Price/Gross Acre**      \$206,910  
**Sale Price/Gross SF**        \$4.75

**Legal Description**

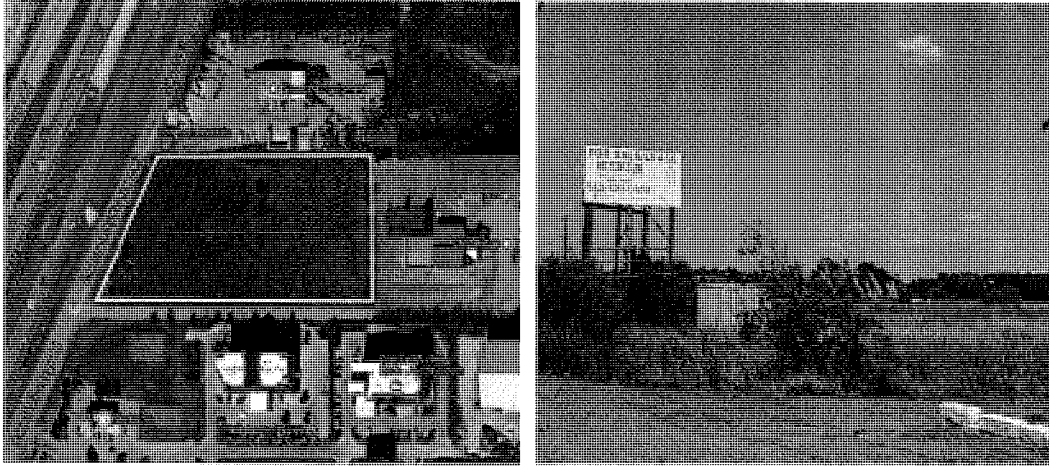
7.496 acres out of the DD Burnett Survey No 5, A-54 and the DD Burnett Survey No 6, A-53,  
Hays County, Texas

**Remarks**

The site was purchased for a fence supply office/warehouse facility.



## Land Sale No. 4

**Property Identification**

**Record ID** 4141  
**Address** 15019 N IH-35, Buda, Hays County, Texas 78610  
**Location** E/S of IH-35, N of Main Street  
**Tax ID** R151542, R151541, R151543, R151544  
**Longitude, Latitude** W-97.815840, N30.091210

**Sale Data**

**Grantor** The Malcolm and Beryl Milburn Family Limited Partnership  
**Grantee** Orender Company, Inc.  
**Sale Date** December 04, 2017  
**Deed Book/Page** 17042381  
**Deed Review Date** 8/23/2018  
**Date of Inspection** 8/23/2018  
**Verification** Dave Bair; 512-423-0456, August 08, 2018; Confirmed by CCW; Other sources: Costar

**Sale Price** \$1,830,000  
**Cash Equivalent** \$1,830,000

**Land Data**

**Zoning** C3  
**Topography** Level  
**Utilities** Water available, wastewater by extension  
**Shape** Mostly rectangular  
**Flood Info** None  
**Current/Intended Use** Construction equipment sales

**Land Size Information**

**Gross Land Size** 4.500 Acres or 196,020 SF





**Front Footage** 335 ft: IH-35

**Indicators**

**Sale Price/Gross Acre** \$406,667

**Sale Price/Gross SF** \$9.34

**Legal Description**

Lots 1, 2, 3 and 4, M.B. Milburn Commercial Subdivision, a subdivision in Hays County, Texas.

**Remarks**

The buyer intends to use the site for construction equipment sales.



**VALUATION OF RETAIL TRACT 8**

The table below summarizes the transactions researched that are most comparable to the subject. We use the price per square foot for comparison as it is the method used by buyers and sellers for this property type.

<b>LAND SALES SUMMARY</b>								
No.	Property Location	Sale Date	Zoning	Size (Acres)	Utilities	Intended Use	Sale Price	Price per SF
1	WL of IH-35, EL of S Congress Ave, Austin	8/15/2016	LI-CO	11.993	All to site	Retail Pad Sites	\$7,363,811	\$14.10
2	ES of IH-35, N of Industrial Way, Buda	4/13/2016	ETJ	9.459	Water, no wastewater	Industrial	\$2,500,000	\$6.07
3	17301 IH-35, Buda	6/30/2015	ETJ	7.496	Water, no wastewater	ATX Fence Supply	\$1,550,997	\$4.75
4	15019 N IH-35, Buda	12/4/2017	C3	4.500	Water, wastewater by extension	Construction Equipment Sales	\$1,830,000	\$9.34
	Estancia Retail Tract 8	N/A	PUD	16.000	All to site	Retail	N/A	N/A

In analyzing and comparing the market data to the subject property, each comparable was adjusted for dissimilar characteristics. Adjustments were applied as follows.

***Conditions of Sale/Financing***

The sales reflected cash-to-seller transactions or those where the financing terms were reported to be at market. As such, no adjustments for cash equivalency were necessary.

***Market Conditions***

The transactions occurred between June 2015 and December 2017. According to area brokers and our analysis of the land sales in this submarket, land prices have been appreciating in recent years. Research indicated that the rate of change was approximately 6% per year, and each sale is adjusted accordingly.

***Location/Access***

The subject is located near the south IH-35 frontage road. The area primarily consists of single family development with multifamily and commercial development along the arterials. The area surrounding the subject is mostly vacant land with older residential development or small acreage residential sites in the immediate area and newer residential development to the north and to the south in the suburban Buda and Kyle markets.

Access to the subject will be via a southbound exit just north and an entrance ramp near the middle of Estancia will provide ingress to IH-35 southbound. Northbound access to IH-35 is attainable by the Puryear Road overpass connecting the northbound frontage road.

Paired sales analysis was utilized to support the location adjustments shown below; the details of that analysis are contained in our work file.



Sales 1 is located north of the subject on the west line of IH-35 and east line of South Congress Avenue. This is a growth area surrounded by shopping, employment centers, and residential development. The location is superior to the subject, and a downward adjustment is applied.

Sales 2 and 3 are located south of the subject on the east line of IH-35 in Buda. Their general location is inferior being south of Buda and farther from Austin. An upward adjustment was made to each sale.

Sale 4 is located about two miles south of the subject along IH-35. Its general location and access are similar; therefore, no adjustment is warranted.

### *Size*

Typically, there is an inverse relationship between price and size as larger properties generally sell for less per developable unit than smaller tracts. The sales are adjusted for differences at a rate of 10% per size doubling. After adjusting on this basis and adjusting for other factors the indicated unit values form a relatively right range, providing support for the adjustment basis.

### *Entitlements*

The subject benefits an off-site detention pond, which is considered a positive factor for development of the site. Sales 2, 3 and 4 have on-site detention ponds and were considered inferior to the subject. A slight upward adjustment was made to each sale.

### *Floodplain*

Neither the subject nor the sales have significant flood plain, and none were adjusted for flood considerations.

### *Utilities/Infrastructure*

The subject's utilities, spine road, and basic infrastructure are in place. Consequently, the subject has access and all utilities available to the site. The sales are typical of sites ready for development with all infrastructure immediately available. Sale 1 had all utilities available and was not adjusted. Sales 2 and 3 had no wastewater and are considered inferior; therefore, upward adjustments were made. Sale 4 had wastewater by extension and was adjusted upward.

### *Zoning*

The subject is presumed to be through the zoning and entitlement process on the date of valuation. Sales 1 and 4 were located in a development with zoning and entitlements in place. No adjustments are applied. Sales 2 and 3 required zoning changes to be commercially developed; therefore, upward adjustments were applied.

### *Other Characteristics (PID)*

The sales are located in areas with public infrastructure at their perimeter. Therefore, the subject's PID approval and infrastructure construction place it in a similar condition. No adjustments are warranted.

## Market Value Conclusion – Retail Tract 8

**ADJUSTMENT GRID - Estancia Retail Tract 8**

	<b>Subject</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
Transaction Type	---	Sale	Sale	Sale	Sale
Transaction Date	---	8/15/2016	4/13/2016	6/30/2015	12/4/2017
Zoning	PUD	LI-CO	ETJ	ETJ	C3
Sales Price	NA	\$7,363,811	\$2,500,000	\$1,550,997	\$1,830,000
Size (Acres)	16.000	11.993	9.459	7.496	4.500
Size (SF)	696,960	522,415	412,034	326,526	196,020
Price per SF		\$14.10	\$6.07	\$4.75	\$9.34
Property Rights		0%	0%	0%	0%
Terms of Sale		0%	0%	0%	0%
Conditions of Sale/Financing		0%	0%	0%	0%
Market Conditions		+12%	+14%	+19%	+4%
Adjusted \$/SF		\$15.79	\$6.92	\$5.65	\$9.71
Location/Access		-35%	+20%	+50%	0%
Size		-5%	-10%	-10%	-20%
Entitlements		0%	+5%	+5%	+5%
Floodplain		0%	0%	0%	0%
Utilities/Infrastructure		0%	+15%	+15%	+10%
Zoning		0%	+5%	+5%	0%
Other (PID)		0%	0%	0%	0%
Net Adjustment		-40%	+35%	+65%	-5%
Indicated Unit Value		\$9.47	\$9.34	\$9.32	\$9.22

Four sales were considered in this analysis. These data indicated an adjusted range for the subject of \$9.22 per square foot to \$9.47 per square foot with a mean and median of \$9.34 per square foot and \$9.33 per square foot, respectively. With reliance on the central tendency, a unit value of \$9.35 per square foot is reconciled.

**MARKET VALUE CONCLUSION - TRACT 8**

Acres	SF	Value per SF	Market Value
16.000	696,960	\$9.35	\$6,516,576
		Rounded	\$6,520,000

Based on our analysis, it is our opinion that the subject could have sold on the effective date had it been professionally marketed at a market asking price for the preceding 6 to 12 months.



**SUMMARY OF VALUE CONCLUSIONS**

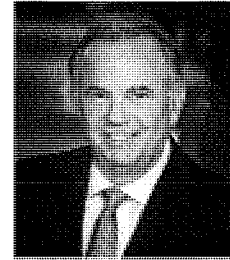
The table below summarizes the value conclusion for each tract.

<b>MARKET VALUE CONCLUSIONS</b>						
<b>Tract</b>	<b>Preliminary Plan Use</b>	<b>Acres</b>	<b>Sq Ft or Units</b>	<b>Unit of Measure</b>	<b>Unit Value</b>	<b>Indicated Value</b>
1	Multifamily	13.60	592,416	Square Foot	\$6.30	\$3,730,000
2	Multifamily	22.00	958,320	Square Foot	\$5.60	\$5,365,677
3	Multifamily	8.30	361,548	Square Foot	\$5.60	\$2,024,323
4	Multifamily	8.10	352,836	Square Foot	\$6.20	\$2,185,472
5	Multifamily	7.80	339,768	Square Foot	\$6.20	\$2,104,528
6	Multifamily	7.30	317,988	Square Foot	\$8.17	\$2,598,075
7	Multifamily	8.80	383,328	Square Foot	\$8.17	\$3,131,925
8	Retail	16.00	696,960	Square Foot	\$9.35	\$6,520,000
9	Multifamily	16.30	312	Multi-family Unit	\$140,000	\$43,700,000
11	Residential	71.50	3,114,540	Various	Various	\$73,100,000
12	Residential	35.20	1,533,312	Square Foot	\$3.25	\$4,980,000
<b>Total</b>		<b>214.90</b>				<b>\$149,440,000</b>

## **QUALIFICATIONS OF THE APPRAISERS**

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## **QUALIFICATIONS OF PAUL HORNSBY, MAI, SRA**



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**Experience:** Since 1980, Mr. Hornsby has been a practicing real estate appraiser with an office in Austin, Texas, specializing in the valuation of complex properties and in support of litigation proceedings. Mr. Hornsby also serves as an arbitrator in real estate disputes.

Mr. Hornsby often serves in the capacity of expert witness in cases involving eminent domain, bankruptcy, general commercial litigation and ad valorem tax appeal. He is qualified as an appraisal expert in numerous county courts, state district courts, Federal District Court, U.S. Bankruptcy Court, and various commissioners' courts and appraisal district review boards. Mr. Hornsby has testified over 700 times in depositions, special commissioner's hearings and trials.

In addition to real property appraisal, Mr. Hornsby provides counseling services and separation of real estate, tangible personal property, and intangible assets. He is the owner of ph Business Advisors, a business valuation firm specializing in the appraisal of business enterprises, partnership interests, and the allocation of tangible and intangible assets. Land planning services are provided by our sister company, alterra design group ([www.alterradesigngroup.com](http://www.alterradesigngroup.com)) and brokerage services by Hornsby Realty ([www.hornsby-realty.com](http://www.hornsby-realty.com)).

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**Licenses and Designations:**

- MAI Designation - Appraisal Institute, Certificate No. 7305
- SRA Designation - Appraisal Institute
- State Certified General Real Estate Appraiser #TX-1321761-G
- Texas Broker License #283369-05

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**Associations and Activities:**

- Board Member, Foundation Appraisers Coalition of Texas
- Mentor, Texas Appraiser Licensing and Certification Board
- Arbitrator in real estate disputes
- Affiliate Member, Texas Association of Appraisal Districts
- Instructor, Appraisal Institute – Uniform Standards of Professional Appraisal Practice and Business Practices and Ethics
- Appraisal Qualifications Board (AQB) Certified USPAP Instructor
- REALTOR - National Association of Realtors

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**Education:** University of Texas at Austin, B.B.A. Degree in Finance, August 1977

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**Lectures and Publications:**

- Choosing & Valuing an Economic Unit, IRWA/AI Joint Meeting, 2017
- Shedding Light on Dark Store Theory, Metropolitan Council of Appraisal

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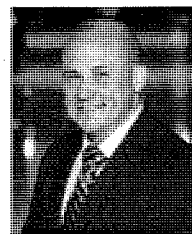
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Districts, 2017

- Intangible Assets in Eminent Domain, Eminent Domain Conference, 2017
  - Sale, Sale, What's in a Sale!, Ad Valorem Tax Seminar, 2016
  - Fee (It Really Is) Simple; Texas Association of Appraisal Districts Conference, 2015
  - Separating Tangible & Intangible Asset Values in a Texas Refinery: A Case Study; Appraisal Institute, 2014
  - Transmission Lines: Acquisition, Valuation and Condemnation, Austin Chapter of the Appraisal Institute and IRWA Chapter 74, 2012
  - Responding to Daubert Challenges, Eminent Domain Conference, CLE® International, 2011
  - Equality and Uniformity-Commercial Properties, Appraisal Review Board, Travis Central Appraisal District, May 2009
  - Appraisal Values in an Unsettled Economy, Graves Dougherty Hearon & Moody – Banking & Real Estate Clients, October 2008
  - Fee Simple Estate - How Many Sticks in the Bundle?, 22nd Annual Legal Seminar on Ad Valorem Taxation in San Antonio, 2008
  - Real Estate Appraisal Issues and Ethics, Eminent Domain for Attorneys in Texas, 2007
  - Contemporary Appraisal Issues, Central Texas Commercial Property Exchange, 2007
  - Capitalization Theory & Techniques, Chartered Financial Analysts, 2007
  - Material and Substantial Impairment of Access, CLE® International, 2003
  - Fee Simple Versus Leased Fee Valuation: A Study of Appraisal Models, Downtown Austin Alliance, Institute of Real Estate Management, 2001
  - Regulatory Takings, International Right of Way Association, 2000
  - The Schmidt Opinion from the Appraiser's Perspective, Office of the Attorney General, State of Texas, 1993
  - Asbestos Abatement and Lead Paint: Effects on Real Estate Value, Texas Association of Appraisal Districts, 1992
  - The Endangered Species Act and Its Impact on Property Value, Texas Savings and Loan League, 1989
  - Valuation Theory, Real Estate Symposium, University of Texas, 1984
-



## QUALIFICATIONS OF JUSTIN SIMS



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Experience: Mr. Sims began practicing commercial real estate in 2007 as an analyst with Henry S. Miller Commercial in Dallas and received his Texas Real Estate Salesperson License in 2007.

Mr. Sims's appraisal experience includes appraisals for client internal decision making, eminent domain, and appraisal review. In addition, analysis and research has been conducted for fee and easement acquisitions for right-of-way and other purposes under eminent domain.

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Licenses and Designations: > Real Estate Appraiser Trainee #TX-1341250

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Right-of-Way Projects: > Posey Rd. Bypass Project, Hays County  
> Pfennig Ln. Improvement Project, Travis County  
> Weiss Ln. Improvement Project, Travis County  
> Westinghouse Rd. Improvement Project, Williamson County

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Education: Professional Courses

- > Appraisal Principles (30-hour course)
- > Appraisal Procedures (30-hour course)
- > Supervisor/Trainee Course (4-hour course)
- > General Appraiser Site Valuation and Cost Approach (30-hour course)
- > Uniform Standards of Professional Appraisal Practice (15-hour course)

Formal Education

University of Texas at Arlington- Arlington, Texas  
> Bachelor of Business Administration with Real Estate Concentration, August 2007

## QUALIFICATIONS OF JASON THOMAS



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Experience: Mr. Thomas began practicing commercial real estate in 2007 as an analyst with Real Estate Research Corporation in Houston.

Mr. Thomas's appraisal experience includes appraisals for client internal decision making, eminent domain, and appraisal review. In addition, analysis and research has been conducted for fee and easement acquisitions for right-of-way and other purposes under eminent domain.

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Licenses and Designations: ➤ Real Estate Appraiser Trainee #TX-1341346

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Associations and Activities: ➤ Practicing Affiliate of the Appraisal Institute

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Right-of-Way Projects: ➤ US-290 Improvement Project, Harris County  
➤ Interstate 35 Improvement Project, Bell County  
➤ US Hwy 77 Improvement Project, Nueces County  
➤ Harbor Bridge Improvement Project, Nueces County

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Education: Professional Courses

- Appraisal Principles (30-hour course)
- Appraisal Procedures (30-hour course)
- Supervisor/Trainee Course (4-hour course)
- Uniform Standards of Professional Appraisal Practice (15-hour course)
- Site Valuation and Cost Approach (30-hour course)

Formal Education

University of Houston; Houston, Texas  
➤ Bachelor of Economics, August 2008

Addenda

## City of Austin

### Office of Real Estate Services

P.O. Box 1088  
Austin, Texas 78767  
(512) 974-7090, Fax (512) 974-7088



August 6, 2018

Mr. Paul Hornsby, MAI, SRA  
Paul Hornsby & Company  
7600 N. Capital of Texas Highway,  
Suite 210, Building B  
Austin, TX 78731

Project Name: Estancia Hill Country – Phase 1 - Partially Improved & Vacant Land  
File #: 4788.01.3  
Assignment Number: 52-159  
Property Owner: SLF III – Onion Creek, LP  
TCAD Parcel Number: Various – See previously provided information  
Legal Description(s): See previously provided information  
Property Description: 216.58 Acres - See previously provided information

Dear Mr. Hornsby,

Please proceed on the appraisal assignment regarding the above referenced property. The purpose of the appraisal is to develop an opinion of market value of the fee simple interest in the identified real property, shown below as 3 vacant unimproved lots totaling 72.90 acres, shown as Parcels A, B, and C, a detention pond area of 4.5 acres, two former tracts (# 6, 7 & 9) totaling 32.42 acres improved with 632 multi-family units or (19.49 UPA), and 106.76 acres of residential land (former tracts 11/12) that are partially improved (see below for more details). A market value should be presented for individual tracts as designated within a specific use category as noted below. (See Draft Concept Plan attached for reference)

Additionally, all platted lots in the residential, both improved and unimproved must be appraised as to their current market value. Those partially improved home lots will be afforded a percentage completion according to that provided by Lennar Homes as of the effective date of the appraisal. In order to accomplish this task, the Office of Real Estate Services will endeavor to assist with data collection for all the platted residential lots in Phase 1.

- Detention Area – 4.5 acres
- Parcel A – 25.8 acres SF Homes -141 Units 5.5 UPA (35' x 100 Rear Load)
- Parcel B – 31.4 acres – 20 UPA - 620 Units
- Parcel C – 15.7 acres - Office/retail 0.15 FAR -102,500 SF
- Former Tracts 6/7 – 16.09 acres Improved with MF Called The Park at Estancia (TCAD 984914) 320 Units ( from original concept plan)
- Former Tract 9 - 16.33 Acres improved with MF called Estancia Villas (TCAD 868485) 312 Units (from original concept plan)
- Former Tracts 11/12 – 106.76 Acres (71.50 acres & 35.20 acres) – SF Residential -414 Lots broken out between 55' and 65' lots (298 -55' & 116 - 65' lots) (from original concept plan)

Estancia Hill Country – Phase 1 - 216.58 Acres  
File No: 4788.01.2  
Assignment # 52-159

The intended use of the appraisal is to assist the Office of Real Estate Services of the City of Austin in its determination of market value for a PID bond allocation for the property. The City of Austin is the client and the intended users of the appraisal report are the City of Austin and/or its agents and the property owner – SLF III - Onion Creek, LP.

This appraisal assignment should be reported in an Appraisal Report format in compliance with current Uniform Standards of Professional Appraisal Practice (USPAP) and the attached Supplemental Appraisal Requirements for the City of Austin. Upon completion of the appraisal report, an unsigned draft should be provided for my review via e-mail in PDF format. Upon approval of the draft report, please provide three (3) *copies* of the completed appraisal report along with a digital copy in PDF format.

Please provide an adjustment grid and a narrative discussion explaining the amount or degree of adjustments applied to the comparable properties utilized in the market analysis section, if appropriate for this assignment. **(See COA Supplemental Appraisal Guidelines attached)**

Each appraisal performed must demonstrate the adjustment process for individual property characteristic line item adjustments. This will include identifying the market data used to support the derivation of the adjustments and the method applied to calculate the adjustments. This discussion must be included in the body of the report or within the addenda.

For example, this process can include but not be limited to the use of the following to support adjustments made:

1. Rankings
2. Pairings
3. Statistical analysis
4. Demographic data abstraction
5. Other forms of market derived characteristic analysis

A copy of this notice to proceed should be included in your report.

Contact name for access and specific information regarding the property is as follows:

**Property Contact:**

Owner representative:

<b>Stratford (Developer/Owner)</b>	
Stratford 5949 Sherry Lane, Ste 800 Dallas, TX 75225	<b>Ocie Vest - Developer/Owner</b> Phone: 214 534-9736 <a href="mailto:ovest@stratfordland.com">ovest@stratfordland.com</a>
	<b>Christian Nilsson - Developer/Owner</b> Phone: 214 770-1989 <a href="mailto:cnilsson@stratfordland.com">cnilsson@stratfordland.com</a>
	<b>Allan Katz - In House Counsel</b> Phone: 214 239-2379 <a href="mailto:akatz@stratfordland.com">akatz@stratfordland.com</a>
	<b>Davis Wiggins - Developer/Owner</b> Phone: 214 801-4396 <a href="mailto:dwiggins@stratfordland.com">dwiggins@stratfordland.com</a>

Estancia Hill Country – Phase 1 - 216.58 Acres  
File No: 4788.01.2  
Assignment # 52-159

The following definition of "**Market Value**" should be used:

*"The price which the property would bring when it is offered for sale by one who desires, but is not obligated to sell, and is bought by one who is under no necessity of buying it, taking into consideration all of the uses to which it is reasonably adaptable and for which it either is or in all reasonable probability will become available within the reasonable future."* (City of Austin vs. Cannizzo, et al., 267 S.W.2d 808,815[1954])

We have agreed on a fee not to exceed \$32,000, with report delivery by August 31, 2018, 25 days from the email receipt of this Notice to Proceed. No one other than the undersigned is authorized to alter the scope of this assignment. If it becomes apparent during the course of the assignment that the fee will exceed this amount, the Office of Real Estate Services is to be notified in writing for written authorization to amend the fee.

Regarding items of an administrative nature, your invoice for requested services and the letter of transmittal should contain the following information:

Address Report to:	Joseph McAweeney
Project Name:	Estancia Hill Country – Phase 1 – 216.58 acres
Assignment Number:	52-159
File Number:	4788.01.2
Project:	Estancia Hill Country – Phase 1 - 216.58 Acres
Property Owner:	SLF III – Onion Creek LP
TCAD	Various
Legal Description:	See previously provided information

Should you have any questions or need additional information, please contact me at 974-7797 or e-mail at [Joseph.mcaweeney@austintexas.gov](mailto:Joseph.mcaweeney@austintexas.gov)

Sincerely,



Joseph McAweeney  
Senior Appraiser  
Office of Real Estate Services

Sent via email

**City of Austin Supplemental Appraisal Guidelines**

1. Subject property inspections should be arranged within 7 to 10 days of the notice to proceed. If any property/owner issues arise, please contact COA Appraisal staff as soon as possible so that they can be addressed in a timely manner.
2. An on-site inspection of the subject property must be completed, except in cases where access has been denied by the property owner.
3. All comparable sales, and or rentals used must be inspected.
4. Photographs of improved sales and rentals must be included in the report.
5. Plat maps must be included for all comparable sales, as well as the subject property.
6. All comparables must be confirmed in-house.
7. Comparable sale data and rental data sheets must include:
  - a. Name of confirmation source and confirmation date.
  - b. Inspection date of the comparable sale and or rental.
  - c. The date when the deeds were read, and or lease read (If applicable).
8. Transactions where the City of Austin, or other condemning authority, is a party are not to be utilized.
9. Appraisers will read all deeds, including deeds pertaining to the subject property history (3 Years per USPAP) as well as those pertaining to the comparable sales. The link to Travis County Deeds on line is <http://deed.co.travis.tx.us/>.

A brief written description must accompany all adjustments made to the comparable sales as well as an adjustment grid. Each appraisal performed must demonstrate the adjustment process for individual property characteristic line item adjustments. This will include identifying the market data used to support the derivation of the adjustments and the method applied to calculate the adjustments. This discussion must be included in the body of the report or within the addenda.

For example, this process can include but not be limited to the use of the following to support adjustments made:

1. Rankings
  2. Pairings
  3. Statistical analysis
  4. Demographic data abstraction
  5. Other forms of market derived characteristic analysis
10. When contacted by the review appraiser, you will have 7 days to provide a response to the review. Once the draft has been approved, you will have 5 days to provide final reports to COA.
  11. SFR Appraisals may use URAR forms with supplemental pages addressing the partial acquisition and additional information.

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