

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.



\$8,305,000

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 #2)

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 #2) (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 Indenture of Trust, dated as of December 1, 2018 (the "Indenture"), entered into by and between the City and the Trustee.

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 #2 (as defined herein) of the Estancia Hill Country Public Improvement District (the "District"), (ii) paying a portion of interest on the Bonds, (iii) funding a reserve fund for payment of principal and interest on the Bonds, and (iv) 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 #2 Assessments (as defined herein) levied against assessable properties in Improvement Area #2 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." 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."

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 ^(a)

\$8,305,000

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 #2)

\$1,975,000 4.500% Term Bonds, Due November 1, 2024, Priced to Yield 4.500%; CUSIP No. 052466AT6 ^{(a) (b)}

\$6,330,000 5.125% Term Bonds, Due November 1, 2033, Priced to Yield 5.125%; CUSIP No. 052466AU3 ^{(a) (b) (c)}

-
- (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."
- (c) The Bonds maturing on November 1, 2033 are also subject to redemption, in whole or in part, prior to stated maturity, at the option of the City, on any date on or after November 1, 2028, at the redemption price set forth herein under "DESCRIPTION OF THE BONDS — Redemption Provisions."

CITY OF AUSTIN, TEXAS

Elected Officials

	<u>Term Expires January</u>
Steve Adler.....	2022
Ora Houston.....	2022 ⁽¹⁾
Delia Garza.....	2021
Sabio “Pio” Renteria.....	2022
Gregorio “Greg” Casar.....	2021
Ann Kitchen.....	2022
Jimmy Flanagan.....	2021
Leslie Pool.....	2021
Ellen Troxclair.....	2022 ⁽¹⁾
Kathryne B. Tovo, Mayor Pro Tem.....	2022
Alison Alter.....	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

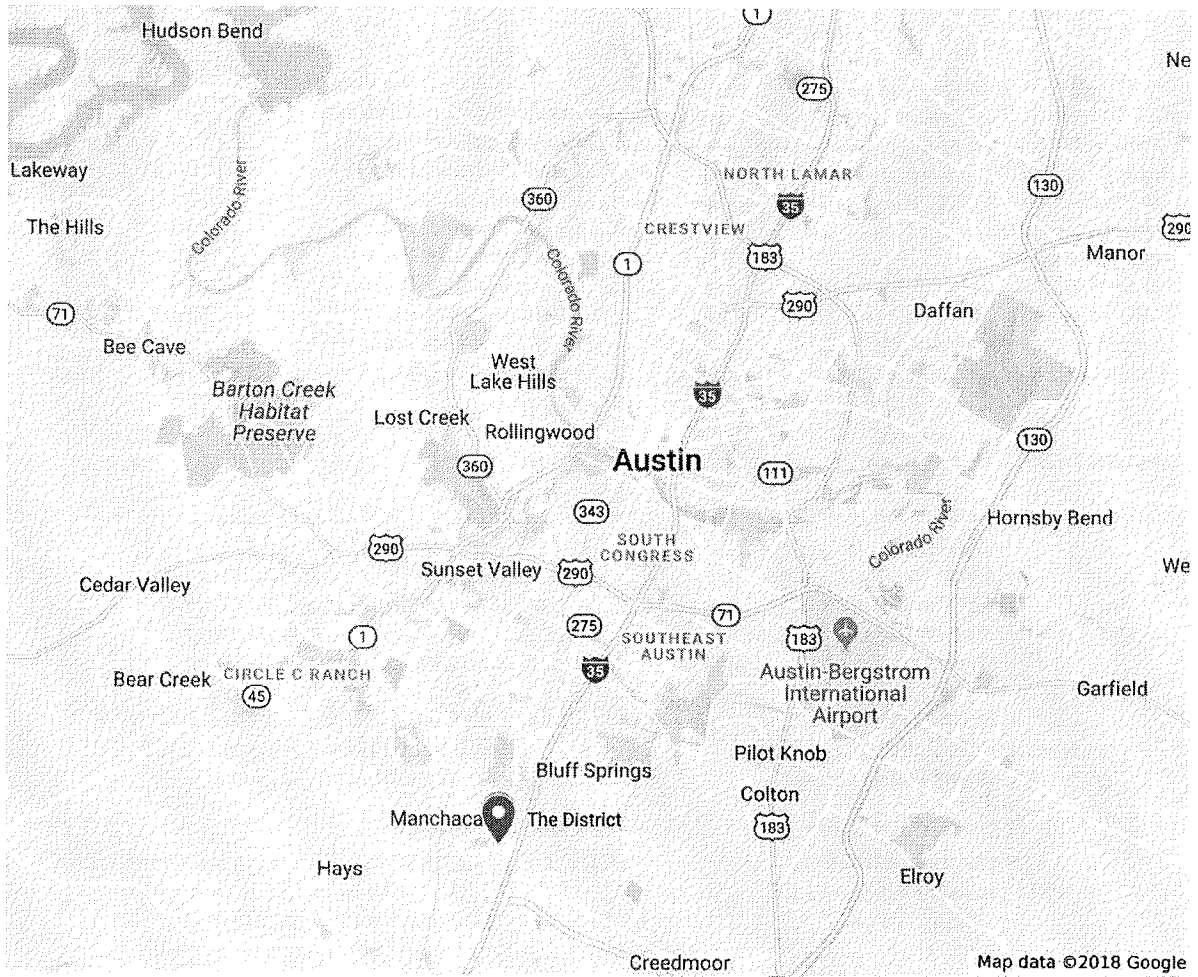
P3 Works, LLC
Austin and Keller, Texas

For additional information regarding the City, please contact:

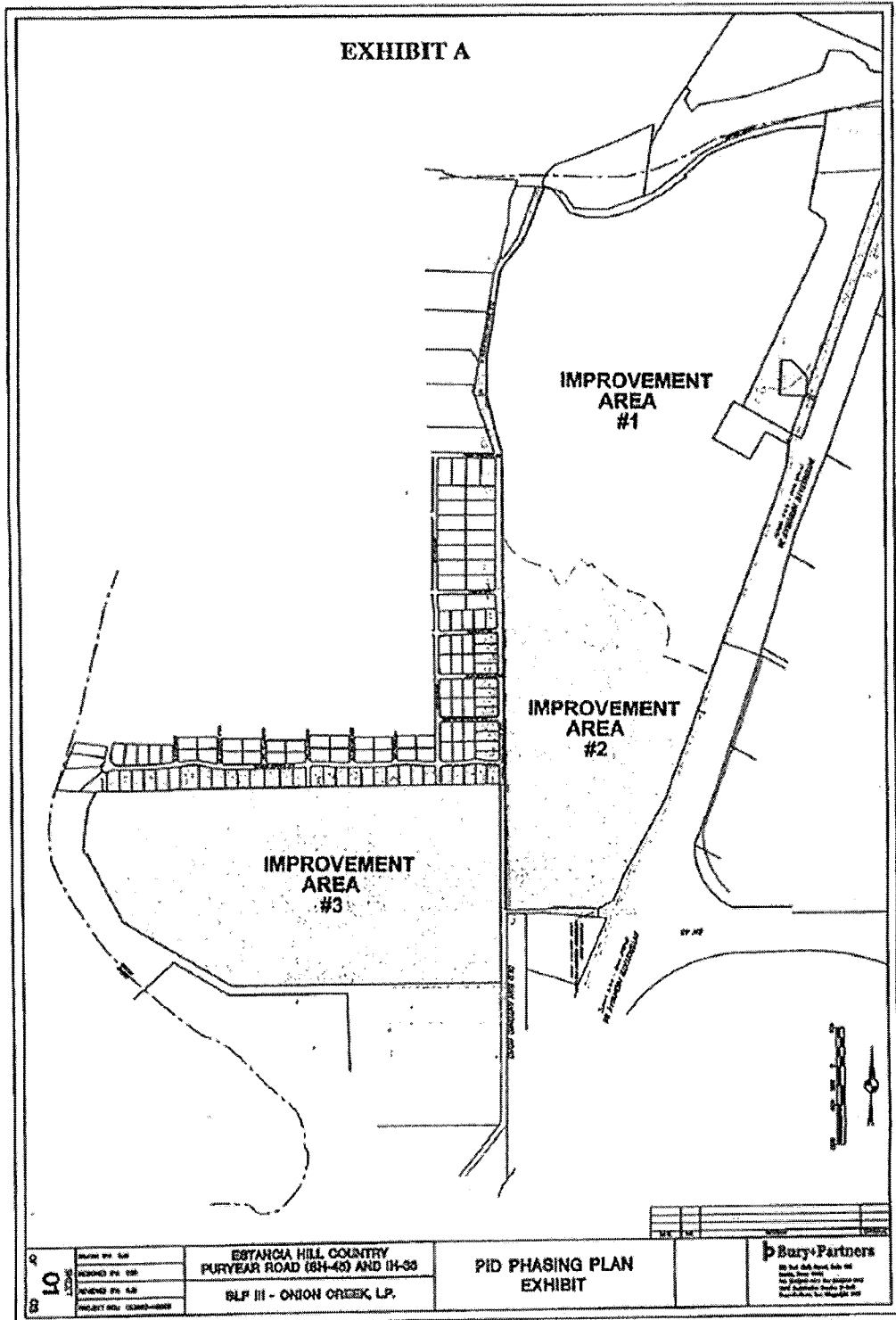
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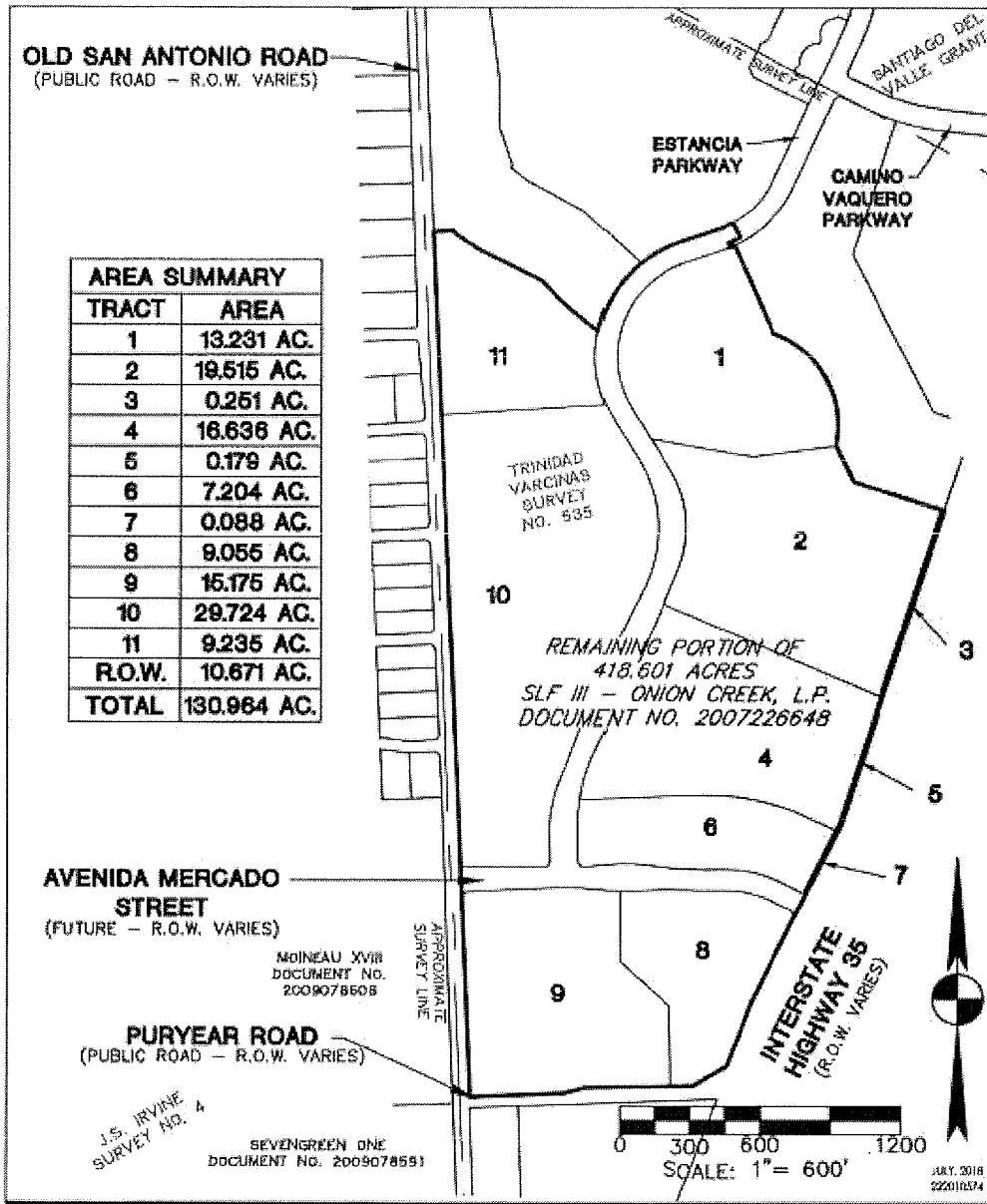
⁽¹⁾ Run-off elections for City Council Places 1, 3, and 8 were held on December 11, 2018. Incumbents Ora Houston and Ellen Troxclair did not seek re-election and Natasha Harper-Madison and Paige Ellis were elected to City Council Places 1 and 8, respectively. Ms. Harper-Madison and Ms. Ellis will take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



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



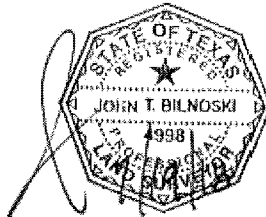
MAP SHOWING TRACTS WITHIN IMPROVEMENT AREA #2 OF THE DISTRICT



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 2018/07/27 12:27 PM By: stantec\alstn



1905 Aldrich Street, Suite 300
 Austin, TX 78723
 TBPE # F-6324 TBPLS # 10194230
 www.stantec.com



Client/Project
 ESTANCIA HILL COUNTRY
 IMPROVEMENT AREA NO. 2
 Figure No.
 SHEET 1 OF 1
 Title
 OVERALL TRACT EXHIBIT

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

\$8,305,000

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 #2)

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 \$8,305,000 aggregate principal amount of Special Assessment Revenue Bonds, Series 2018 (Estancia Hill Country Public Improvement District Improvement Area #2) (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 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"). The Bonds will be secured by special assessments ("Improvement Area #2 Assessments") levied against assessable property located within Improvement Area #2 (as defined below) of the Estancia Hill Country Public Improvement District (the "District") pursuant to a separate ordinance enacted by the City Council on December 13, 2018 (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 Reimbursement Agreement (as defined herein), the Landowner (as defined herein), the Development Agreement (as defined herein), the Financing Agreement (as defined herein), the Redemption 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 to provide funds for (i) paying a portion of the costs of certain public improvements to serve Improvement Area #2 of the District (the "Improvement Area #2 Improvements"), (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Improvement Area #2 Improvements, (iii) funding a reserve fund for payment of principal and interest on the Bonds, and (iv) 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 #2 of the District (the "Improvement Area #2 Assessments"). See "THE IMPROVEMENTS" and "SECURITY FOR THE BONDS."

The cost of all of the Improvement Area #2 Improvements (including Bond issuance costs) is expected to be approximately \$9,635,738. A portion of the costs of the Improvement Area #2 Improvements, in the approximate amount of \$8,305,000, is expected to be paid with proceeds of the Bonds. Concurrently with the approval of the Bonds, the City expects to enter into a reimbursement agreement with the Landowner (the "Reimbursement Agreement"), pursuant to which the City will agree to pay the Landowner for a portion of costs of the Improvement Area #2 Improvements not paid with proceeds of the Bonds from the Improvement Area #2 Assessments, as further described in the next paragraph. The Bonds and the City's obligations under the Reimbursement Agreement are both secured by the Improvement Area #2 Assessments; however, the payment of debt service on the Bonds from the

Improvement Area #2 Assessments is superior in right to payment of obligations under the Reimbursement Agreement. See “SECURITY FOR THE BONDS – Pledged Revenue Fund,” and “THE IMPROVEMENTS – The Reimbursement Agreement.”

As of July 30, 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. At delivery of the Bonds, the Landowner will contribute funds in the amount of \$1,330,312.81, which amount is to be paid by the City to the Landowner pursuant to the Reimbursement Agreement. See “SOURCES AND USES OF FUNDS” and “THE IMPROVEMENTS.”

The City has previously issued its Special Assessment Revenue Bonds, Series 2013 (Estancia Hill Country Public Improvement District) (the “Initial Improvement Area #1 Bonds”) in an original principal amount of \$12,590,000 (of which \$9,895,000 remains outstanding) to pay a portion of the costs of constructing the public improvements to serve Improvement Area #1 of the District (the “Improvement Area #1 Improvements”). The Initial Improvement Area #1 Bonds are secured by separate special assessments levied against the assessable property in Improvement Area #1 of the District (the “Improvement Area #1 Assessments”).

The City and Landowner also entered into a financing agreement (the “Financing Agreement”) related to the District. The Financing Agreement provides, in part, for the payment of the costs of Improvement Area #1 Improvements, the issuance of the Initial Improvement Area #1 Bonds and additional bonds secured by the Improvement Area #1 Assessments, and the payment of a portion of the costs to the Landowner from the proceeds of such bonds and/or the Improvement Area #1 Assessments. See “APPENDIX C – Form of Service and Assessment Plan.”

Concurrently with the issuance of the Bonds, the City intends to issue its \$4,265,000 City of Austin, Texas, Special Assessment Revenue Bonds, Series 2018 (Estancia Hill Country Public Improvement District Improvement Area #1) (the “Parity Improvement Area #1 Bonds”) to pay the Landowner for the remainder of the City’s obligations related to the Improvement Area #1 Improvements. The Parity Improvement Area #1 Bonds will be secured by the Improvement Area #1 Assessments on parity with the Initial Improvement Area #1 Bonds and, upon issuance and payment of the net proceeds to the Landowner, the City’s obligations to pay the Landowner under the Financing Agreement with respect to Improvement Area #1 will be terminated.

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 #2 Improvements; (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Improvement Area #2 Improvements; (iii) funding a reserve fund for the payment of principal of and interest on the Bonds; and (iv) 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 #2 Assessments to be levied against the assessable parcels or lots within Improvement Area #2 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" 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 bonds related to Improvement Area #1 (including the Initial Improvement Area #1 Bonds and the Parity Improvement Area #1 Bonds) and any Improvement Area #3 Bonds issued by the City are separate and distinct issues of securities secured by separate special assessments. The Initial Improvement Area #1 Bonds, the Parity Improvement Area #1 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 #2

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 amounts of not less than \$5,000 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

Optional Redemption. The City reserves the right and option to redeem the Bonds maturing on November 1, 2033, before their scheduled maturity date, in whole or in part, on any date on or after November 1, 2028, such redemption date or dates to be fixed by the City, at the price of par plus accrued interest to the redemption date.

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 100% of the principal amount of the Bonds, or portions thereof, to be redeemed plus accrued interest to the redemption date from amounts on deposit in the Redemption Fund as a result of (i) Prepayments,

including related transfers to the Redemption Fund, (ii) unexpended proceeds transferred from the Project Fund to the Bond Fund pursuant to the Indenture, (iii) Foreclosure Proceeds to the extent that such proceeds are not needed to restore deficiencies in the Reserve Fund, (iv) transfers to the Redemption Fund from the Prepayment and Delinquency Reserve Account pursuant to the Indenture in the event that the Prepayment and Delinquency Reserve Account contains the Prepayment and Delinquency Reserve Requirement, (v) transfers of Improvement Area #2 Assessments to the Redemption Fund made pursuant to a City Order after satisfaction of the requirements for payment of principal and interest on the Bonds and to fund any deficiency in the Reserve Fund, and (vi) transfers to the Redemption Fund made pursuant to the Indenture in the event that the amount held in the Reserve Fund together with the amount held in the Pledged Revenue Fund, the Bond Fund and Redemption Fund is sufficient to pay the principal amount and of all Outstanding Bonds. Unexpended proceeds shall be transferred to the Redemption Fund only in the event that the City Representative reasonably determines that amounts then on deposit in the 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 #2 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 Improvement Account of the Project Fund. No redemption shall be made which results in a Bond remaining outstanding in a principal amount less than \$5,000. See "ASSESSMENT PROCEDURES — Prepayment of Improvement Area #2 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:

\$1,975,000 Term Bonds Maturing November 1, 2024

<u>Redemption Date</u>	<u>Sinking Fund Installment</u>
November 1, 2020	\$325,000
November 1, 2021	360,000
November 1, 2022	395,000
November 1, 2023	430,000
November 1, 2024 [†]	465,000

\$6,330,000 Term Bonds Maturing November 1, 2033

<u>Redemption Date</u>	<u>Sinking Fund Installment</u>
November 1, 2025	\$505,000
November 1, 2026	550,000
November 1, 2027	595,000
November 1, 2028	645,000
November 1, 2029	695,000
November 1, 2030	745,000
November 1, 2031	805,000
November 1, 2032	865,000
November 1, 2033 [†]	925,000

[†] 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 optional redemption or 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.

With respect to any optional redemption of the Bonds, unless the Trustee has received funds sufficient to pay the redemption price of the Bonds to be redeemed before giving of a notice of redemption, the notice may state that 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 and the Trustee shall give notice, in the manner in which the notice of redemption was given, that the Bonds have not been redeemed.

The City has the right to rescind any optional redemption or 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 in excess 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 pro rata reduction of the outstanding maturities, and treating each \$5,000 amount 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 unredeemed portion, but not less than \$5,000, 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

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 #2 Assessments levied against the assessable parcels or lots within Improvement Area #2 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 #2 contains approximately 131 acres. 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 #2, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of Improvement Area #2 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 #2 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 Assessment Ordinance and other provisions of law to finance the Improvement Area #2 Improvements by levying Improvement Area #2 Assessments upon properties in Improvement Area #2 of the District benefitted thereby. For a description of the assessment methodology and the amounts of Improvement Area #2 Assessments anticipated to be 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) Assessment Revenue less (a) the Annual Collection Costs and (b) Foreclosure Proceeds; (ii) the moneys held in any of the Pledged Funds; and (iii) any additional revenues that the City may pledge to the payment of the Bonds. "Assessment Revenue" means monies collected by or on behalf of the City from any one or more of the following: (i) an Improvement Area #2 Assessment levied against an Assessed Parcel, or an Annual Installment thereof, including any interest on such Improvement Area #2 Assessment or Annual Installment thereof during any period of delinquency, (ii) a Prepayment, (iii) Delinquent Collection Costs and (iv) Foreclosure Proceeds. "Annual Installments" means, with respect to each Assessed Parcel, each annual payment of the Improvement Area #2 Assessments as shown on the Improvement Area #2 Assessment Roll related to the Bonds and the Improvement Area #2 Improvements attached to the Service and Assessment Plan as Appendix G-1 and related to the Bonds; which annual payment includes the 0.50% additional interest rate (authorized by Section 372.018(a) of the PID Act) collected on each annual payment of Improvement Area #2 Assessments for the additional interest reserve as described in the Indenture and as defined and calculated in the Service and Assessment Plan or in any Annual Service Plan Update. The City will covenant in the Indenture that it will take and pursue all actions permissible under Applicable Laws to cause the Improvement Area #2 Assessments to be collected and the liens thereof to be enforced continuously. See "SECURITY FOR THE BONDS — 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 #2 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 Assessment Ordinance until the Improvement Area #2 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 #2 Assessments

The Improvement Area #2 Assessments shown on the 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 as and to the extent provided in the Service and Assessment Plan and the Indenture.

The Improvement Area #2 Assessments assessed to pay debt service on the Bonds and amounts owed under the Reimbursement Agreement, together with interest thereon, are payable in Annual Installments established by the Assessment Ordinance and the Service and Assessment Plan to correspond, as nearly as practicable, to the debt service requirements for the Bonds and amounts owed under the Reimbursement Agreement. An Annual Installment of an Assessment has been made payable in the Assessment Ordinance in each City fiscal year preceding the date of final maturity of the Bonds which, if collected, will be sufficient to first pay debt service requirements attributable to Improvement Area #2 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 #2 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 Assessment Roll. Sums received from the collection of the Improvement Area #2 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 #2 Assessments in the Bond Pledged Revenue Account of the Pledged Revenue Fund to pay debt service on the Bonds, portions of the Annual Installments of Improvement Area #2 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 #2 Assessments

The City has imposed Improvement Area #2 Assessments on the property within Improvement Area #2 of the District to pay the principal of and interest on the Bonds 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 #2 Assessments shall be effective on the date of, and strictly in accordance with the terms of, the 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, which installments shall include interest on the Improvement Area #2 Assessments. Pursuant to the Assessment Ordinance, interest on the Improvement Area #2 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 #2 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 initial Annual Installments will be delinquent if not paid prior to February 1, 2020.

As authorized by Section 372.018(b) of the PID Act, the City will calculate and collect each year while the Bonds are Outstanding and unpaid, commencing on or about October 1, 2019, an Annual Installment of the Improvement Area #2 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 #2 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 #2 Assessments to pay annual expenses shall be due in the manner set forth in the 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 #2 Assessments to pay expenses do not secure repayment of the Bonds.

There will be no discount for the early payment of Improvement Area #2 Assessments.

Improvement Area #2 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 #2 Assessments and penalties and interest begins on the effective date of the Assessment Ordinance and continues until the Improvement Area #2 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 #2 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.

Perfected Security Interest

The lien on and pledge of the Pledged Revenues shall be valid and binding and fully perfected from and after the Closing Date, without physical delivery or transfer of control of the Pledged Revenues, the filing of 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 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 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 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 before March 1 of each year while the Bonds are outstanding, and beginning in 2020, the City shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund. From amounts deposited to the Pledged Revenue Fund, the City shall deposit or cause to be deposited Assessment Revenues as follows: (i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds 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 and Delinquency Reserve Account in an amount equal to the Prepayment and Delinquency Reserve Requirement, (iv) fourth, to the Landowner Reimbursement Pledged Revenue Account of the Pledged Revenue Fund to reimburse the Landowner for costs of Improvement Area #2 Improvements that have been paid from the Landowner Improvement Account of the Project Fund (pursuant to the terms of the Reimbursement Agreement), and (v) fifth, after satisfaction of each of the above, to the Redemption Fund.

Moneys transferred to the Landowner Reimbursement Pledged Revenue Account shall not be a part of the Trust Estate and are not security for the Bonds.

From time to time as needed to pay the obligations relating to the Bonds, 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 and any expected transfers from the Capitalized Interest Account to the 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 on the next Interest Payment Date.

Subject to the provisions of the Reimbursement Agreement, from time to time as needed to pay the obligations relating to costs of Improvement Area #2 Improvements that are paid with funds withdrawn from the Landowner Improvement Account of the Project Fund the Trustee shall withdraw from the Landowner Reimbursement Pledged Revenue Account and transfer to the Reimbursement Fund such amount needed to reimburse the Landowner for funds withdrawn from the Landowner Improvement Account of the Project Fund used to fund costs of Improvement Area #2 Improvements.

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.

Notwithstanding the deposits described in (i) first through (v) fifth 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 (v) fifth 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 #2 Assessments remaining after satisfying the foregoing payments may be used for any lawful purpose for which Improvement Area #2 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, less any amount to be used to pay interest on the Bonds on such Interest Payment Date from the Capitalized Interest Account as provided in the Indenture.

Project Fund

Pursuant to the Indenture, a Project Fund will be created to be used for the purposes described in "PLAN OF FINANCE – The Bonds."

Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds pursuant to one or more City Certificates. Disbursements from all other Accounts of 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 reasonably determines in his or her sole discretion that amounts then on deposit in the 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 #2 Improvements, as the case may be, such that, in the opinion of the City Representative, it is unlikely that the amounts in the 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 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 Improvement Account of the Project Fund shall be transferred to the Redemption Fund to redeem Bonds 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 #2 Improvements have been completed and that all costs of the Improvement Area #2 Improvements have been paid, or that any such costs are not required to be paid from the 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, (ii) shall transfer any remaining amount in the Landowner Improvement Account of the Project Fund to the Landowner, and (iii) the Project Fund shall be closed.

Reserve Account of the Reserve Fund

Pursuant to the Indenture, a Reserve Account will be created within the Reserve Fund for the benefit of the Bonds and held by the Trustee and will be funded with proceeds of the Bonds in the amount of the Reserve Account Requirement. Pursuant to the Indenture, the "Reserve Account Requirement" for the Bonds shall be an amount equal to the least of (i) Maximum Annual Debt Service on the Bonds as of their date of issuance, (ii) 125% of average Annual Debt Service on the Bonds as of their date of issuance, and (iii) 10% of the proceeds of the Bonds; 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 Bond 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 redeemed by such optional redemption divided by the total principal amount of the Outstanding Bonds prior to such redemption. As of the date of delivery of the Bonds, the Reserve Account Requirement is \$830,500 which is an amount equal to 10% of the proceeds of the Bonds as of the date of issuance.

Whenever, on any Interest Payment Date, the amount on deposit in the Bond Fund is insufficient to pay the debt service on the Bonds due on such date, the Trustee shall transfer first from the Prepayment and Delinquency Reserve Account of the Reserve Fund (described below), and second from the Reserve Account of the Reserve Fund, to the Bond Fund in the amount necessary to cure such deficiency.

Whenever Bonds 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. The amount so transferred from the Reserve Account of the Reserve Fund shall be equal to a percentage of the amount of the Bonds 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 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 and Delinquency Reserve Account of the Reserve Fund

Pursuant to the Indenture, a Prepayment and Delinquency Reserve Account will be created within the Reserve Fund and held by the Trustee for the benefit of the Bonds. The Trustee, if needed, will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Prepayment and Delinquency Reserve Account on March 1 of each year, commencing March 1, 2020 an amount equal to .50% of the interest rate component of the Annual Installments to the Prepayment and Delinquency Reserve Account. Once the Prepayment and Delinquency Reserve Requirement has accumulated in the Prepayment and Delinquency Reserve Account, all amounts in excess of the Prepayment and Delinquency Reserve Requirement shall be transferred by the Trustee to the Redemption Fund to redeem Bonds as provided in the Indenture; provided, however, that at any time the amount on deposit in the Prepayment and Delinquency Reserve Account is less than the Prepayment and Delinquency Reserve Requirement, the Trustee shall resume depositing such amounts from the Bond Pledged Revenue Account into the Prepayment and Delinquency Reserve Account until the Prepayment and Delinquency Reserve Requirement has accumulated in the Prepayment and Delinquency Reserve Account. The Prepayment and Delinquency Reserve Requirement is an amount equal to 5.5% of the principal amount of the Outstanding Bonds. Whenever, on any Interest Payment Date, or on any other date at the written request of the City Representative, the amount in the Prepayment and Delinquency Reserve Account exceeds the Prepayment and 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 Prepayment and Delinquency Reserve Account shall be transferred to the Redemption Fund. See “APPENDIX B — Form of Indenture” and “APPENDIX C — Form of Service and Assessment Plan.”

Moneys deposited in the Prepayment and Delinquency 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 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 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 due on such date, the Trustee shall transfer first from the Prepayment and Delinquency Reserve Account of the Reserve Fund and second from the Reserve Account of the Reserve Fund to the Bond Fund the amounts necessary to cure such deficiency.

Administrative Fund

The City has created under the Indenture an Administrative Fund held by the Trustee and in such fund the District Administration Account and the Landowner Property Tax Account. The City shall deposit or cause to be deposited to the District Administration Account of the Administrative Fund the amounts collected each year to pay Annual Collection Costs and Delinquent Collection Costs. Moneys in the District Administration Account of 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.

Moneys in the Landowner Property Tax Account of the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered by the Indenture and shall be released to the Landowner as directed by City Order pursuant to the terms of the Redemption Agreement (as defined herein); provided, however, that the Trustee shall transfer to the Landowner any amounts remaining in the Landowner Property Tax Account of the Administrative Fund after the last Outstanding Bond is discharged regardless of whether a City Order directing such action is received.

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

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 #2 Assessments including the prosecution of foreclosure proceedings;
- (iii) The failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable and such failure is not remedied within thirty days provided, however, that the payments are to be made only from Pledged Revenues and the Pledged Revenues must be available to the City to make any such payments; and
- (iv) default in the performance or observance of any covenant, agreement or obligation of the City under the Indenture and the continuation thereof for a period of 90 days after written notice to the City by the Trustee, or by the Owners of at least 25% of the aggregate outstanding principal of the Bonds with a copy to the Trustee, specifying such default by the Owners of at least 25% of the Bonds 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 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, in the selection of Trust Estate assets to be used in the payment of Bonds 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, (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 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 90 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 90-day period by the owners of a majority of the aggregate principal amount of the Bonds 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 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 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 at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond 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.

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, 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, or redemption price of any Bonds 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 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

Other than bonds issued to refund all or a portion of the Bonds, 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, other than that specified in the Indenture, or upon any other property pledged under the Indenture, except the pledge created for the security of the Bonds, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

So long as Bonds are Outstanding under the Indenture, the City will not issue any bonds, notes or other evidences of indebtedness other than the Bonds and bonds issued to refund all or a portion of the Bonds secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under the Indenture, other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

Additional Obligations or Other Liens

The City reserves the right to issue additional obligations (“Additional Obligations”) under other indentures, assessment ordinances, or similar agreements or other obligations (which obligations may be secured by future assessments levied in accordance with the PID Act) which do not constitute or create a lien on the Trust Estate and are not payable from the Pledged Revenues for payment of the Bonds.

Other than bonds issued to refund all or a portion of the Bonds, 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 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 the Indenture 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.

SOURCES AND USES OF FUNDS

The table that follows summarizes the expected sources and uses of proceeds of the Bonds and additional funds received from the Landowner:

Sources of Funds:	
Principal Amount	\$8,305,000.00
Landowner Advance ⁽¹⁾	1,330,312.81
Landowner Deposit to Landowner Property Tax Account	<u>1,079.78</u>
TOTAL SOURCES	<u>\$9,636,392.59</u>
Use of Funds:	
Deposit to Improvement Account of the Project Fund	\$6,238,489.69
Deposit to Landowner Improvement Account of the Project Fund ⁽¹⁾	1,330,312.81
Deposit to Capitalized Interest Account of Bond Fund	347,850.31
Deposit to Reserve Account of the Reserve Fund	830,500.00
Landowner Deposit to Landowner Property Tax Account	1,079.78
Costs of Issuance	639,010.00
Underwriter’s Discount ⁽²⁾	<u>249,150.00</u>
TOTAL USES	<u>\$9,636,392.59</u>

⁽¹⁾ Such amounts will be paid by the City to the Landowner pursuant to the terms of the Reimbursement Agreement.

⁽²⁾ Includes Underwriter’s discount of \$166,100.00 and Underwriter’s Counsel’s fee of \$83,050.00.

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DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for the Bonds (rounded to the nearest dollar):

Year Ending (November 1)	<u>Principal</u>	<u>Interest</u>	Less Capitalized <u>Interest</u>	<u>Total</u>
2019	\$ -	\$ 347,850	\$(347,850)	\$ -
2020	325,000	413,288		738,288
2021	360,000	398,663		758,663
2022	395,000	382,463		777,463
2023	430,000	364,688		794,688
2024	465,000	345,338		810,338
2025	505,000	324,413		829,414
2026	550,000	298,531		848,531
2027	595,000	270,344		865,344
2028	645,000	239,850		884,850
2029	695,000	206,794		901,794
2030	745,000	171,175		916,175
2031	805,000	132,994		937,994
2032	865,000	91,738		956,738
2033	<u>925,000</u>	<u>47,406</u>		<u>972,406</u>
Total	<u>\$8,305,000</u>	<u>\$4,035,532</u>	<u>\$(347,850)</u>	<u>\$11,992,711</u>

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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 #2 for full purposes prior to the final maturity date of the Bonds. The land within Improvement Area #2 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 #2 Assessments.

In addition to the Improvement Area #2 Assessments described above, the Landowner anticipates that each property owner in Improvement Area #2 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 #2 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 Hays Consolidated Independent School District ("Hays CISD"), 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 #2 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 #2.

Overlapping Taxes

Taxing Entity	Tax Year 2018 Ad Valorem Tax Rate ⁽¹⁾
Travis County	\$0.3542
Austin Independent School District ⁽²⁾	1.1920
Hays Consolidated Independent School District ⁽²⁾	1.5377
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 ⁽²⁾	<u>\$2.2019</u>
 Estimated Average Annual Installment in Improvement Area #2 of the District as tax rate equivalent ⁽³⁾	 <u>\$0.5317</u>
 Estimated Total Tax Rate and Average Annual Installment in Improvement Area #2 of the District as a tax rate equivalent	 <u>\$2.7336</u>

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

⁽²⁾ Improvement Area #2 is partially in the Austin ISD and partially within Hays CISD. For the purpose of calculating overlapping taxes represented by the Total Current Tax Rate shown in the above table, the higher of the two tax rates of \$1.5377 for Hays CISD is used.

⁽³⁾ 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 #1 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 #2."

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

As noted above, Improvement Area #2 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 #2 of the District, as of October 31, 2018, and City debt to be secured by the Improvement Area #2 Assessments:

Overlapping Debt

Taxing or Assessing Entity	Gross Outstanding Debt as of 10/31/2018	Estimated Percentage Applicable ⁽¹⁾	Estimated Overlapping Debt ⁽¹⁾
The City (The Bonds)	\$8,305,000 ⁽²⁾	100.000%	\$8,305,000
Travis County	705,136,179	0.0131%	92,485
Austin ISD	916,011,549	0.0217%	198,413 ⁽³⁾
Austin Community College District	418,335,000	0.0113%	47,437
Travis County Healthcare District (d/b/a Central Health)	9,380,000	0.0131%	1,230
Travis County Emergency Services District No. 5	-	1.7766%	-
Total	<u>\$2,057,167,728</u>		<u>\$8,644,565⁽³⁾</u>

⁽¹⁾ Based on the Appraisal for the District's Improvement Area #2 and on certified valuations for the Tax Year 2018 for the taxing entities.

⁽²⁾ Excludes the Initial Improvement Area #1 Bonds and the Parity Improvement Area #1 Bonds sold concurrently with the Bonds.

⁽³⁾ Improvement Area #2 is partially within Austin ISD and partially within Hays CISD. When calculating overlapping debt, only the higher amount of debt for Austin ISD is used.

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. All of the property in Improvement Area #2 is currently subject to an agricultural valuation with respect to its ad valorem taxes. 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. All of the property in Improvement Area #2 is 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 #2 when assessed after the change in use occurs for the applicable parcel.

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 #2 Improvements through Improvement Area #2 Assessments, it must adopt a resolution generally describing the Improvement Area #2 Improvements and the land within Improvement Area #2 of the District to be subject to Improvement Area #2 Assessments to pay the costs therefor. The City has caused an assessment roll to be prepared (the "Assessment Roll"), which Assessment Roll will show the land within Improvement Area #2 to be assessed, the amount of the benefit to and the Improvement Area #2 Assessment against each lot or parcel of land and the number of Annual Installments in which the Assessment is divided. The Assessment Roll has been 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 #2 Improvements and funding the same with Improvement Area #2 Assessments. The City levied the Improvement Area #2 Assessments and adopted the Assessment Ordinance immediately prior to adopting the Bond Ordinance. After such adoption, the Improvement Area #2 Assessments became legal, valid and binding liens upon the property against which the Improvement Area #2 Assessments are made.

Under the PID Act, the costs of Improvement Area #2 Improvements to be defrayed through Improvement Area #2 Assessments may be assessed by the City against the assessable property in Improvement Area #2 of the District so long as the special benefit conferred upon the Assessed Parcels by the Improvement Area #2 Improvements equals or exceeds the Improvement Area #2 Assessments. The costs of the Improvement Area #2 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 #2 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 to be received by each parcel of assessable property as a result of the Improvement Area #2 Improvements, provides the basis and justification for the determination that such special benefit exceeds the Improvement Area #2 Assessments being levied, and establishes the methodology by which the City allocates the special benefit of the Improvement Area #2 Improvements to parcels in a manner that results 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 #2 Improvements are being funded with proceeds of the Bonds, which are payable from and secured by Pledged Revenues, including the Improvement Area #2 Assessments.

As set forth in the Service and Assessment Plan, the benefits received by the Improvement Area #2 Improvements will be 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 #2. Currently, the assessable property in the Improvement Area #2 consists of six parcels (the "Improvement Area #2 Initial Parcels"). As parcels are subsequently divided, the Improvement Area #2 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 #2 Assessments will be apportioned proportionately among each unit type based on the ratio of the estimated average build out value for the lot or unit type at the time thereof.

The City has determined that allocating the Improvement Area #2 Assessments to the Assessed Property based on the estimated build out value of each parcel will result in the imposition of equal shares of the Improvement Area #2 Assessments on parcels similarly situated. The Improvement Area #2 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 #2. See "APPENDIX C — Form of Service and Assessment Plan."

The Improvement Area #2 Assessments allocated to the Improvement Area #2 Initial Parcels are expected to be reallocated by the methodology described herein under "ASSESSMENT PROCEDURES – Assessment Amounts – Method of Apportionment of Improvement Area #2 Assessments."

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 #2 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 #2 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 will covenant in the Indenture to collect, or cause to be collected, Improvement Area #2 Assessments as provided in the 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 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 will covenant, agree and warrant in the Indenture that, for so long as any Bonds are Outstanding, that it will take and pursue all actions permissible under Applicable Laws to cause the Improvement Area #2 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 #2 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 will implement the basic timeline and procedures for 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 #2 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 #2 Assessments are not timely paid, there are penalties and interest as set forth below:

<u>Date Payment Received</u>	<u>Cumulative Penalty</u>	<u>Cumulative 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 #2 Assessments are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

Assessment Amounts

Improvement Area #2 Assessment Amounts. The amounts of the Improvement Area #2 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 #2 may not exceed the amounts shown on the Assessment Roll. The Improvement Area #2 Assessments were levied against the parcels comprising the Assessed Parcels in Improvement Area #2 as indicated on the Assessment Roll. See “APPENDIX C — Form of Service and Assessment Plan.” The following table provide the initial allocation of Improvement Area #2 Assessments.

Assessment Allocation Among Improvement Area #2 Initial Parcels⁽¹⁾

<u>Parcel</u>	<u>Acres</u>	<u>Expected Use</u>	<u>Assessment</u>
Initial Parcel 2 (Parcel E)	19.515	Multifamily	\$ 2,038,835
Initial Parcel 4 (Parcel F)	16.636	Multifamily	2,038,835
Initial Parcel 6 (Parcel G)	7.204	Commercial	475,777
Initial Parcel 8 (Parcel H)	9.055	Commercial	666,088
Initial Parcel 9 (Parcel I)	15.175	Multifamily	2,038,835
Initial Parcel 10 (Residential)	29.724	Single Family	<u>2,376,942</u>
Total			\$ 9,635,738

⁽¹⁾ The remaining parcels are not subject to Improvement Area #2 Assessments.

The Annual Installments shown on the Assessment Roll will be reduced to equal the actual costs of repaying the Bonds, 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 #2 Assessments. For purposes of the Service and Assessment Plan, the City Council has determined that the Improvement Area #2 Assessments shall be allocated to the Assessed Parcels according to estimated buildout value per Assessed Parcel. If an Assessed Parcel is divided, the Assessment of such Parcel before the division shall be reallocated to the newly created Parcels by the 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 Assessment of such Parcel before the division shall be reallocated to the newly created lots by City staff or 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 following table provides the expected allocation of Improvement Area #2 Assessments per unit after the expected final buildout.

Expected Assessment Allocation by Lot Type in Improvement Area #2

Initial Parcel	Planned Use ⁽¹⁾	Planned Number of Units ⁽¹⁾	Projected Buildout Value per Unit	Total Improvement Area #2 Assessments	Assessment per Unit ⁽²⁾	Average Annual Installments per Unit ⁽²⁾⁽³⁾	Equivalent Tax Rate per \$100 AV ⁽²⁾
2	Multifamily	350 units	\$120,000	\$ 2,038,835	\$5,825	\$637.99	\$0.5317
4	Multifamily	350 units	120,000	2,038,835	5,825	637.99	0.5317
6	Commercial	65,340 sq. ft.	150	475,777	7.28	0.80	0.5317
8	Commercial	91,476 sq. ft.	150	666,088	7.28	0.80	0.5317
9	Multifamily	350 units	120,000	2,038,835	5,825	637.99	0.5317
10	Single Family	137 units (market) 24 units (affordable)	325,000 185,000	2,161,408 215,534	15,777 8,981	1,727.89 983.57	0.5317 0.5317
Total				\$ 9,635,738			

⁽¹⁾ Based on the lot counts and values for Improvement Area #2 provided by the Landowner. The actual unit counts and estimated unimproved land value may vary from that shown above.

⁽²⁾ Improvement Area #2 Assessments and related Annual Installments are capped at the Maximum Assessment. See “Maximum Assessments” below.

⁽³⁾ Beginning in 2020, the first full payment year after amounts deposited for capitalized interest have been used for the payment of interest on the Bonds. Includes Annual Collection Costs and the 0.5% of additional interest to fund the Prepayment and Delinquency Reserve Account. The above estimate includes Annual Collection Costs of \$26,896, increasing 2.0% per year.

The Bonds are secured by a first lien on and pledge of Pledged Revenues, including the Improvement Area #2 Assessments. See “SECURITY FOR THE BONDS” and “APPENDIX C — Form of Service and Assessment Plan.”

Maximum Assessments in Improvement Area #2

Pursuant to the Service and Assessment Plan, the City has established a maximum Improvement Area #2 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 #2 Assessment exceeds the Maximum Assessment for any parcel, the owner of such parcel must prepay the portion of the Improvement Area #2 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 #2 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 #2 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. 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 #2 Assessments.

Mandatory Prepayments. If the Improvement Area #2 Assessment for any lot or parcel exceeds the Maximum Assessment on the Maximum Assessment Calculation Date, the owner shall partially prepay the Improvement Area #2 Assessment for each Assessed Property that exceeds the Maximum Assessment in an amount sufficient to reduce the Improvement Area #2 Assessment to the Maximum Assessment 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 and remains unpaid for 90 days, the City, upon providing written notice to the Landowner, 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 Bonds.

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 #2 Assessments

If as a result of cost savings or an Improvement Area #2 Improvement not being constructed, the Actual Costs of completed Improvement Area #2 Improvements are less than the Improvement Area #2 Assessments levied for such Improvement Area #2 Improvements, the City Council shall reduce each Improvement Area #2 Assessment related to such Improvement Area #2 Improvements on a pro-rata basis such that the sum of the resulting reduced Improvement Area #2 Assessments, for all Assessed Properties receiving benefit from the Improvement Area #2 Improvements, equals the reduced Actual Costs. The Improvement Area #2 Assessments shall not, however, be reduced to an amount less than the applicable outstanding Bonds.

Priority of Lien

The Improvement Area #2 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 Assessment Ordinance until the Improvement Area #2 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 #2 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 #2 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 Assessment will be subject to the lien established for remaining unpaid installments of the 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 #2 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 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 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 #2 Assessment on the corresponding Assessed Parcel.

The City will covenant in the Indenture to take and pursue all actions permissible under Applicable Laws to cause the Improvement Area #2 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 #2 Assessments, provided that the City is not required to expend any funds for collection and enforcement of Improvement Area #2 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 #2 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 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 #2 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 #2 contains approximately 131 acres of land. A map of the property within the District, including Improvement Area #2, is included on page v 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 #2 Assessments on property in Improvement Area #2 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 #2 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 #2 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 Improvement Area #1 Assessments

THE ASSESSMENT HISTORY OF IMPROVEMENT AREA #1 IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY. THE IMPROVEMENT AREA #1 ASSESSMENTS ARE NOT SECURITY FOR THE PAYMENT OF THE BONDS.

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

<u>Fiscal Year Ending 9/30</u>	<u>Annual Installments Levied</u>	<u>Parcels Levied⁽¹⁾</u>	<u>Delinquent Amount as of 3/1</u>	<u>Delinquent Percentage as of 3/1</u>	<u>Delinquent Amount as of 9/1</u>	<u>Delinquent Percentage as of 9/1</u>	<u>Annual Installments Collected</u>
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

⁽¹⁾ 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:

<u>Owner</u>	<u>Total Annual Installments</u>	<u>Percentage of Total Annual Installments</u>
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	

Improvement Area #1 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 cost of the Improvement Area #2 Improvements will be funded with the proceeds of the Bonds. The Improvement Area #2 Improvements will be dedicated to the City, to Travis County (the “County”) or to the Texas Department of Transportation (“TxDOT”). The Landowner expects to construct the Improvement Area #2 Improvements, and the Landowner or its designee will act as construction manager. From the proceeds of the Bonds, the City will either pay directly or will reimburse the Landowner for a portion of the project costs actually incurred in developing and constructing the Improvement Area #2 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 #2 Improvements. The Improvement Area #2 Improvements 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 begin construction of the Improvement Area #2 Improvements within 120 days of the closing of the Bonds, and expects to complete such construction in the second quarter of 2020. Water and wastewater improvements will be dedicated to the City for ownership and maintenance. Roadway improvements, including related drainage improvements, will be dedicated to Travis County or TxDOT, as applicable, for ownership and maintenance (except for certain items to be maintained by the Master POA). Water quality/detention pond improvements will be dedicated to the County and maintained by the Master POA. Improvements to the South Bound Frontage Road described below will be constructed in the TxDOT right of way, and will be dedicated to TxDOT.

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 Master POA. 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 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.

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

Improvement Area #2 Improvement Costs⁽¹⁾

<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>

⁽¹⁾ Does not include approximately \$2,066,510 in costs related to the issuance of the Bonds.

The expected costs of the Improvement Area #2 Improvements are based on information provided by the Landowner and its engineer and reviewed by the City staff and by third-party consultants retained by the City, and are expected to be approved by the City Council as part of the Service and Assessment Plan. See “APPENDIX C – Form of Service and Assessment Plan.”

The cost of all of the Improvement Area #2 Improvements (including costs of issuance of the Bonds) is expected to be approximately \$9,635,738. Only a portion of the costs of the Improvement Area #2 Improvements, in

the approximate amount of \$8,305,000, is expected to be paid with proceeds of the Bonds. An additional portion of such costs, in the amount of \$1,330,312.81, will be paid from a cash contribution by the Landowner at closing, which amount is subject to the Reimbursement Agreement. Contingencies may also be paid from the balance of the Landowner's cash contribution at closing until exhausted and then paid, along with construction management fees, by the Landowner as incurred. See "PLAN OF FINANCE – Development Plan" and "SOURCES AND USES OF FUNDS."

The Appraisal (as defined below) estimates that the value of the property within Improvement Area #2 of the District under certain conditions, including the construction, acquisition or purchase of the Improvement Area #2 Improvements is \$24,925,000. See "APPRAISAL OF PROPERTY WITHIN IMPROVEMENT AREA #2." The cost of the Improvement Area #2 Improvements is estimated to be \$9,635,738 (inclusive of Bond issuance costs). See "SOURCES AND USES OF FUNDS." Based on value of the property provided in the Appraisal and the principal amount of the Bonds, the ratio of the value to lien across Improvement Area #2 of the District is approximately 3:1. Based on value of the property provided in the Appraisal and the combined principal amount of the Bonds and expected City obligations under the Reimbursement Agreement, the ratio of the value to lien across Improvement Area #2 of the District is approximately 2.6:1. The payment of debt service on the Bonds from the Improvement Area #2 Assessments is superior to the right of payment of obligations under the Reimbursement Agreement.

The Landowner is in the design phase, and expects to begin construction on the Improvement Area #2 Improvements within 120 days of the issuance of the Bonds, and expects to complete them by the second quarter of 2020. As of July 30, 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. The Landowner has spent approximately \$2,305,811 constructing the East Detention Pond. Such amounts will not be reimbursed to the Landowner.

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 the County for ownership and maintenance (except for certain items maintained by the Master POA). Water quality/detention pond improvements were dedicated to the public and are maintained by the Master POA.

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

<u>Type of Improvement</u>	<u>Cost⁽¹⁾</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%
Entry 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%

⁽¹⁾ Excludes District formation costs and costs related to the issuance of the Initial Improvement Area #1 Bonds and the Parity 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 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 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 #2 Improvements, according to certain rules and regulations of the City, and to be paid by the City 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 Parity Improvement Area #1 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.

The Financing Agreement is attached hereto as APPENDIX G.

The Reimbursement Agreement

The Landowner and the City of Austin expect to enter into the Estancia Hill Country Public Improvement District Improvement Area #2 Reimbursement Agreement, dated as of December 13, 2018 (the "Reimbursement Agreement"). Pursuant to the Reimbursement Agreement, the City will agree to pay the Landowner for a portion of costs of the Improvement Area #2 Improvements not paid with proceeds of the Bonds from the Improvement Area #2 Assessments. The Bonds, and the City's obligations under the Reimbursement Agreement, are both secured by the Improvement Area #2 Assessments; however, the payment of debt service on the Bonds from the Improvement Area #2 Assessments is superior in right to payment of the City's obligations under the Reimbursement Agreement. See "SECURITY FOR THE BONDS – Pledged Revenue Fund." The City's obligations under the Reimbursement Agreement are payable solely from Improvement Area #2 Assessments, and are not a debt or other obligation of the City payable from any other City revenues, taxes, income or property.

Ownership and Maintenance of Improvements

The Improvement Area #2 Improvements will be 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 another owner's association will provide for the ongoing maintenance and repair of the Improvement Area #2 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

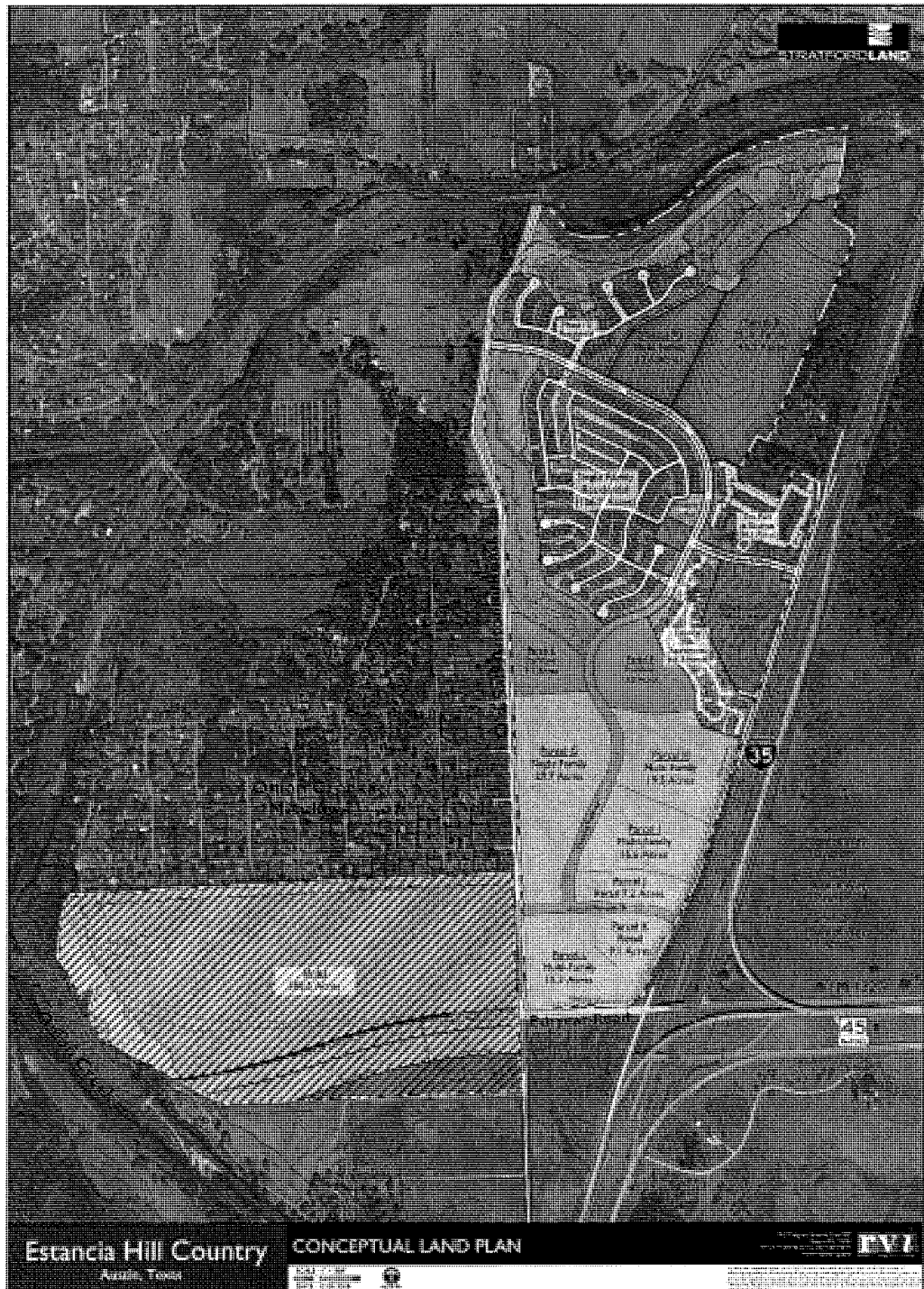
<u>Improvement Area</u>	<u>Single-Family Units</u>	<u>Multi-family Units</u>	<u>Office/Retail Sq Ft</u>	<u>Expected Master Infrastructure Completion Date</u>	<u>Expected Final Sale Date of Single Family Units by Builders</u>
1	370	1,888	232,320	1st Quarter, 2016	2 nd Quarter, 2021 ⁽¹⁾
2	161	1,050	156,816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

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

⁽²⁾ 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 ⁽¹⁾
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	<u>16,450,000</u>	Lennar
				100,220,000	
Parcel 12	Lot Type 3	73 Houses	350,000	25,550,000	Lennar
	Lot Type 4	11 Houses	450,000	<u>4,950,000</u>	Lennar
Total				<u>30,500,000</u> \$ 432,394,000	

⁽¹⁾ 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⁽¹⁾

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'	<u>92</u>	<u>81</u>	<u>68</u>	<u>3</u>	<u>66</u>
Total	370	239	200	15	205

⁽¹⁾ 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⁽¹⁾

<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 nd Quarter, 2021
2	60'	81	410,000	2 nd Quarter, 2021
3	50'	120	350,000	2 nd Quarter, 2021
4	60'	<u>11</u>	<u>450,000</u>	2 nd Quarter, 2021
Total/Avg		370	\$353,297	

⁽¹⁾ 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 nd 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>
Total				\$198,487,400

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⁽¹⁾

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

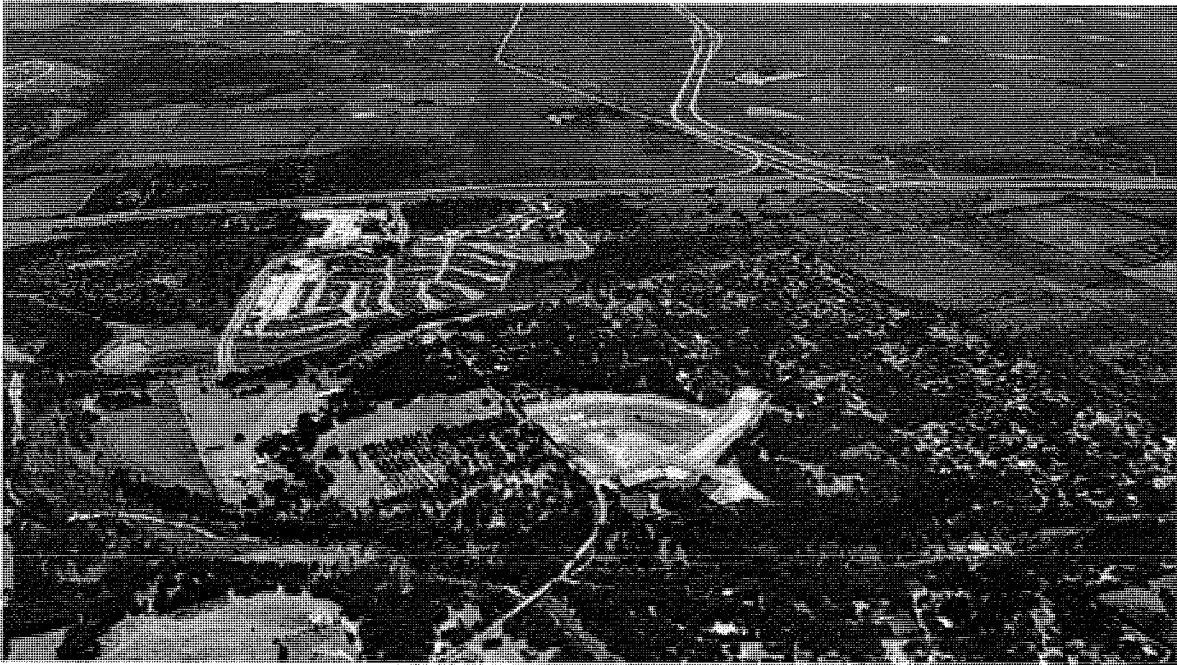
⁽¹⁾ All single-family units in Improvement Area #2 are expected to be constructed by M/I Homes of Austin, LLC.

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.

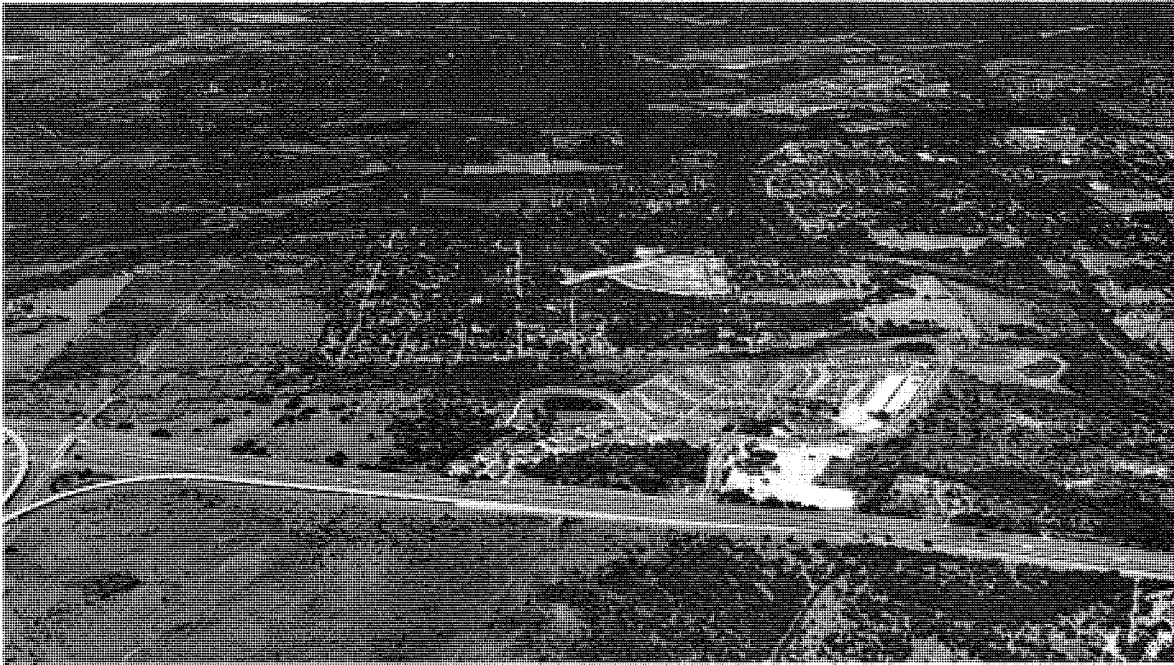
Improvement Area #3. Improvement Area #3 is anticipated to contain a varying mix of residential housing but will ultimately depend on market conditions at the time of development.

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 Parity Improvement Area #1 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 #2 is 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 I Environmental Site Assessments on November 1, 2007 and May 13, 2015, and a City of Austin Environmental Assessment (collectively, the “Phase I – 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 I – 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 Engineering Study (the “Geotech”) was prepared for the roadway improvements within Improvement Area #2 of the District by Raba Kistner, dated December 21, 2016. Using TxDOT methodology, the Geotech found potential vertical rise ranges for the roadway improvements from less than 1 inch to 2-2.75 inches.

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 Parity Improvement Area #1 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	<u>111.00</u>	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 #2 of the District. 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 #2 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 #2 is required to consent to and acknowledge the creation of the District, the levy of the Improvement Area #2 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 #2 Assessments. As a result, the lien on the property within the District securing the Improvement Area #2 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 #2

The Appraisal

General. Paul Hornsby & Company (the “Appraiser”), prepared an appraisal report for the City dated September 19, 2018, based upon a physical inspection of Improvement Area #2 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 #2.”

Value Estimates. The Appraiser estimated the prospective market value of the fee simple interest in each of the six assessable tracts of land comprising Improvement Area #2 of the District under the hypothetical condition that the Improvement Area #2 Improvements, have been completed as proposed, that the Bonds have been issued, and that any rollback taxes on the property have been paid. See “THE IMPROVEMENTS — Development Plan” and “OVERLAPPING DEBT AND TAXES.” The Appraisal does not reflect the as-is condition of Improvement Area #2 of the District as the Improvement Area #2 Improvements have not yet been constructed.

The combined value estimate for the assessable property within Improvement Area #2 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 #2 Improvements, is \$24,925,000. 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.

THE MARKET STUDY

Economic & Planning Systems, Inc. (“EPS”) was engaged by PFM Financial Advisors, LLC to review the market assumptions being used by the Landowner for Improvement Area #2 of the District. In a report dated November 20, 2018 (the “Market Study”), EPS reviewed the development plans for Improvement Area #2, and concluded that, among other conclusions, (1) based on the Appraisal, the anticipated amount of the Bonds is

appropriately scaled to the value of the land, and (2) the currently estimated District tax burden appears to be supportable based on conservative project value assumptions and comparisons to other communities. The Market Study is attached as APPENDIX H, and should be read in its entirety. 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 Market Study. The assumptions or qualifications with respect to the Market Study are contained therein. There can be no assurance that any such assumptions will be realized, and none of the City, the Landowner, the Financial Advisor and the Underwriter make any 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 #2 of the District to pay Improvement Area #2 Assessments levied by the City, (b) cash flow delays associated with the institution of foreclosure and enforcement proceedings against property within Improvement Area #2 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 #2 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 #2 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 #2 Assessments are billed to property owners in Improvement Area #2 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 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 #2 of the District, any 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 #2 Assessments, the liens securing such delinquent ad valorem taxes and delinquent Improvement Area #2 Assessments would likely be extinguished. Any remaining unpaid balance of the delinquent Improvement Area #2 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 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 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 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 owns all property within Improvement Area #2 of the District as of the date of the 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 #2 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 #2 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 #2 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 Parity Improvement Area #1 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 #2 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 #2 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 #2 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 #2 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 #2 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 #2 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 #2 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 — 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

None of the land within Improvement Area #2 is 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"). Approximately 14.7 acres within Improvement Area #1 are located within 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 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 then Outstanding, the Trustee shall proceed to protect and enforce its rights and the rights of the owners of the Bonds 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 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 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 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. The enforceability of the rights and remedies of the owners of the Bonds 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 Improvement Area #2 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 Parity Improvement Area #1 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 #2 Assessments when due. Any or all of the foregoing could reduce the willingness and ability of such owners to pay the Improvement Area #2 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 the Assessed Parcels in Improvement Area #2 of the District, currently has the obligation for payment of 100% of the total Improvement Area #2 Assessments. The ability of the Landowner to make full and timely payment of the Improvement Area #2 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 #3 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 #2 Assessments if necessary, or as to whether the Landowner will advance such funds.

Moreover, the City will pay the Landowner, or the Landowner's designee, from proceeds of the Bonds for project costs actually incurred in developing and constructing the Improvement Area #2 Improvements within the District. See "THE IMPROVEMENTS — General" and "— Development Plan." There can be no assurances given as to the financial ability of the Landowner to complete such 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 Parity Improvement Area #1 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."

Agricultural Use Valuation and Redemption Rights

All of the acreage within the Improvement Area #2 has an agricultural valuation for the purpose of property taxes. 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.

Under Texas law, an owner of land that is entitled to an agricultural valuation has the right to redeem such property after a tax sale for a period of two years after the tax sale by paying to the tax sale purchaser a 25% premium, if redeemed during the first year, or a 50% premium, if redeemed during the second year, over the purchase price paid at the tax sale and certain qualifying costs incurred by the purchaser. Although Improvement Area #2 Assessments are not considered a tax under Texas law, the PID Act provides that the lien for Improvement Area #2 Assessments may be enforced in the same manner as a lien for ad valorem taxes. This shared enforcement mechanism raises a possibility that the right to redeem agricultural valuation property may be available following a foreclosure of a lien for Improvement Area #2 Assessments, though there is no indication in Texas law that such redemption rights would be available in such a case.

The Landowner expects that the agricultural use valuations within the District will be terminated on a parcel by parcel basis at the time the applicable parcel owner begins construction of its development on a parcel.

At closing of the Bonds, the Landowner will execute an Agreement Regarding Conveyance of Right of Redemption and Waiver of Agricultural Valuation (the "Redemption Agreement") with the City pursuant to which the Landowner will convey to the Trustee for the benefit of the Owners of the Bonds its right to redeem any agricultural valuation property within Improvement Area #2 and require any subsequent purchaser from the Landowner to execute

a similar conveyance. In addition, the Landowner will deliver, and require any subsequent purchaser to deliver, into escrow with the Trustee a waiver of agricultural valuation, which the Trustee will be authorized to release and file with the Travis County Tax Assessor/Collector in the event that the subsequent owner has not paid ad valorem taxes or the special assessments due in respect of agricultural valuation property within 60 days of their due date. The Redemption Agreement will be enforceable by the Trustee on behalf of the Owners of the Bonds. Although the Redemption Agreement is intended to protect the City and the bondholders against potential redemption rights of the Landowner in the context of a foreclosure proceeding, because there is currently no case law with respect to waiver of redemption rights or an agricultural valuation, it is unclear whether the Redemption Agreement is enforceable under Texas law.

Because the enforceability of the Redemption Agreement is not certain, as additional protection against the occurrence of a tax sale for non-payment of ad valorem taxes and the associated risk of redemption rights arising, the Landowner will pay to the Trustee prior to delivery of the Bonds, and maintain at all times while there exists property in Improvement Area #2 that is entitled to valuation based on its agricultural use, an amount equal to the estimated ad valorem taxes assessed against agricultural valuation property to become due in the next two years. Such funds will be held by the Trustee and used to pay delinquent ad valorem taxes on agricultural valuation property and thereby potentially avoid the possibility of a sale for non-payment of ad valorem taxes and the associated risk of redemption rights arising. In the event such funds are used to pay delinquent ad valorem taxes, the Landowner will be required to replenish such funds previously held by the Trustee. A proportionate amount of such deposit will be returned to the Landowner upon termination of agricultural valuation.

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," "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 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 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 #2 Assessments securing the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the 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 Reimbursement Agreement, the Redemption 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 #2 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 Parity Improvement Area #1 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 \$8,055,850.00 (the par amount of the Bonds, less an underwriting discount of \$249,150.00 which includes the \$83,050.00 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. 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 #2 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.

The information regarding the Market Study in this Limited Offering Memorandum has been provided by Economic & Planning Systems, Inc., and has been included in reliance upon the authority of such firm as experts in the field of development planning and finance. Economic & Planning Systems, Inc. has consented to the inclusion of the Market Study 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 ⁽²⁾	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%

⁽¹⁾ Source: Texas Workforce Commission.

⁽²⁾ 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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INDENTURE OF TRUST

By and Between

CITY OF AUSTIN, TEXAS

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

DATED AS OF DECEMBER 1, 2018

SECURING

\$8,305,000
CITY OF AUSTIN, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2018
(ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT
DISTRICT IMPROVEMENT AREA #2)

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INDENTURE OF TRUST

THIS INDENTURE, dated as of December 1, 2018 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 property owners who own 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 10, 2013; and

WHEREAS, on November 29, 2018 the City Council by Resolution No. 20181129-006 made findings and determinations relating to the Costs of certain Improvement Area #2 Improvements, received and accepted a preliminary service and assessment plan and proposed assessment roll, called a public hearing for December 13, 2018 and directed City staff to (i) file said proposed assessment roll with the City Clerk and to make it available for public inspection as required by Section 372.016(b) of the PID Act and (ii) publish such notice as required by Section 372.016(b) of the PID Act relating to the December 13, 2018 hearing; and

WHEREAS, on December 2, 2018 the City Council, pursuant to Section 372.016(b) of the PID Act, published notice of a public hearing in the *Austin American Statesman*, a newspaper of general circulation in the City and its extraterritorial jurisdiction, to consider the proposed "Assessment Roll" and the "Service and Assessment Plan" and the levy of the "Assessments" on certain 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 #2 Assessment Roll and the Service and Assessment Plan and the levy of Improvement Area #2 Assessments on property within Improvement Area #2 of the District to the last known address of the owners of the property liable for the Improvement Area #2 Assessments ; and

WHEREAS, the City Council convened the hearing on December 13, 2018, and at such public hearing all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the proposed Improvement Area #2 Assessment Roll and the Improvement Area #2 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 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 #2 Assessment Roll, and the levy of the Improvement Area #2 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, and

WHEREAS, on December 13, 2018, 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 #2 Assessments ; and

WHEREAS, the City Council found and determined that the Improvement Area #2 Assessment Roll and the Service and Assessment Plan should be approved and that the Improvement Area #2 Assessments should be levied as provided in the Service and Assessment Plan and the Improvement Area #2 Assessment Roll; and

WHEREAS, the City Council is authorized by the PID Act to issue its revenue bonds payable from the Improvement Area #2 Assessments for the purpose of (i) paying a portion of the Costs of the Improvement Area #2 Improvements, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Improvement Area #2 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 costs of issuance; and

WHEREAS, the City Council now desires to issue revenue bonds, in accordance with the PID Act, such bonds to be entitled "City of Austin, Texas, Special Assessment Revenue Bonds, Series 2018 (The Estancia Hill Country Public Improvement District Improvement Area #2)" (the "Bonds"), such Bonds being payable solely from the Pledged Revenues and other funds pledged under this Indenture to the payment of the Bonds and for the purposes set forth in this preamble; 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 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, as herein defined, and all moneys and investments held in the Pledged Funds, 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;

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 from time to time issued under and secured by this Indenture, and for enforcement of the payment of the Bonds 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 #2 Assessments have been prepaid, the lien on real property associated with such 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 all the Bonds at the times and in the manner stated in the Bonds, 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 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 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 pursuant to Section 6.1 of this Indenture.

“Additional Obligations” means any bonds or obligations, including specifically, any installment contracts, reimbursement agreements, temporary note or time warrant secured in whole or in part by an assessment, other than the Improvement Area #2 Assessments securing the Bonds, levied against property within the District in accordance with the PID Act.

“Administrative Fund” means that Fund established 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 administrative, organization, maintenance and operation costs associated with, or incident to, the administration, organization, maintenance and operation of the PID, including, but not limited to, the costs of: (i) creating and organizing the PID, including conducting hearings, preparing notices and petitions, and all costs incident thereto, including engineering fees, legal fees and consultant fees, (ii) the annual administrative, organization, maintenance, and operation costs and expenses associated with, or incident and allocable to, the administration, organization, and operation of the PID, (iii) computing, levying, billing and collecting the Improvement Area #2 Assessments or the Annual Installments thereof, (iv) maintaining the record of installments of the Improvement Area #2 Assessments and the system of registration and transfer of the Bonds, (v) paying and redeeming the Bonds, (vi) investing or depositing of monies, (vii) complying with the PID Act and other laws applicable to the Bonds, (viii) the Trustee fees and expenses relating to the Bonds, including reasonable fees, (ix) legal counsel, engineers, accountants, financial advisors, investment bankers or other consultants and advisors, and (x) administering the construction of the Improvement Area #2 Improvements. Administrative Expenses do not include payment of the actual principal of, redemption premium, if any, and interest on the Bonds. Administrative Expenses collected and not expended for actual Administrative Expenses shall be carried forward and applied to reduce Administrative Expenses in subsequent years to avoid the over-collection of amounts to pay Administrative Expenses.

“Annual Debt Service” means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of Sinking Fund Installments), and (ii) the principal amount of the Outstanding Bonds 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 (i) the Assessment as shown on the Improvement Area #2 Assessment Roll

attached to the Service and Assessment Plan as Appendix G-1 and related to the Bonds and the Improvement Area #2 Improvements; (ii) administrative expenses, (iii) the additional per annum interest payment equivalent to .50% higher than the rate on the Bonds which amount is used to fund the Prepayment and Delinquency Reserve Account.

"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 #2 of the District against which an Assessment is levied by the Assessment Ordinance in accordance with the Service and Assessment Plan.

"Assessment Ordinance" means Ordinance No. 20181213-095 adopted by the City Council on December 13, 2018, that levied the Improvement Area #2 Assessments on the Assessed Parcels.

"Assessment Revenue" means monies collected by or on behalf of the City from any one or more of the following: (i) an Assessment levied against an Assessed Parcel, or Annual Installment payment thereof, including any interest on such Assessment or Annual Installment thereof during any period of delinquency, (ii) a Prepayment, (iii) Delinquent Collection Costs, and (iv) Foreclosure Proceeds.

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

"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 the date designated as the initial date of the Bonds by Section 3.2(a) of this Indenture.

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

"Bond Fund" means the Fund established pursuant to Section 6.1 and administered as provided in Section 6.4.

"Bond Ordinance" means Ordinance No. 20181213-094 adopted by the City Council on December 13, 2018 authorizing the issuance of the Bonds pursuant to this Indenture.

"Bond Pledged Revenue Account" means the Account of such name established pursuant to Section 6.1.

“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 the City's bonds authorized to be issued by Section 3.1(a) of this Indenture entitled “City of Austin, Texas, Special Assessment Revenue Bonds, Series 2018 (Estancia Hill Country Public Improvement District Improvement Area #2)”.

“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.

“Capitalized Interest Account” means the Account of such name established pursuant to Section 6.1.

“Certification for Payment” means a certificate substantially in the form of Exhibit A attached to the Financing Agreement or otherwise approved by the Landowner and the City Representative executed by an engineer, construction manager or other person or entity acceptable to the City, as evidenced by the signature of a City Representative, delivered to the City Representative and the Trustee specifying the amount of work performed and the Costs thereof, and requesting payment for such Costs from money on deposit in the Project Fund as further described in the Financing Agreement and Section 6.5 herein.

“City Certificate” means a certificate signed by a 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 the Bonds.

“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 #2 Improvements.

“Costs of Issuance Account” means the Account established pursuant to Section 6.1.

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

“Delinquent Collection Costs” means the costs related to the foreclosure on an Assessed Parcel and the costs of collection of a delinquent 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.

"Development Agreement" means the "Estancia Hill County Annexation and Development Agreement" between the City and the Landowner, effective as of July 1, 2013, which provides for the development and annexation of the property within the District, the creation of the District, the construction and financing of Authorized Improvements and other matters related thereto, as amended from time to time.

"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 20, 2013, which provides for the apportionment, levying and collection of assessments, including Improvement Area #2 Assessments, the construction of Authorized Improvements (as defined in the Service and Assessment Plan), including the Improvement Area #2 Improvements, the maintenance of the Authorized Improvements, 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 #2 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 pursuant to Section 6.1 of this Indenture.

"Indenture" means this 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; (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 Bond" means the Initial Bond as set forth in Exhibit A to this Indenture.

"Improvement Area #2 Assessment Roll" means the Improvement Area #2 Assessment Roll attached as Exhibit F-1 to the Service and Assessment Plan or any other Assessment Roll in an amendment or supplement to the Service and Assessment Plan or in an Annual Service Plan Update, showing the total amount of the Assessment against each Assessed Parcel related to the Bonds and the Improvement Area #2 Improvements, 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 #2 Assessments " means the aggregate assessments shown on the Improvement Area #2 Assessment Roll. The singular of such term means the assessment levied against an Assessed Parcel, as shown on the Improvement Area #2 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 #2 Improvements" means improvements authorized by Section 372.003 of the PID Act, including those listed in Section III of the Service and Assessment Plan, for which Improvement Area #2 Assessments are levied against an Assessed Parcel that are designed, constructed, and installed in accordance with the Service and Assessment Plan or an Annual Service Plan Update.

"Interest Payment Date" means the date or dates upon which interest on the Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being on May 1 and November 1 of each year, commencing May 1, 2019.

"Investment Securities" means those authorized investments described in the Public Funds Investment Act, Texas Government Code, Chapter 2256, 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).

"Landowner Improvement Account" means the Account of such name established pursuant to Section 6.1.

"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.

"Outstanding" means, as of any particular date when used with reference to Bonds, all Bonds 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 or Bonds, as shown in the Register, which shall be Cede & Co., as nominee for DTC, so long as the Bonds are in book-entry only form and held by DTC as securities depository in accordance with Section 3.11 herein.

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

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

“Petitioners” means SLF III – Onion Creek, L.P., Sevensgreen One, Ltd., Quartersage II, Ltd., Reverde Three, Ltd., IV Capital Pointe, L Ltd., Stone Point Five, Ltd., Saladia VI, Ltd., Palo Grande Seven, Ltd., High Point Green, VIII, Ltd., Golondrina Nine, Ltd., X Cordoniz, Ltd., Ciervo Eleven, Ltd., Zaguan XII, Ltd., Thirteen Canard, Ltd., Ruisseau XIV, Ltd., Dindon Fifteen, Ltd., Bois de Chene XVI, Ltd., Etourneau Seventeen, Ltd., Moineau XVIII, Ltd., each a Texas limited partnership whose general partner is SLF III Property GP, LLC, a Texas limited liability company.

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

“Pledged Funds” means the Pledged Revenue Fund (excluding the Landowner Reimbursement Pledged Revenue Account), 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 Section 6.1 and administered pursuant to Section 6.3 herein.

“Pledged Revenues” means the sum of (i) Assessment Revenue less (a) the Annual Collection Costs and (b) Foreclosure Proceeds, (ii) the moneys held in any of the Pledged Funds, and (iii) any additional revenues that the City may pledge to the payment of Bonds and Additional Bonds.

“Prepayment” means the payment of all or a portion of an Assessment before the due date thereof.

“Prepayment and Delinquency Reserve Account” means the Account of such name established pursuant to Section 6.1.

“Prepayment and Delinquency Reserve Requirement” means an amount equal to 5.50% of the principal amount of the Outstanding Bonds which will be funded from revenues received from the payment of Improvement Area #2 Assessments deposited to the Pledged Revenue Fund.

“Principal and Interest Account” means the Account of such name established pursuant to Section 6.1.

“Project Fund” means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.5 herein.

“Purchaser” means the initial purchaser of the 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 Section 6.1 and administered pursuant to Section 6.8 herein.

“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 Section 6.1 and administered pursuant to Section 6.6 herein.

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

“Reimbursement Agreement” means that certain “Reimbursement Agreement” effective December 13, 2018, by and between the City and the Owner, as the developer of the Authorized Improvements, in which the Owner agrees to construct the Improvement Area #2 Improvements and to fund certain Actual Costs of the Improvement Area #2 Improvements and the City agrees to reimburse the Owner for Actual Costs of an Improvement Area #2 Improvement not paid by proceeds of PID Bonds solely from a junior and subordinated pledge of the Pledged Revenues, being those moneys deposited to the credit of the Landowner Reimbursement Pledged Revenue Account in accordance with Section 6.3(a).

“Reimbursement Fund” means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.12 herein.

“Reserve Fund” means that fund established pursuant to Section 6.1 and administered in Section 6.7 herein.

“Reserve Fund Obligations” means cash or Investment Securities.

“Reserve Fund Requirement” means the least of: (i) Maximum Annual Debt Service on the Bonds as of the date of issuance, (ii) 125% of average Annual Debt Service on the Bonds as of the date of issuance, or (iii) 10% of the proceeds of the Bonds; 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 principal amount of Bonds redeemed by such optional redemption divided by the total principal amount of the Outstanding Bonds prior to such redemption. As of the date of delivery of the Bonds, the Reserve Fund Requirement is \$830,500.00 which is an amount equal to 10% of the proceeds of the Bonds as of the date of issuance and the City shall promptly consult with the Trustee to establish any necessary reduction to the Reserve Fund Requirement.

“Service and Assessment Plan” means the document, including the Improvement Area #2 Assessment Roll, as amended, including any annual updates thereto, which is attached as Exhibit A to the Assessment Ordinance.

“Sinking Fund Installment” means the amount of money to redeem or pay at maturity the portion of 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 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 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 Dallas, Texas, 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.

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.

The Bonds, 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 the Closing Date, which is the date of the delivery of this Indenture, without physical delivery or transfer of control of the Pledged Revenues, the filing of 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 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 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 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 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 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 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 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 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 Owners, 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.

The 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 Bonds shall be issued in the aggregate principal amount of \$8,305,000 for the purpose of (i) paying a portion of the Costs of the Improvement Area #2 Improvements, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Improvement Area #2 Improvements, (iii) funding a reserve fund for payment of principal and interest on the Bonds, and (iv) paying the costs of issuance.

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

(a) The Bonds shall be dated December 1, 2018 (the "Bond Date") and shall be issued in Authorized Denominations. The 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.

(b) Interest shall accrue and be paid on each Bond from the later of the date of initial delivery of the 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.

(c) The 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>
2024	\$1,975,000	4.500%
***	***	***
2033	\$6,330,000	5.125%

(d) The 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 Exhibit A to this Indenture.

Section 3.3. Conditions Precedent to Delivery of Bonds.

The Bonds shall be executed by the City and delivered to the Trustee, whereupon the Trustee shall authenticate the Bonds and, upon payment of the purchase price of the Bonds, shall deliver the Bonds 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 Bond Ordinance;
- (c) a copy of the executed Reimbursement Agreement;
- (d) a copy of the executed Financing Agreement, as amended;
- (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 shall be paid in lawful money of the United States of America, as provided in this Section.

(b) Interest on the Bonds 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 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 the Bonds shall be paid by check, dated as of the Interest Payment Date, and sent, United States mail, first-class, 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 shall be paid to the Owner of such Bond on the due date thereof, whether at the maturity date or the date of prior redemption thereof, upon presentation and surrender of such Bond 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 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 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 thereafter coming due and, to the extent any such money remains after the retirement of all Outstanding Bonds, 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 for any further payment of such unclaimed moneys or on account of any such Bonds, 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. In lieu of the executed Certificate of Trustee described above, the Initial Bond delivered at the 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 the 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.

(d) On the Closing Date, one Initial Bond representing the entire principal amount of all Bonds, payable in stated installments to the Purchaser, or its designee, executed with the manual or facsimile signatures of the Mayor or Mayor Pro Tem and the 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 the Purchaser one registered definitive Bond for each year of maturity of the Bonds, in the aggregate principal amount of all Bonds for such maturity, 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 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 or Bonds of the same maturity and 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 or Bonds 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 or Bonds 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 or Bonds 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 Authorized 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.

All Bonds 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 the 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 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 or Bonds 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 a Bond or Bonds of the same maturity and series, in definitive form, in the Authorized Denomination, and in the same aggregate principal amount, as the Bond or Bonds 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 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 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 or Bonds 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 the Closing Date the definitive Bonds 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 Bond 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 relevant 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) The Bonds are subject to mandatory sinking fund redemption prior to their stated maturity and will be redeemed by the City in part at the price of par plus accrued and unpaid interest to the date of redemption 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, 2024

<u>Redemption Date</u>	<u>Principal Amount</u>
November 1, 2020	\$325,000
November 1, 2021	\$360,000
November 1, 2022	\$395,000
November 1, 2023	\$430,000
November 1, 2024 (Maturity)	\$465,000

Term Bonds Maturing November 1, 2033

<u>Redemption Date</u>	<u>Principal Amount</u>
November 1, 2025	\$505,000
November 1, 2026	\$550,000
November 1, 2027	\$595,000
November 1, 2028	\$645,000
November 1, 2029	\$695,000
November 1, 2030	\$745,000
November 1, 2031	\$805,000
November 1, 2032	\$865,000
November 1, 2033 (Maturity)	\$925,000

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

(c) The principal amount of 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 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.

(d) The principal amount of 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 Bonds which, at least forty-five (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.

Section 4.3. Optional Redemption.

(a) The City reserves the right and option to redeem Bonds before their scheduled maturity dates, in whole or in part, on any date on or after November 1, 2028, such redemption date or dates to be fixed by the City, at the price of par, plus accrued interest to the date of redemption.

Section 4.4. Extraordinary Optional Redemption.

The City reserves the right and option to redeem Bonds before their scheduled maturity dates, in whole or in part, on the first day of any month, at 100% of the principal amount of such Bonds, or portions thereof, to be redeemed plus accrued interest to the date of redemption from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund made pursuant to Sections 6.3(d), 6.3(e), 6.7(a), 6.7(c), 6.7(e), 6.7(g), or 6.7(i) hereof, or as a result of unexpended amounts transferred from the Project Fund as provided in Section 6.5(d)).

Section 4.5. Partial Redemption.

(a) If less than all of the Bonds are to be redeemed pursuant to either Sections 4.2, 4.3 or 4.4, Bonds shall be redeemed in minimum principal amounts of \$5,000 or any integral thereof by any method selected by the Trustee that results in a pro rata reduction of the outstanding maturities. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by \$5,000.

(b) A portion of a single Bond of an Authorized Denomination may be redeemed, but only in a principal amount equal to \$5,000 or any integral thereof. The Trustee shall treat each \$5,000 portion of such Bond as though it were a single bond for purposes of selection for redemption. 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 unredeemed portion, but not less than \$5,000, may be issued.

(c) Upon surrender of any Bond for redemption in part, the Trustee in accordance with Section 3.7 of this Indenture, shall authenticate and deliver and exchange the Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond 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 by sending notice by United States mail, first-class, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond or portion thereof to be redeemed, at the address shown in the Register. So long as the Bonds are in book-entry-only form and held by the DTC as security depository, Owner means Cede &Co., as nominee for DTC.

(b) 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, and subject to Section 4.5 hereof, an identification of the Bonds 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 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 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, unless the Trustee has received funds sufficient to pay the redemption price of the Bonds 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 are not satisfied and sufficient funds are not received, the notice shall be of no force and effect, the City shall not redeem the Bonds and the Trustee shall give notice, in the manner in which the notice of redemption was given, that the Bonds have not been redeemed.

Section 4.7. Payment Upon Redemption.

(a) The Trustee shall make provision for the payment of the Bonds 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 being redeemed.

(b) Upon presentation and surrender of any Bond 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 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 and unpaid interest on 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.

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 Exhibit A to this Indenture 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. CUSIP Registration.

The City may secure identification numbers through the CUSIP 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 neither the City nor the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds.

Section 5.3. Legal Opinion.

The approving legal opinion of Bond Counsel may be printed on or attached to each Bond 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) Creation of Funds. The following Funds are hereby created and established under 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 following Accounts are hereby created and established under the Bond Fund:

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

(ii) The following Accounts are hereby created and established under the Reserve Fund:

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

(iii) The following Accounts are hereby created and established under the Project Fund:

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

(iv) The following Accounts are hereby created and established under the Pledged Revenue Fund:

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

(v) The following Accounts are hereby created and established under the Administrative Fund:

(A) District Administration Account; and

(B) Landowner Property Tax Account.

(c) Each Fund and Account created within such Fund 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.

(d) 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 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: \$347,850.31;
- (ii) to the Reserve Account of the Reserve Fund: \$830,500.00;
- (iii) to the Costs of Issuance Account of the Project Fund: \$639,010.00;
- (iv) to the Improvement Account of the Project Fund: \$6,238,489.69; and
- (v) to the Administrative Fund: \$0.00.

(b) Funds shall be received from the Landowner pursuant to the Reimbursement Agreement in the amount of \$1,330,312.81 shall be deposited into the Landowner Improvement Account of the Project Fund.

(c) Funds received from the Landowner pursuant to the Agreement Regarding Conveyance of Right of Redemption and Waiver of Agricultural Valuation – Estancia Hill Country PID Improvement Area #2 in the amount of \$1,079.78 shall be deposited into the Landowner Property Tax Account of the Administrative Fund.

Section 6.3. Pledged Revenue Fund.

(a) On or before March 1 of each year while the Bonds are Outstanding and beginning in 2020, the City shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund. From amounts deposited to the Pledged Revenue Fund, the City shall deposit or cause to be deposited Assessment Revenues as follows: (i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds 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 and Delinquency Reserve Account in an amount equal to the Prepayment and Delinquency Reserve Requirement, (iv) fourth, to the Landowner

Reimbursement Pledged Revenue Account of the Pledged Revenue Fund to reimburse the Landowner for costs of Improvement Area #2 Improvements that have been paid from the Landowner Improvement Account of the Project Fund (pursuant to the terms of the Reimbursement Agreement), and (v) fifth, after satisfaction of each of the above, to the Redemption Fund. Moneys transferred to the Landowner Reimbursement Pledged Revenue Account shall not be a part of the Trust Estate and are not security for the Bonds.

(b) From time to time as needed to pay the obligations relating to the Bonds, 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 and any expected transfers from the Capitalized Interest Account to the 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 on the next Interest Payment Date.

(c) Subject to the provisions of the Reimbursement Agreement, from time to time as needed to pay the obligations relating to costs of Improvement Area #2 Improvements that are paid with funds withdrawn from the Landowner Improvement Account of the Project Fund, the Trustee shall withdraw from the Landowner Reimbursement Pledged Revenue Account and transfer to the Reimbursement Fund such amount needed to reimburse the Landowner for funds withdrawn from the Landowner Improvement Account of the Project Fund used to fund costs of Improvement Area #2 Improvements.

(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.

(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 and to fund any deficiency that may exist in the Reserve Fund and to fund any obligations due to Landowner with funds deposited to the Reimbursement Fund, the Trustee may apply Improvement Area #2 Assessments for any lawful purposes permitted by the PID Act for which Improvement Area #2 Assessments may be paid.

(h) Any Improvement Area #2 Assessments remaining after satisfying the foregoing payments may be used for any lawful purpose for which Improvement Area #2 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, less any amount to be used to pay interest on the Bonds on such Interest Payment Date from the Capitalized Interest Account as provided below.

(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 withdrawn in accordance with the provisions of Section 6.7(f) hereof and shall be deposited in the Principal and Interest Account and transferred to the Paying Agent/Registrar.

(c) Moneys in the Capitalized Interest Account shall be used for the payment of interest on the Bonds on the following date(s) and in the following amount(s):

<u>Date</u>	<u>Amount</u>
May 1, 2019	\$141,206.56
November 1, 2019	\$206,643.75

Any amounts on deposit to the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred to the Improvement Account of the Project Fund, or if the Project Fund has been closed as provided in Section 6.5(g) herein, such amounts shall be transferred to the Redemption Fund to be used to redeem Bonds and the Capitalized Interest Account shall be closed.

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) Any funds received at Closing pursuant to the Financing Agreement shall be applied as provided therein. Such provisions and procedures are herein incorporated by reference and deemed set forth herein in full.

(c) Any funds received at Closing pursuant to the Reimbursement Agreement shall be applied as provided therein. Such provisions and procedures are herein incorporated by reference and deemed set forth herein in full.

(d) Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds pursuant to one or more City Certificates. Disbursements from all other Accounts of 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 in accordance with the disbursement procedures described in the Financing Agreement. Such provisions and procedures related to such disbursement contained in the Financing Agreement, and no other provisions of the Financing Agreement, are herein incorporated by reference and deemed set forth herein in full.

(e) If the City Representative reasonably determines in his or her sole discretion that amounts then on deposit in the 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 #2 Improvements, as the case may be, such that, in the opinion of the City Representative, it is unlikely that the amounts in the 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 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 Improvement Account of the Project Fund shall be transferred to the Redemption Fund to redeem Bonds on the earliest practicable date after notice of redemption has been provided in accordance with the Indenture.

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

(g) Upon the filing of a City Certificate stating that all Improvement Area #2 Improvements have been completed and that all Costs of the Improvement Area #2 Improvements have been paid, or that any such Costs are not required to be paid from the Improvement Account of the Project Fund pursuant to a Certification for Payment, the Trustee (i) shall transfer the amount, if any, remaining within the Improvement Account of the Project Fund to the Bond Fund, (ii) shall transfer any remaining amount in the Landowner Improvement Account of the Project Fund to the Landowner Reimbursement Pledged Revenue Account of the Pledged Revenue Fund, and (iii) the Project Fund shall be closed.

(h) Not later than six months following the 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 Principal and Interest Account of the Bond Fund and used to pay interest on the Bonds, 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 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 to accumulate, and when accumulated maintain in the Reserve Account of the Reserve Fund, an amount equal to not less than the Reserve Fund Requirement. All amounts deposited in the Reserve Account of 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, if needed, will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Prepayment and Delinquency Reserve Account on March 1 of each year, commencing March 1, 2020 an amount equal to .50% of the interest rate component of the Annual Installments to the Prepayment and Delinquency Reserve Account. Once the

Prepayment and Delinquency Reserve Requirement has accumulated in the Prepayment and Delinquency Reserve Account, all amounts in excess of the Prepayment and Delinquency Reserve Requirement shall be transferred by the Trustee to the Redemption Fund to redeem Bonds as provided in Article IV; provided, however, that at any time the amount on deposit in the Prepayment and Delinquency Reserve Account is less than the Prepayment and Delinquency Reserve Requirement, the Trustee shall resume depositing such amounts from the Bond Pledged Revenue Account into the Prepayment and Delinquency Reserve Account until the Prepayment and Delinquency Reserve Requirement has accumulated in the Prepayment and 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 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. The amount so transferred from the Reserve Account of the Reserve Fund shall be equal to a percentage of the amount of the Bonds 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 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. 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 to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall from the Prepayment and Delinquency Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

(d) Whenever, on any Interest Payment Date, or on any other date at the written 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 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, 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 and Delinquency Reserve Account exceeds the Prepayment and 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 Prepayment and Delinquency Reserve Account shall be transferred to the Redemption Fund.

(f) Whenever, on any Interest Payment Date, the amount on deposit in the Bond Fund is insufficient to pay the debt service on the Bonds due on such date, the Trustee shall

transfer first from the Prepayment and Delinquency Reserve Account of the Reserve Fund to the Bond Fund and second from the Reserve Account of the Reserve Fund 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 Prepayment and 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 Prepayment and Delinquency Reserve Account exceeds the Prepayment and Delinquency Reserve Requirement for the Bonds, the Trustee shall transfer such excess at the written direction of the City.

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

(h) 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.

(i) 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 on the next Interest Payment Date, together with the unpaid interest accrued on such Outstanding Bonds as of such Interest Payment Date, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Bonds 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 written 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 District Administration Account of the Administrative Fund the amounts collected each year to pay Annual Collection Costs and Delinquent Collection Costs.

(b) Moneys in the District Administration Account of 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.

(c) Moneys in the Landowner Property Tax Account of the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered hereunder and shall be released to the Landowner as directed by City Order, pursuant to the terms of that certain Agreement Regarding Conveyance of Rights of Redemption and Waiver of Agricultural Valuation – Estancia Hill Country Public Improvement District Improvement Area #2, dated of even date herewith; provided, however, that the Trustee shall transfer to the Landowner any amounts remaining in the Landowner Property Tax Account of the Administrative Fund after the last Outstanding Bond is discharged regardless of whether a City Order directing such action is received.

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, Texas Government Code, Chapter 2256, 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 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 Investment Securities.

(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 have no investment discretion and the Trustee's only responsibility for investments shall be to follow the written instructions of the City Order or to insure the investment directed is a permitted 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 suitability or 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; and, unless the Trustee receives a written request, the Trustee is not required to provide brokerage confirmations so long as the Trustee is providing such monthly cash transaction statements.

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. Reimbursement Fund.

Money on deposit in the Reimbursement Fund shall be used to reimburse the Landowner for (i) funds withdrawn from the Landowner Improvement Account of the Project Fund and used to pay costs of Improvement Area #2 Improvements, and (ii) funds transferred from the Landowner Improvement Account of the Project Fund pursuant to Section 6.5(g) hereto, as provided in the Reimbursement Agreement. When all amounts due to the Landowner to reimburse it for the funds withdrawn or transferred from the Landowner Improvement Account of the Project Fund have been paid to the Landowner, whether through Improvement Area #2 Assessments received and applied in accordance with the Service and Assessment Plan or an Annual Service Plan Update, no further deposits shall be made to the Reimbursement Fund and the Reimbursement Fund shall be closed.

ARTICLE VII

COVENANTS

Section 7.1. Confirmation of Improvement Area #2 Assessments .

The City hereby confirms, covenants, and agrees that, in the Assessment Ordinance, it has levied the Improvement Area #2 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 #2 Assessments .

(a) For so long as any Bonds are Outstanding, and amounts are due to the Landowner to reimburse it for its funds it has contributed to pay costs of the Improvement Area #2 Improvements, the City covenants, agrees and warrants that it will take and pursue all actions permissible under Applicable Laws to cause the Improvement Area #2 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 #2 Assessments .

(b) The City will determine or cause to be determined, no later than February 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) Other than bonds issued to refund all or a portion of the Bonds, 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, other than that specified in Section 9.6 of this Indenture, or upon any other property pledged under this Indenture, except the pledge created for the security of the Bonds, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

(b) So long as Bonds are Outstanding hereunder, the City shall not issue any bonds, notes or other evidences of indebtedness other than the Bonds and bonds issued to refund all or a portion of the Bonds 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.

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 Improvement Area #2 Improvements remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the Improvement Area #2 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 the Bonds 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 the Bonds.

“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 are invested and which is not acquired to carry out the governmental purposes of the Bonds.

“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. 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) the Bonds 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 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, 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 Bonds:

(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, 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 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 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 #2 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 the Bonds are delivered and will ensure that the Improvement Area #2 Assessments continue to meet such requirements for so long as the Bonds 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 the Bonds 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 the Bonds.

(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 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 is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Bonds 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 the Bonds until six years after the final Computation Date.

(iii) As additional consideration for the purchase of the Bonds 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 the Bonds 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, 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 not been relevant to either party.

(j) Elections. The City hereby directs and authorizes the Mayor, Mayor Pro Tem, City Manager, Deputy 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, 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 or this Indenture other than in connection with the duties or obligations explicitly herein or in the Bonds 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, 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, 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 (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 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.

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 Bonds Outstanding hereunder.

Section 9.3. Responsibilities of the Trustee.

The recitals contained in this Indenture and in the Bonds 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 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 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 Trustee has the right to act through agents and attorneys and shall have no liability for the negligence or willful misconduct of the agents and attorneys appointed with due care.

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, both before and after default by the City.

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 Bonds Outstanding. 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 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 and may join in any action that any Owner of Bonds 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 or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not such committee shall represent the holders of a majority in aggregate outstanding principal amount of the Bonds.

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. 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 aggregate outstanding principal of the Bonds 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 aggregate outstanding principal of the Bonds.

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 aggregate outstanding principal of the Bonds 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, 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 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.

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 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, notice of its appointment to the Trustee, any rating agency which, at the time of such appointment, is providing a rating on the Bonds and each of the Owners of the Bonds.

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 Only.

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, 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. 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 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, or with the written consent without a meeting, of the Owners of at least sixty-six and two-thirds percent (66-2/3%) of the aggregate principal amount of the Bonds 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, without the express consent of the Owner of such Bond, 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 (except as otherwise permitted by Applicable Laws or this Indenture), or reduce the percentage of Bonds 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, 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 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; 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. The Trustee must receive an opinion of counsel for such Supplemental Indenture to the effect that the same is authorized or permitted by the terms of this Indenture.

Section 10.2. Owners' Meetings.

The City may at any time call a meeting of the Owners of the Bonds. 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 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 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 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 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 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 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 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, the Trustee, and all Owners of Bonds Outstanding 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 Bond Outstanding 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 #2 Assessments including the prosecution of foreclosure proceedings;

(iii) The failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable and such failure is not remedied within thirty (30) days provided, however, that the payments are to be made only from Pledged Revenues and the Pledged Revenues must be available to the City to make any such payments; and

(iv) 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 ninety (90) days after written notice to the City by the Trustee, or by the Owners of at least 25% of the aggregate outstanding principal of the Bonds with a copy to the Trustee, specifying such default by the Owners of at least 25% of the Bonds 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 it 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 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 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, in the selection of Trust Estate assets to be used in the payment of Bonds 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, (ii) such default has become an Event of Default and the Owners of 25% of the aggregate principal amount of the Bonds 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 ninety (90) 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 90-day period by the Owners of a majority of the aggregate principal amount of the Bonds 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 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 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 at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond 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.

(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, 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, or redemption price of any Bonds 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 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 that are

Outstanding in proportion to the quantity of Bonds 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 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 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 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 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 shall bind all future Owners of the same Bond 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.

Bonds 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 provided for in this Indenture, and the City shall not be entitled with respect to such Bonds 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, 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 #2 Assessments and any other amounts pledged to the payment of the Bonds to the fullest extent permitted by the PID 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 any 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. Additional Obligations or Other Liens.

(a) The City also reserves the right, subject to the provisions contained in this Section 13.2, to issue Additional 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) Other than bonds issued to refund all or a portion of the Bonds, 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.

(c) Additionally, the City has reserved the right to issue bonds or other obligations secured by and payable from Pledged Revenues so long as such pledge is subordinate to the pledge of Pledged Revenues securing payment of the Bonds.

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 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, at the times and in the manner stipulated in this Indenture, and all amounts due and owing with respect to the Bonds 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, 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 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 Deemed Paid.

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 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 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 that such

deposit will not result in the reduction or withdrawal of the rating on the Bonds. 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. 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 in writing 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.

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, including any City Certificate or City Order, shall be in writing and shall be delivered by hand, by overnight delivery service, 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
Attn: Bond Operations
111 Fillmore Avenue East
St. Paul, Minnesota 55107-1402

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 this 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 85th Texas Legislature).

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

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

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

[remainder of page left blank intentionally]

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

EXHIBIT A

(a) Form of 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 BONDS, SERIES 2018
(ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #2)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER</u>
_____ %	_____	_____	_____

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 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, until maturity or prior redemption.

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/registrant (the "Trustee", which term includes any successor trustee under the Indenture), or, with respect to a successor trustee and paying agent/registrant, 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 December 1, 2018 and issued in the aggregate principal amount of \$8,305,000 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 the Trustee, 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 a portion of the Costs of the Improvement Area #2 Improvements, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Improvement Area #2 Improvements, (iii) funding a reserve fund for payment of principal and interest on the Bonds, and (iv) paying the costs of issuing the Bonds.

The Bonds are limited obligations of the City payable solely from the Trust Estate 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, 2024

<u>Redemption Date</u>	<u>Principal Amount</u>
November 1, 2020	\$325,000
November 1, 2021	\$360,000
November 1, 2022	\$395,000
November 1, 2023	\$430,000
November 1, 2024 (Maturity)	\$465,000

Term Bonds Maturing November 1, 2033

<u>Redemption Date</u>	<u>Principal Amount</u>
November 1, 2025	\$505,000
November 1, 2026	\$550,000
November 1, 2027	\$595,000
November 1, 2028	\$645,000
November 1, 2029	\$695,000
November 1, 2030	\$745,000
November 1, 2031	\$805,000
November 1, 2032	\$865,000
November 1, 2033 (Maturity)	\$925,000

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 pro rata 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 before their scheduled maturity dates, in whole or in part, on any date on or after November 1, 2028, such redemption date or dates to be fixed by the City, at the price of par, plus accrued interest to the date of redemption.

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 United States mail, first-class, 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.

With respect to any optional redemption of the Bonds, unless the Trustee has received funds sufficient to pay the redemption price of the Bonds 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 are not satisfied and sufficient funds are not received, the notice shall be of no force and effect, the City shall not redeem the Bonds, and the Trustee shall give notice, in the manner in which the notice of redemption was given, that the Bonds have not been redeemed.

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.

The City has reserved the right to issue Additional Bonds and Additional Obligations on the terms and conditions specified in the Indenture.

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.

Mayor, City of Austin, Texas

City Clerk, City of Austin, Texas

[City Seal]

(b) Form of Comptroller's Registration Certificate.

The following Registration Certificate of Comptroller of Public Accounts shall appear on the 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,
Dallas, Texas, 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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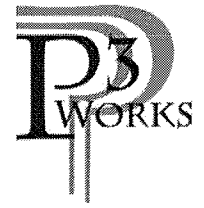
(Information to be inserted from Section 3.2(b) hereof); and

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

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.

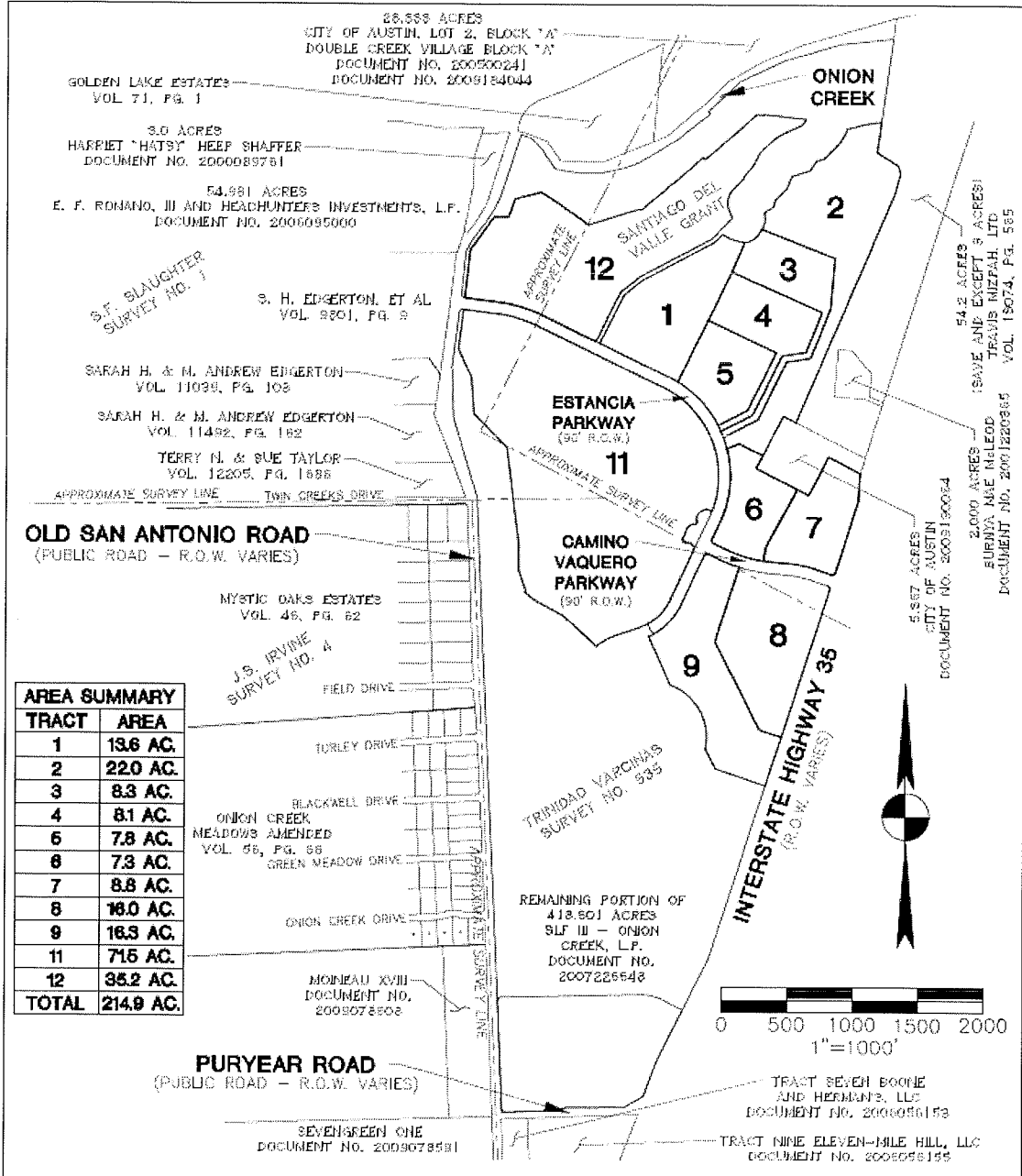
TRACT 16: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.001 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078605 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

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.

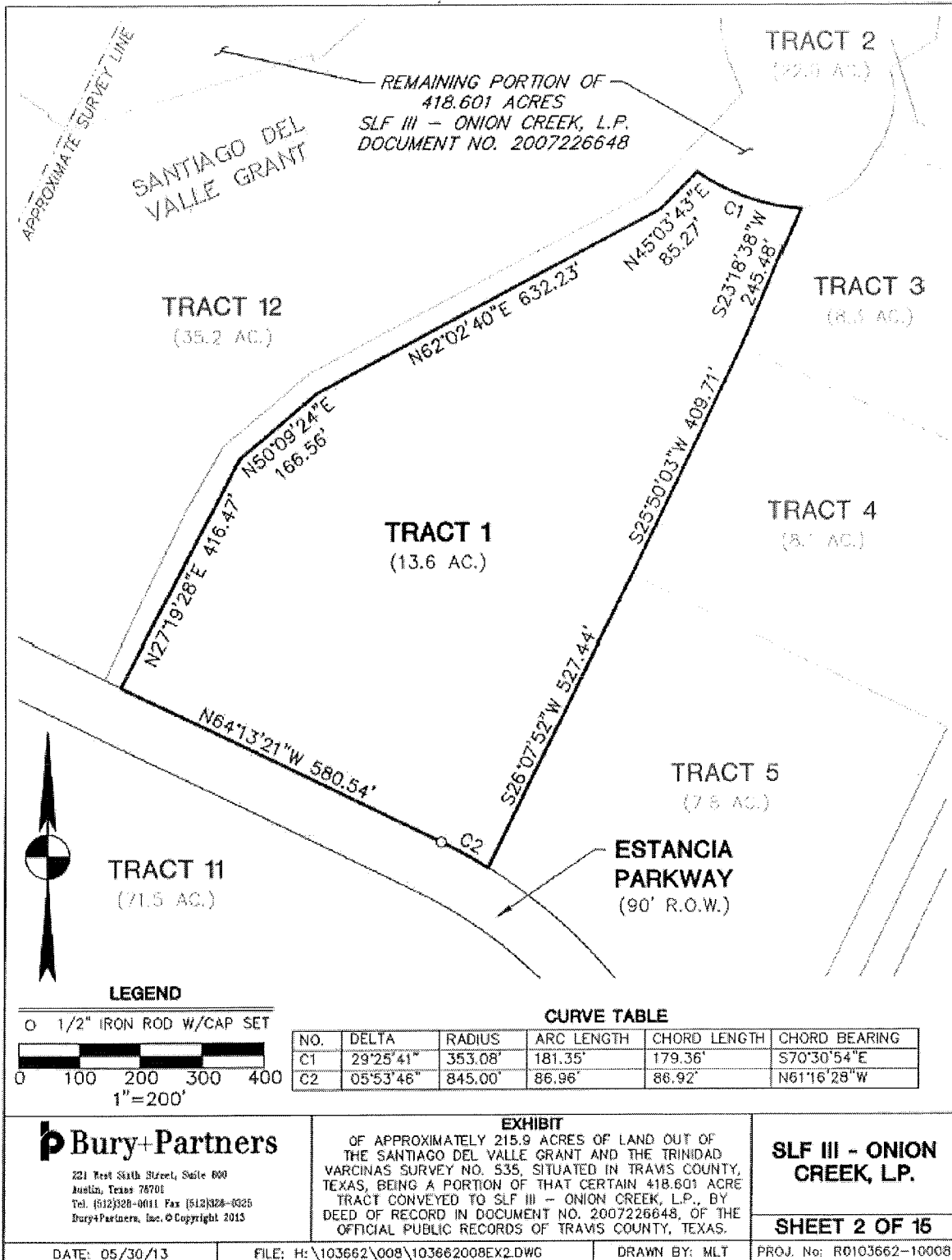
TRACT 18: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.004 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078607 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

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.

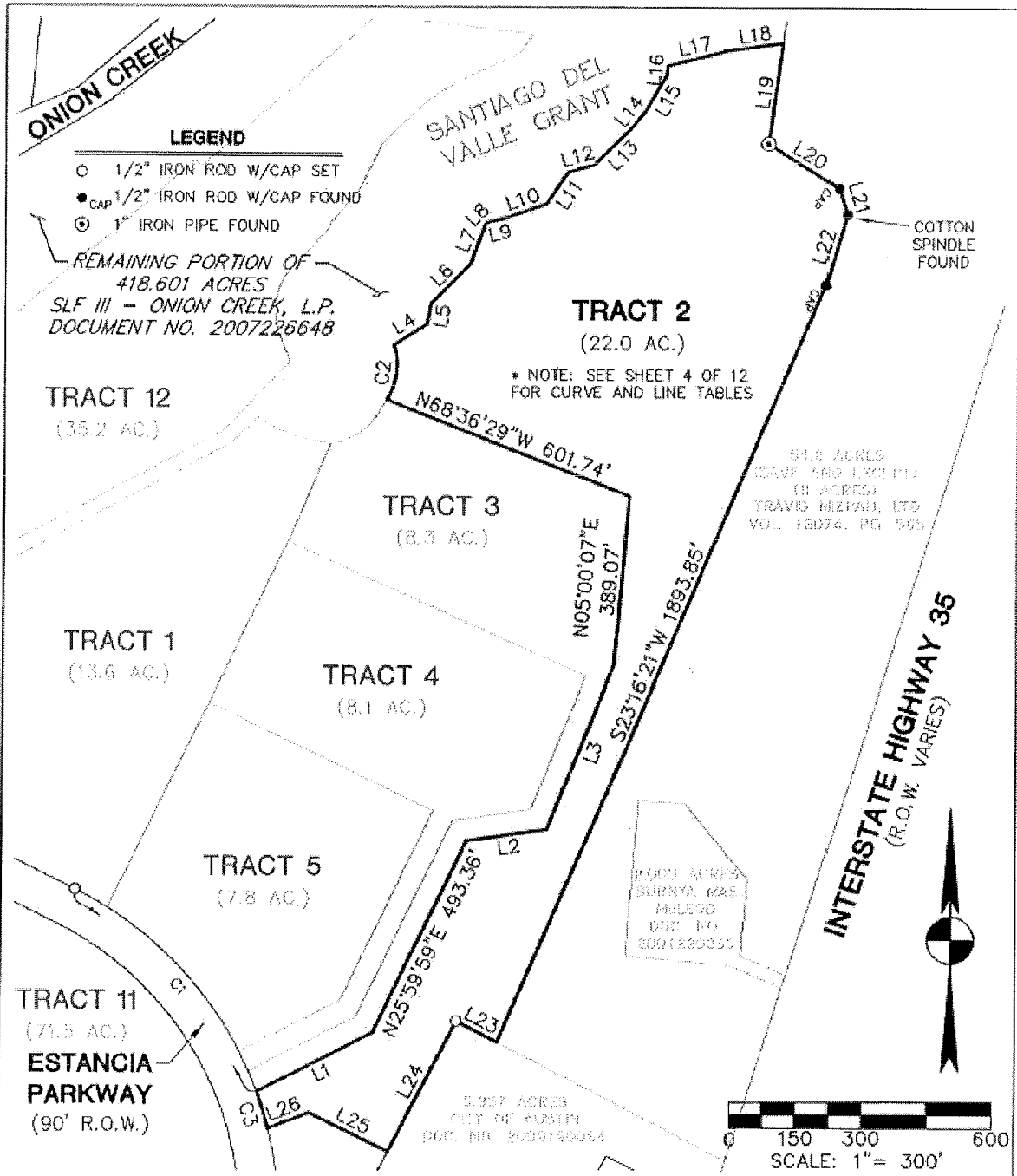
EXHIBIT A-2 DESCRIPTION OF LAND WITHIN IMPROVEMENT AREA #1



<p>221 West 82nd Street, Suite 600 Austin, Texas 78751 Tel. (512)828-9011 Fax (512)828-0325 Bury+Partners, Inc. © Copyright 2018</p>	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: R0103662-10008



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<p>b Bury+Partners</p> <p>281 West Sixth Street, Suite 600 Amarillo, Texas 79701 Tel. (812)328-0011 Fax (812)328-0026 Bury+Partners, Inc. © Copyright 2013</p>	<p>EXHIBIT</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. 2007228648, OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.</p>		<p>SLF III - ONION CREEK, L.P.</p>
	<p>SHEET 3 OF 15</p>		<p>PROJ. No: RD103662-10008</p>
<p>DATE: 05/30/13</p>	<p>FILE: H:\103662\008\103662008EX2.DWG</p>	<p>DRAWN BY: MLT</p>	

LINE TABLE

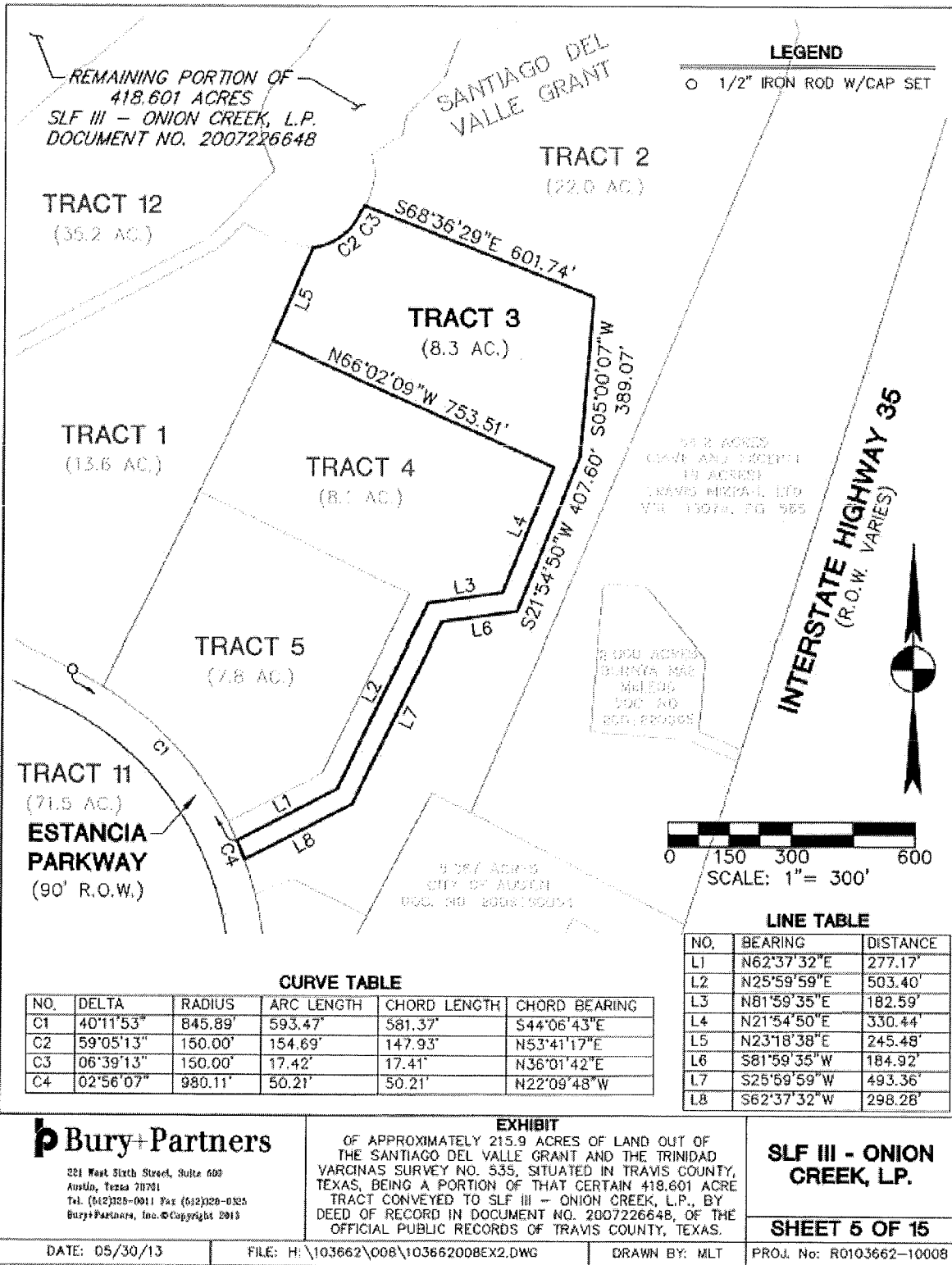
NO.	BEARING	DISTANCE
L1	N62°37'32"E	298.28'
L2	N81°59'35"E	184.92'
L3	N21°54'50"E	407.60'
L4	N57°54'36"E	90.04'
L5	N09°50'10"E	47.27'
L6	N45°21'15"E	127.97'
L7	N20°43'17"E	95.86'
L8	N44°41'28"E	8.83'
L9	N76°30'48"E	44.76'
L10	N70°30'51"E	97.20'
L11	N34°28'58"E	87.98'
L12	N73°19'34"E	61.30'
L13	N45°22'14"E	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

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	<p>SHEET 4 OF 15</p>		
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.)

24.2 ACRES
GARY AND JOSEPH
19 ACRES
LEAVES MICHAEL LTD
VIL 15074, PG 953

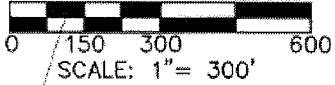
TRACT 5
(7.8 AC.)

2,000 ACRES
BURNIA RAE
MELISSA
DUC NO
051, 200905

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

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

9,787 ACRES
CITY OF AUSTIN
DOC. NO. 2008190054



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'

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

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EXHIBIT
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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.**

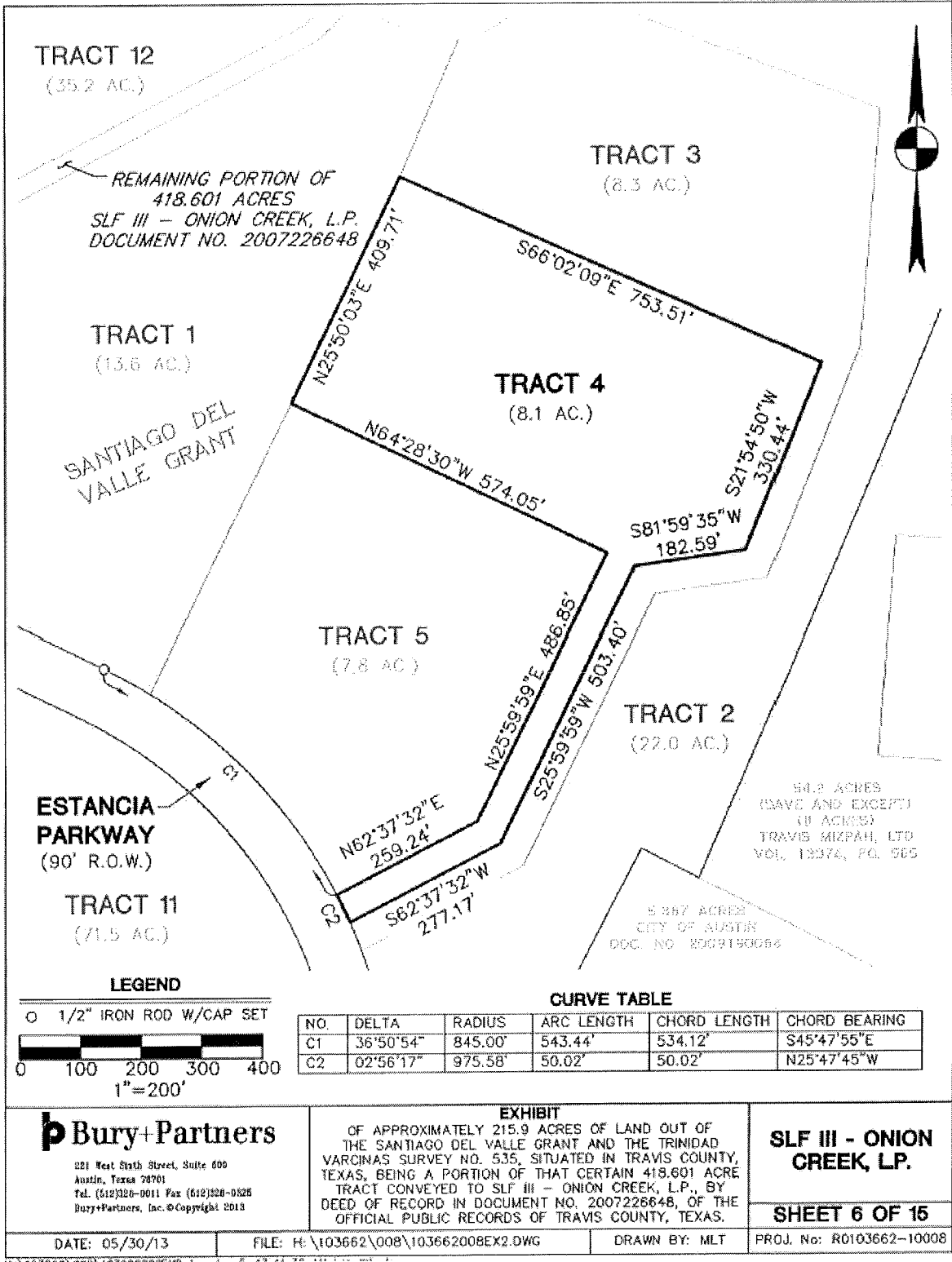
SHEET 5 OF 15

DATE: 05/30/13

FILE: H:\103662\008\10366200BEX2.DWG

DRAWN BY: MLT

PROJ. No: R0103662-10008



TRACT 12
(35.2 AC.)

TRACT 3
(8.3 AC.)

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

TRACT 1
(13.6 AC.)

TRACT 4
(8.1 AC.)

SANTIAGO DEL VALLE GRANT

TRACT 5
(7.8 AC.)

TRACT 2
(22.0 AC.)

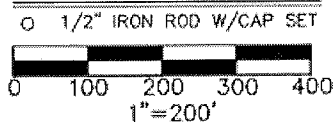
ESTANCIA PARKWAY
(90' R.O.W.)

TRACT 11
(71.5 AC.)

51.2 ACRES
(SAVE AND EXCEPT)
10 ACRES
TRAVIS MIXPAH, LTD
VOL. 1337A, PG. 565

5.267 ACRES
CITY OF AUSTIN
DOC. NO. 2009150066

LEGEND



CURVE TABLE

NO.	DELTA	RADIUS	ARC LENGTH	CHORD LENGTH	CHORD BEARING
C1	36°50'54"	845.00'	543.44'	534.12'	S45°47'55"E
C2	02°56'17"	975.58'	50.02'	50.02'	N25°47'45"W

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SLF III - ONION CREEK, L.P.

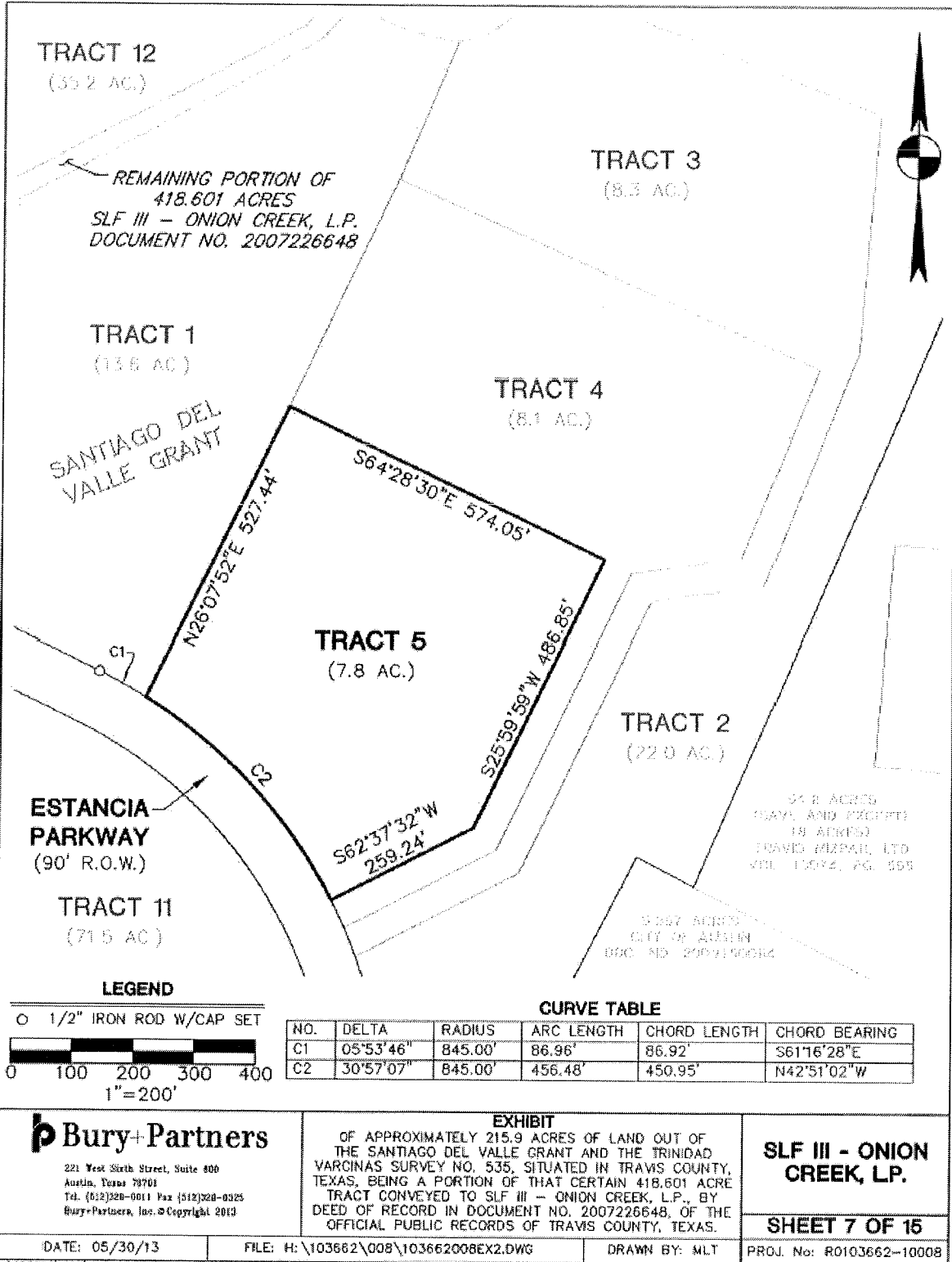
SHEET 6 OF 15

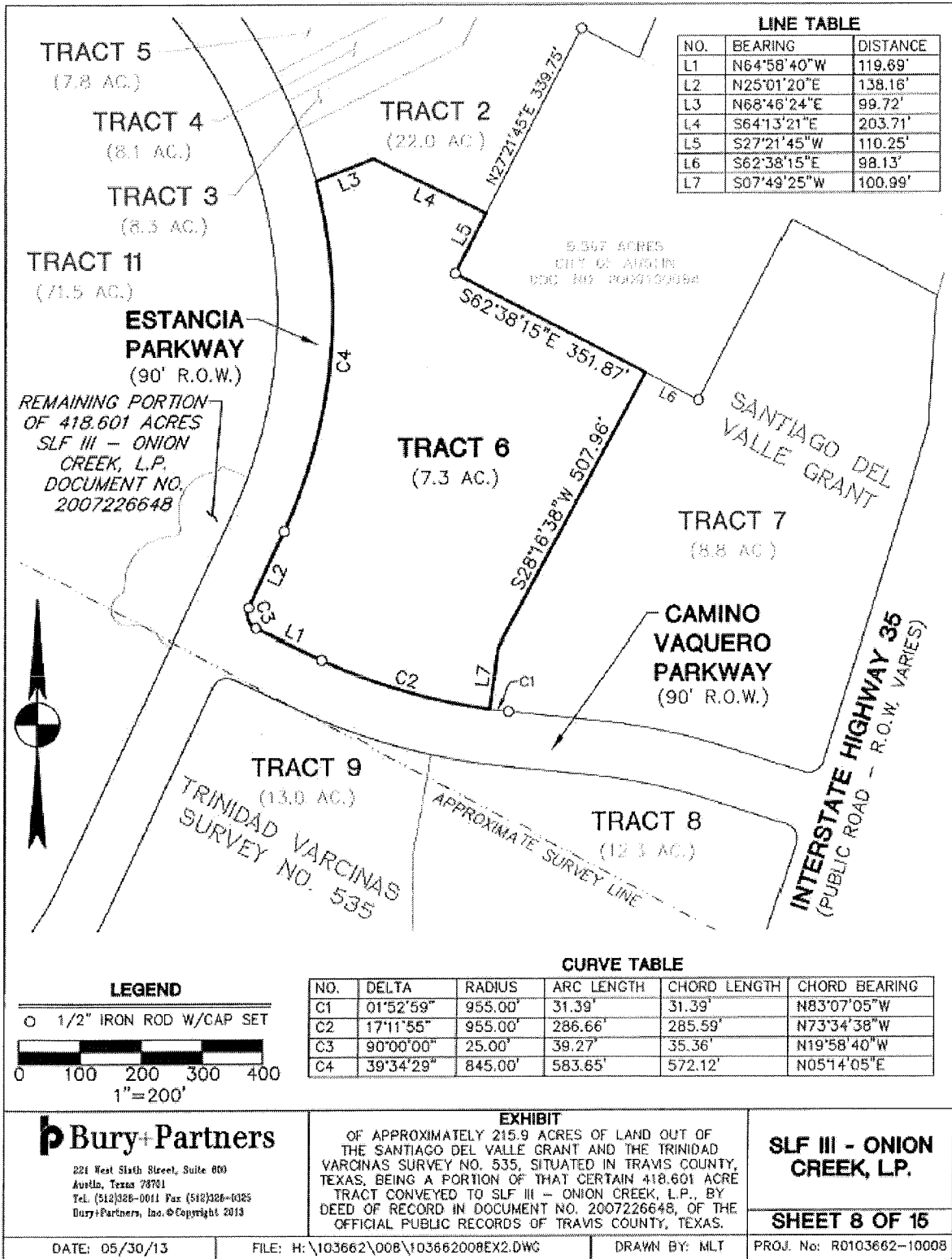
DATE: 05/30/13

FILE: H:\103662\008\103662008EX2.DWG

DRAWN BY: MLT

PROJ. No: R0103662-10008





LINE TABLE

NO.	BEARING	DISTANCE
L1	N64°58'40"W	119.69'
L2	N25°01'20"E	138.16'
L3	N68°46'24"E	99.72'
L4	S64°13'21"E	203.71'
L5	S27°21'45"W	110.25'
L6	S62°38'15"E	98.13'
L7	S07°49'25"W	100.99'

5,597 ACRES
CITY OF AUSTIN
DCC NO. 0009130198

SANTIAGO DEL VALLE GRANT

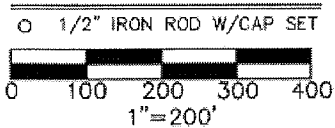
CAMINO VAQUERO PARKWAY
(90' R.O.W.)

INTERSTATE HIGHWAY 35
(PUBLIC ROAD - R.O.W. VARIES)

CURVE TABLE

NO.	DELTA	RADIUS	ARC LENGTH	CHORD LENGTH	CHORD BEARING
C1	01°52'59"	955.00'	31.39'	31.39'	N83°07'05"W
C2	17°11'55"	955.00'	286.66'	285.59'	N73°34'38"W
C3	90°00'00"	25.00'	39.27'	35.36'	N19°58'40"W
C4	39°34'29"	845.00'	583.65'	572.12'	N05°14'05"E

LEGEND



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EXHIBIT
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SLF III - ONION CREEK, L.P.

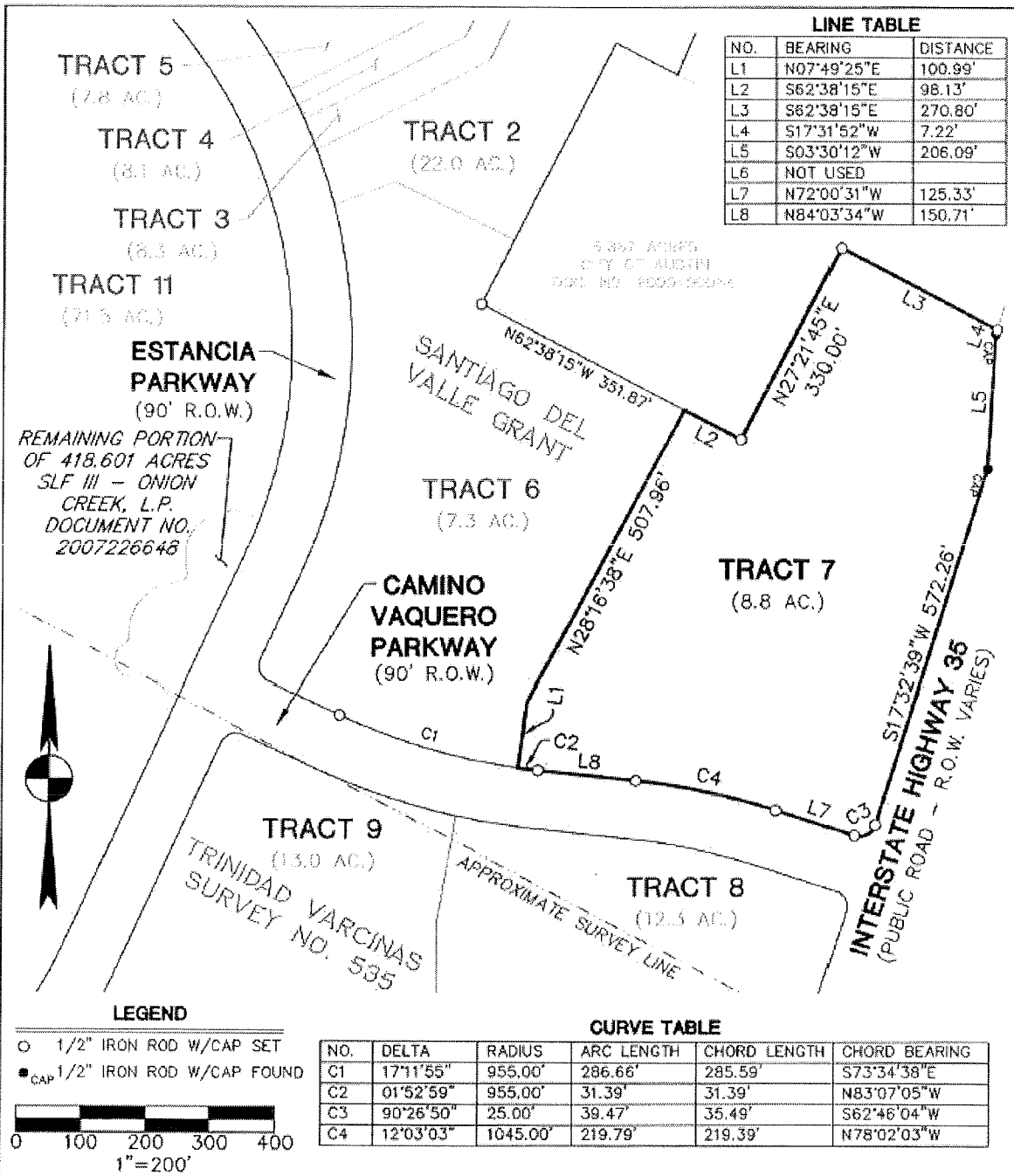
SHEET 8 OF 15

DATE: 05/30/13

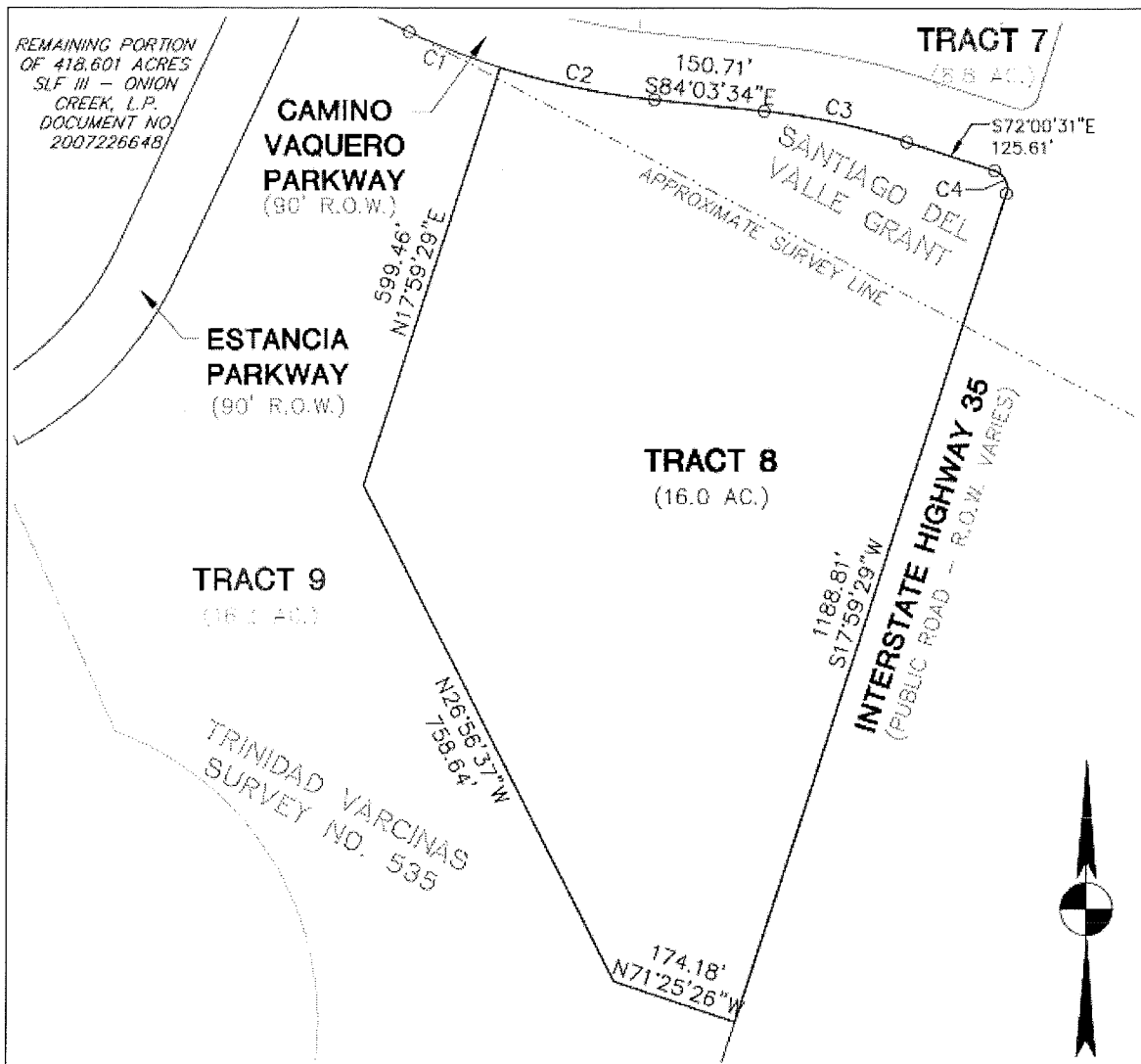
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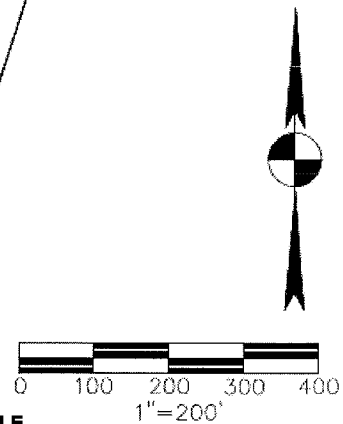
PROJ. No: R0103662-10008



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	<p>SHEET 9 OF 16</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>		



LEGEND
 ○ 1/2" IRON ROD W/CAP SET



CURVE TABLE

NO.	DELTA	RADIUS	ARC LENGTH	CHORD LENGTH	CHORD BEARING
C1	7°25'21"	1032.66'	133.78'	133.89'	S68° 39' 59"E
C2	11°44'47"	1045.00'	214.24'	213.86'	S78° 11' 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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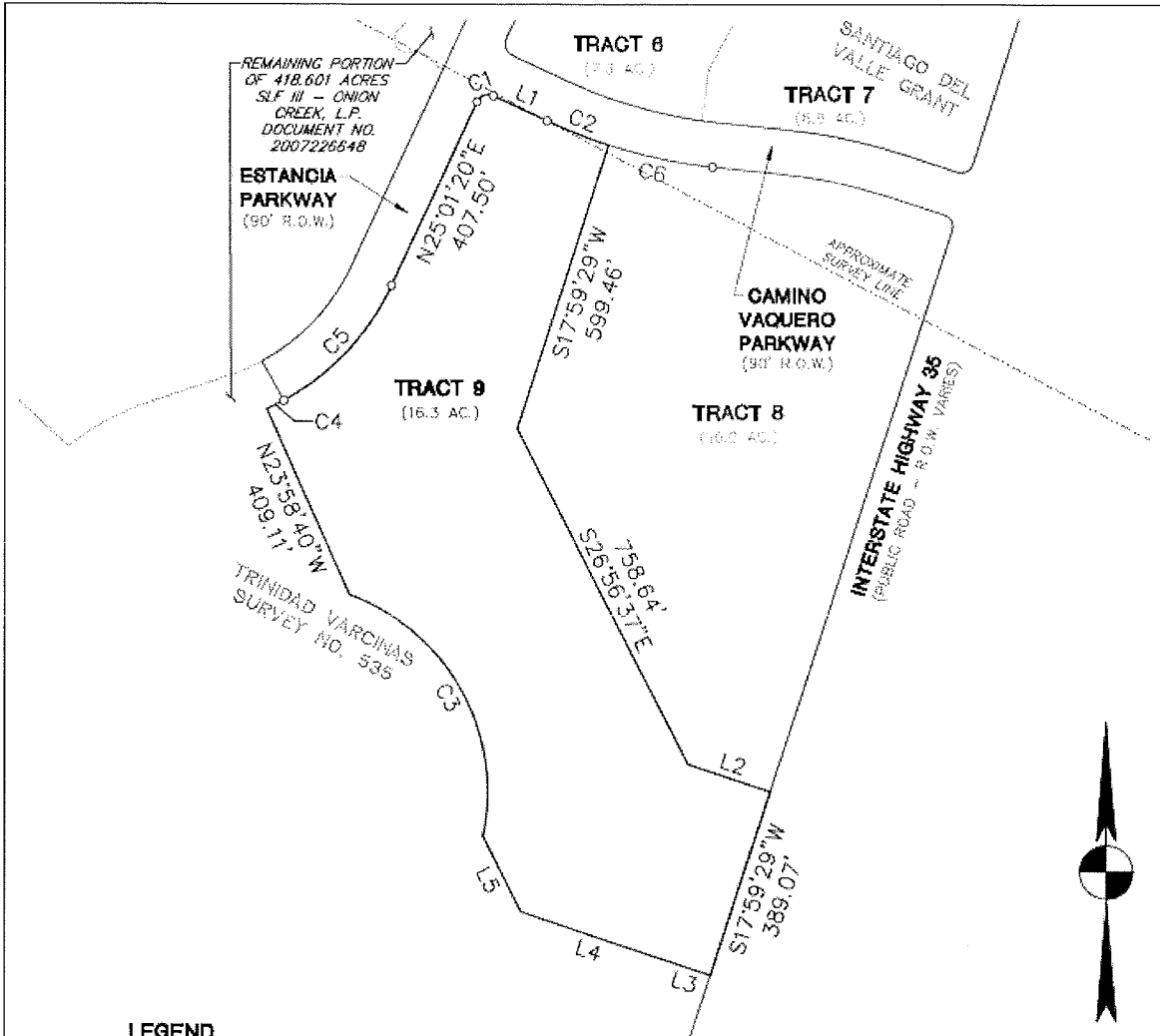
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 OF APPROXIMATELY 215.9 ACRES OF LAND OUT OF THE SANTIAGO DEL VALLE GRANT AND THE TRINIDAD VARCINAS SURVEY NO. 535, SITUATED IN TRAVIS COUNTY, TEXAS, BEING A PORTION OF THAT CERTAIN 418.601 ACRE TRACT CONVEYED TO SLF III - ONION CREEK, L.P., BY DEED 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
 PROJ. No: R0103662-10008

DATE: 05/30/13

FILE: XXXXXXXX

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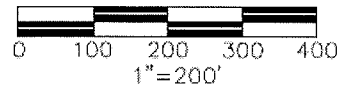


LEGEND

○ 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'	133.69'	S68° 40' 01"E
C3	81°44'37"	423.47'	604.16'	554.21'	N28° 54' 57"W
C4	4°12'55"	515.00'	37.89'	37.88'	N63° 04' 48"E
C5	35°57'01"	515.00'	323.14'	317.86'	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	119.69'
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

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SLF III - ONION CREEK, L.P.

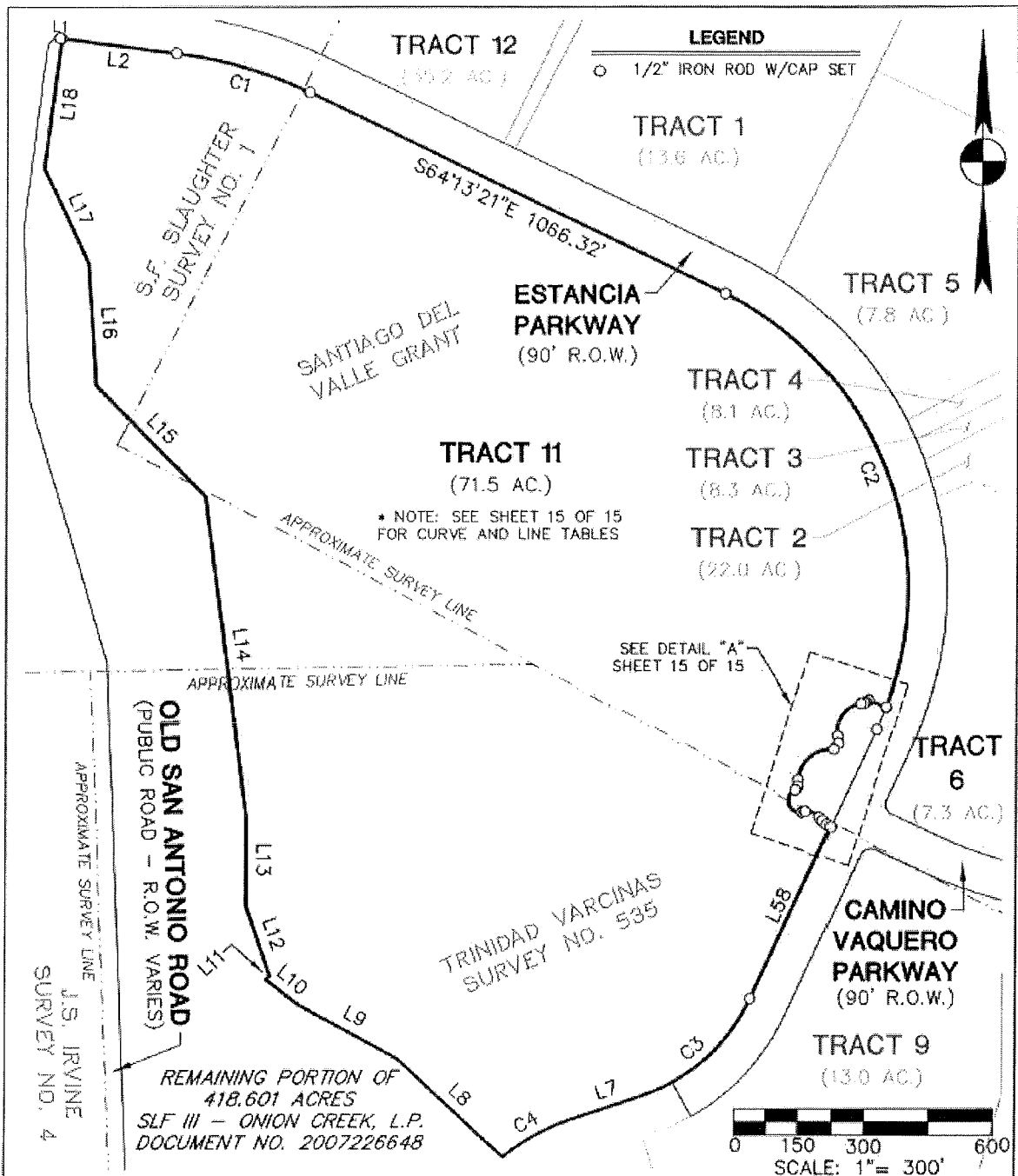
SHEET 11 OF 15

DATE: 05/30/13

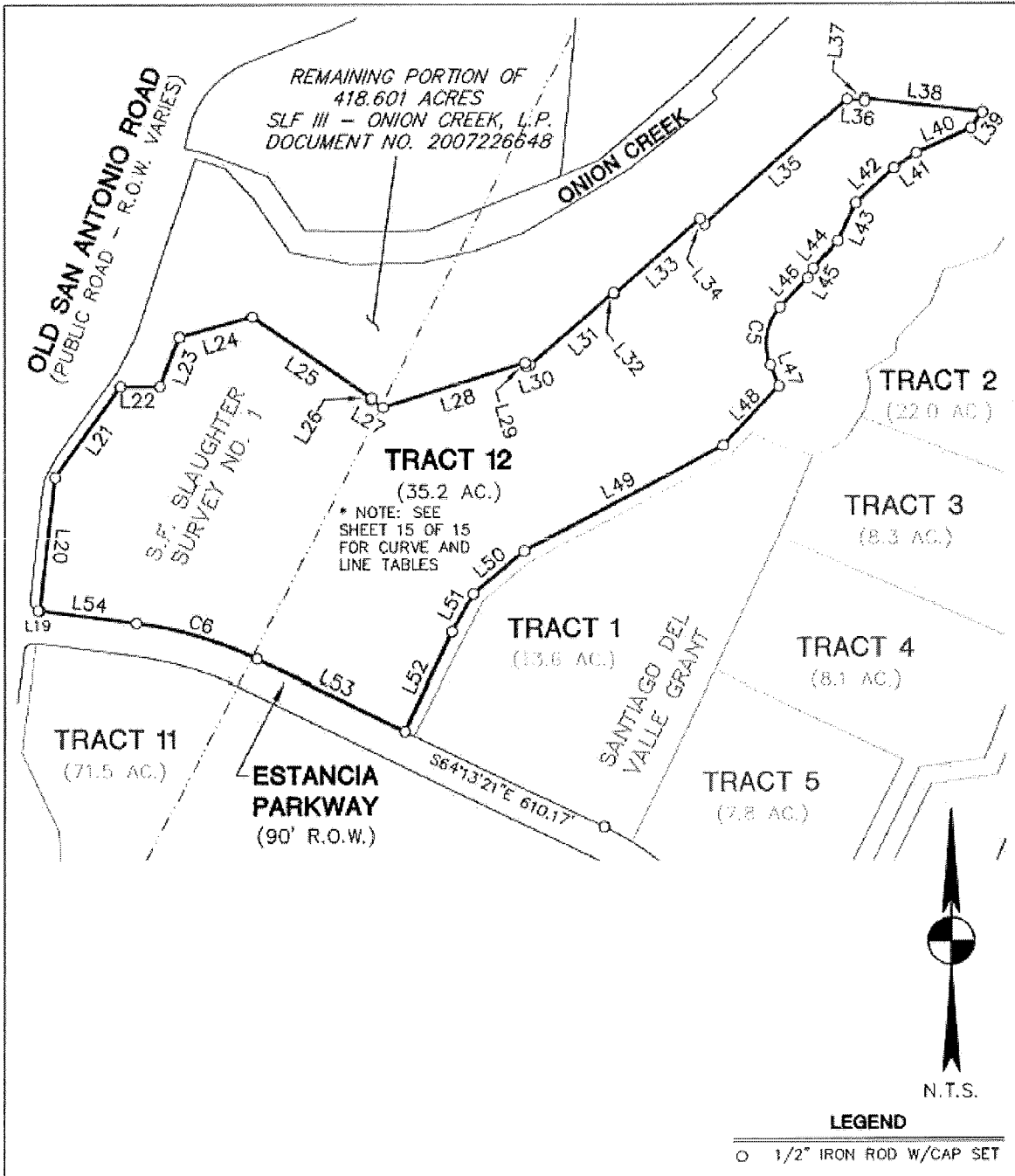
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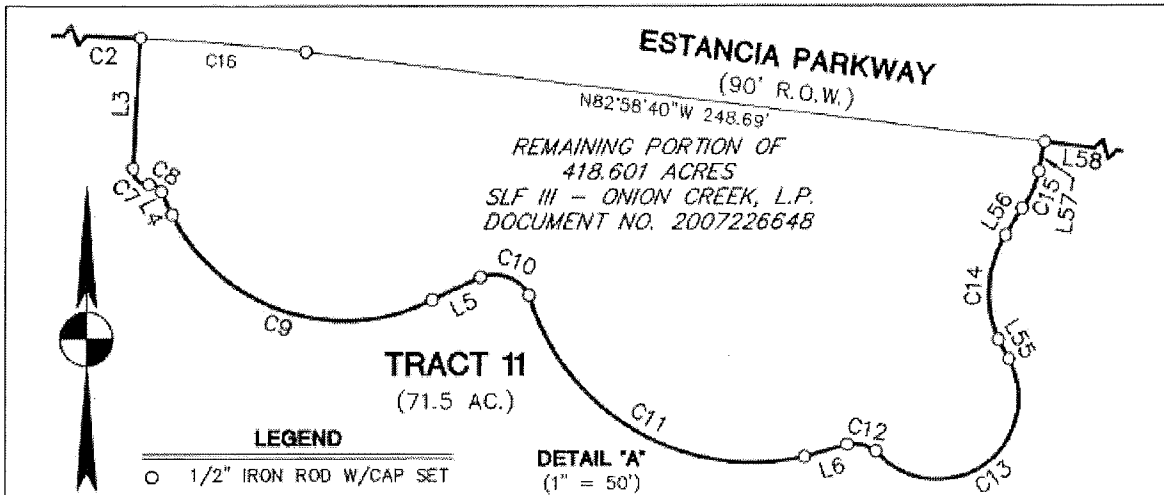
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			<p>SHEET 13 OF 15</p>
DATE: 05/30/13	FILE: H:\103662\008\103662008EX2.DWG	DRAWN BY: MLT	PROJ. No: R0103662-10008



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



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	17.85'
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	32.65'
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	46.90'
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	S38°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

Bury+Partners

221 West Sixth Street, Suite 800
Austin, Texas 78701
Tel. (512)309-1013 Fax (512)308-0826
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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

DATE: 05/30/13

FILE: H:\103662\008\103662008EX2.DWG

DRAWN BY: MLT

PROJ. No: R0103662-10008

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,

FN NO. 1B-193(ABB)
JULY 16, 2018
PAGE 2 OF 5

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.

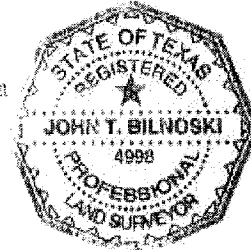
I, JOHN T. BILNOSKI, A REGISTERED PROFESSIONAL LAND SURVEYOR, DO HEREBY CERTIFY THAT THE PROPERTY DESCRIBED HEREIN WAS DETERMINED BY A SURVEY MADE ON THE GROUND UNDER MY DIRECTION AND SUPERVISION.

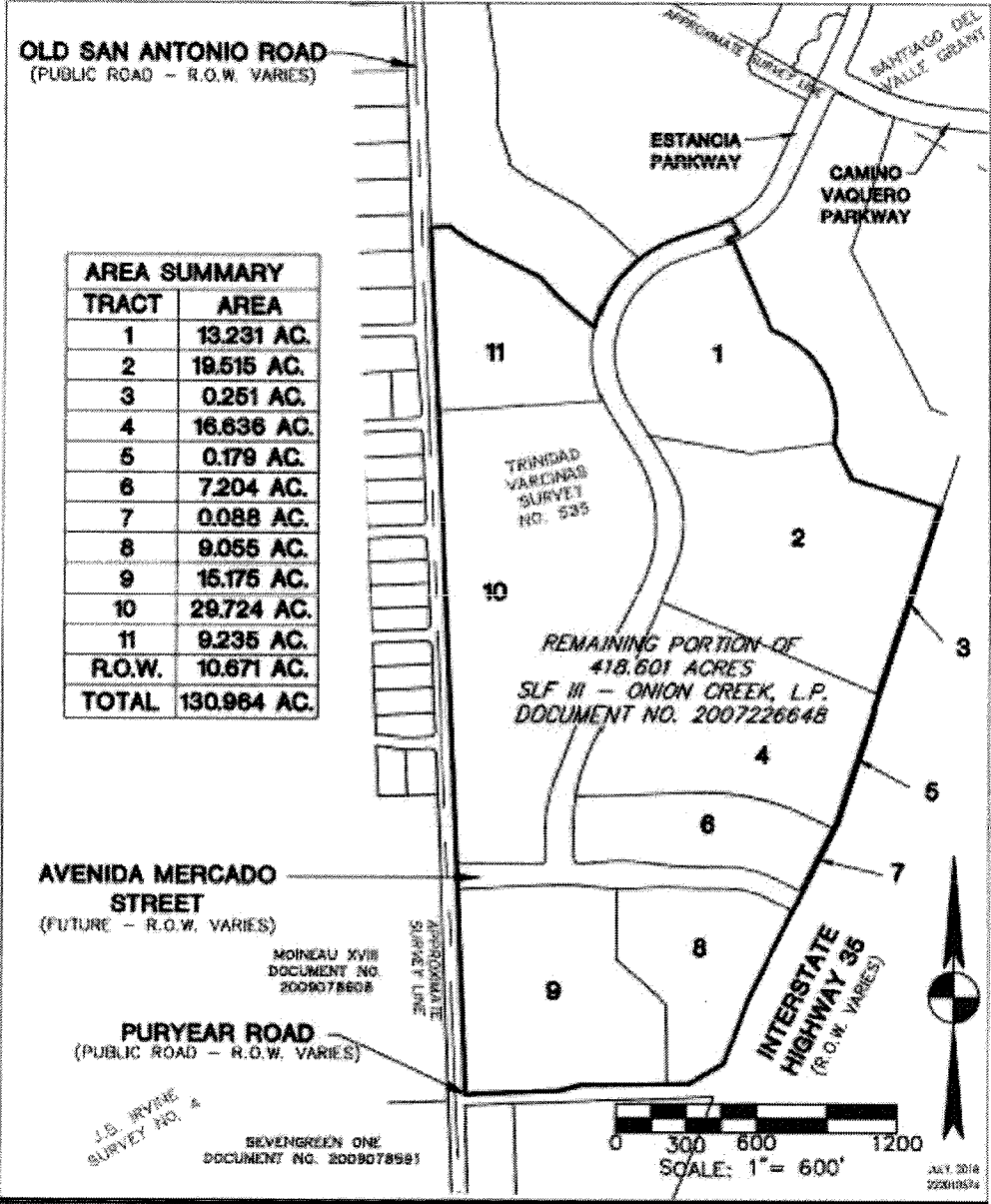
STANTEC CONSULTING
SERVICES INC.
1905 ALDRICH STREET
SUITE 300
AUSTIN, TEXAS 78723



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

7/19/18
DATE

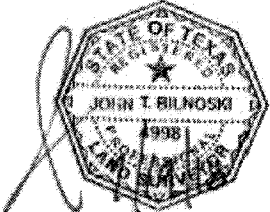




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 TBPE # F-6324 TBPLS # 10194230
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Client/Project
ESTANCIA HILL COUNTRY
IMPROVEMENT AREA NO. 2

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 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:

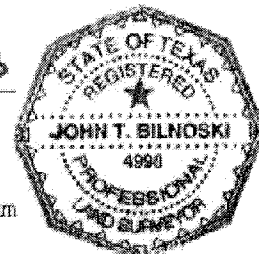
- 1) N22°56'57"E, a distance of 151.94 feet to the point of curvature of a tangent curve to the left;
- 2) Along said tangent curve to the left, having a radius of 487.00 feet, a central angle of 55°23'07", an arc length of 470.76 feet, and a chord which bears, N04°44'36"W, a distance of 452.65 feet 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;

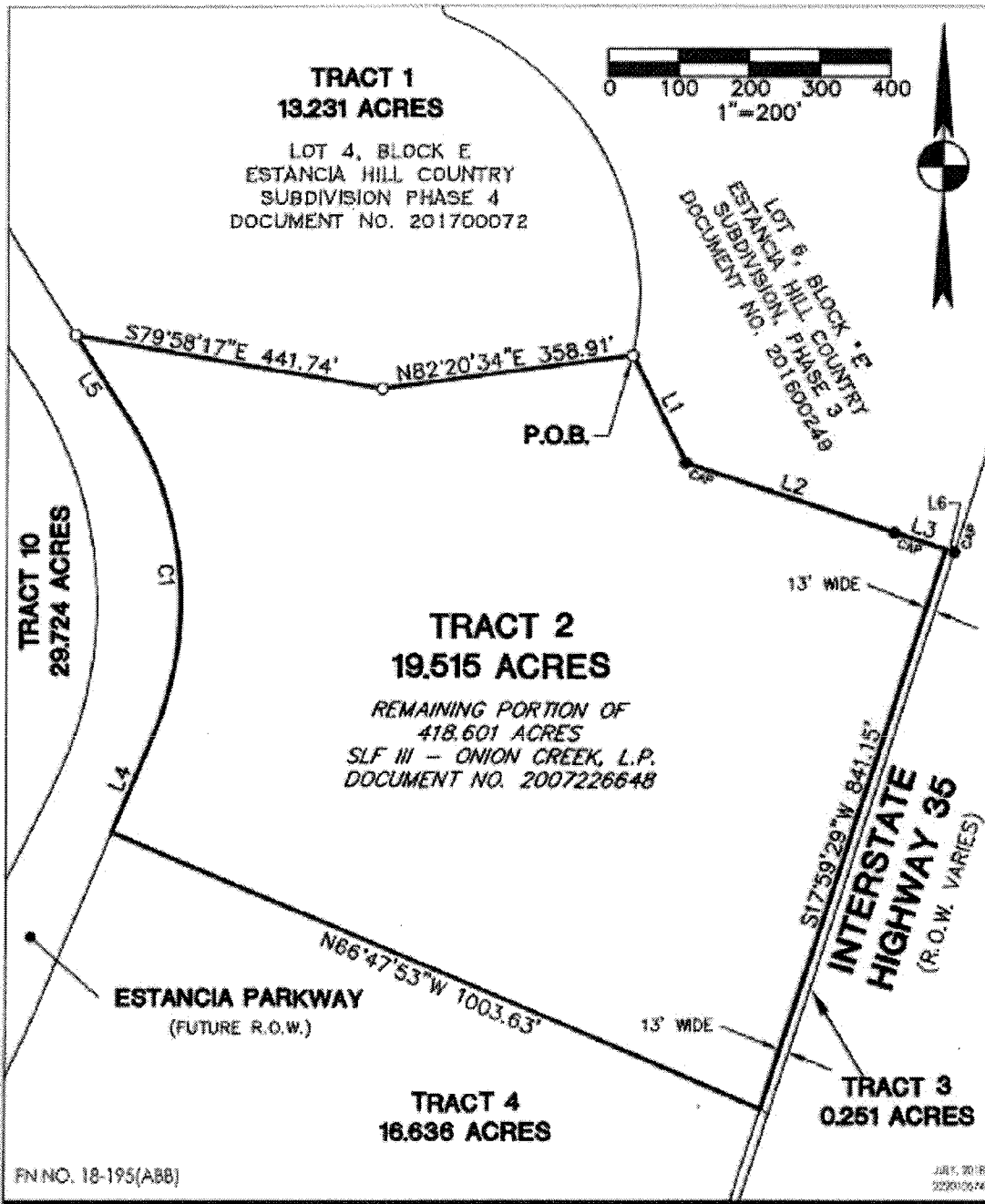
THENCE, leaving the easterly right-of-way line of Future Estancia Parkway, along the southerly line of said Lot 4, for a portion of the northerly line hereof, the following two (2) courses and distances:

- 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.

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


7/19/18
JOHN T. BILNOSKI
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STATE OF TEXAS
TBPLS # 10194230
john.bilnoski@stantec.com

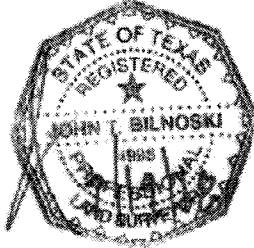




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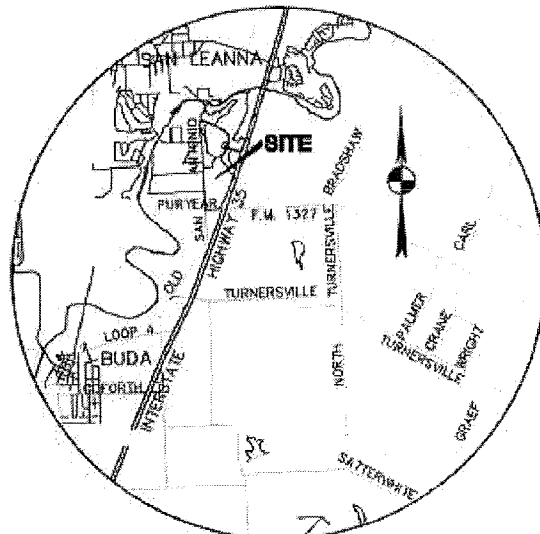


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Client/Project
 ESTANCIA HILL COUNTRY
 IMPROVEMENT AREA NO. 2
 Name No.
 SHEET 1 OF 2
 Title
 TRACT 2

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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 HEREOF 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

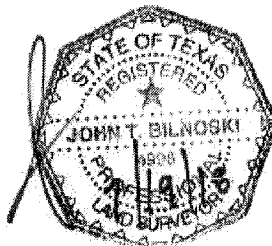
NO.	LENGTH	RADIUS	DELTA	CHORD BEARING	CHORD LENGTH
C1	470.76'	487.00'	55°23'07"	N04°44'36"W	452.65'

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'



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Client/Project
ESTANCIA HILL COUNTRY
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;

EN 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:

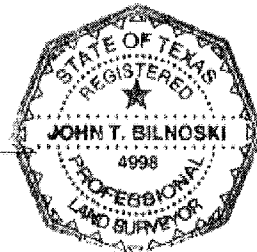
- 1) Along a non-tangent curve to the right, having a radius of 775.00 feet, a central angle of 18°28'40", an arc length of 249.94 feet, and a chord which bears, N17°44'28"E, a distance of 248.85 feet to the end of said curve;
- 2) N26°58'48"E, a distance of 244.05 feet to the point of curvature of a 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;

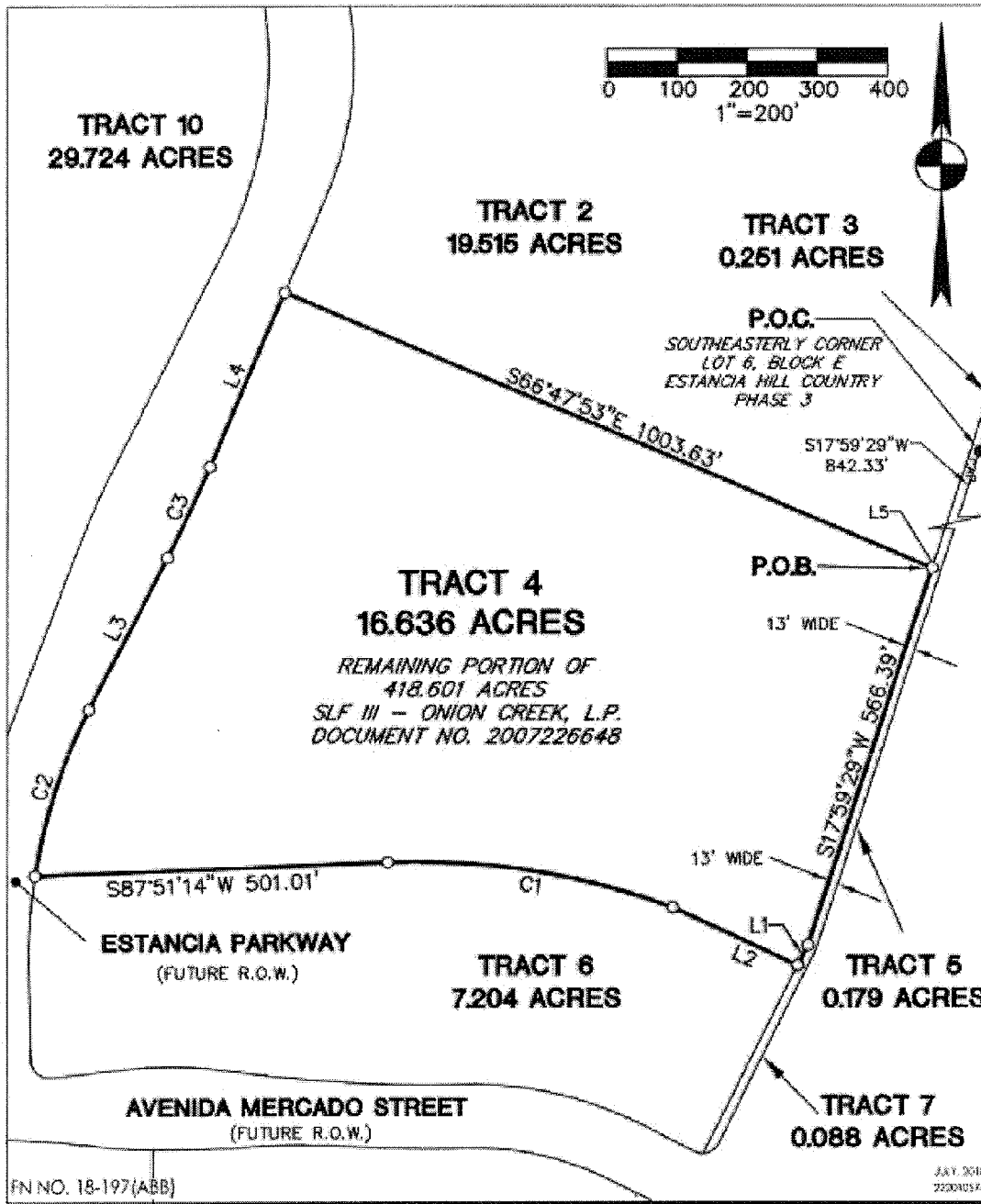
THENCE, S66°47'53"E, leaving the easterly right-of-way line of Future Estancia Parkway, continuing over and across said 418.601 acre tract, a distance of 1003.63 feet to the **POINT OF BEGINNING**, containing an area of 16.636 acres (724,683 square feet) acres of land, more or less, within these metes 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.

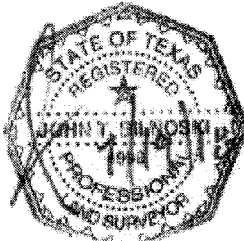
STANTEC CONSULTING
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 7/19/18
JOHN T. BILNOSKI
R.P.L.S. NO. 4998
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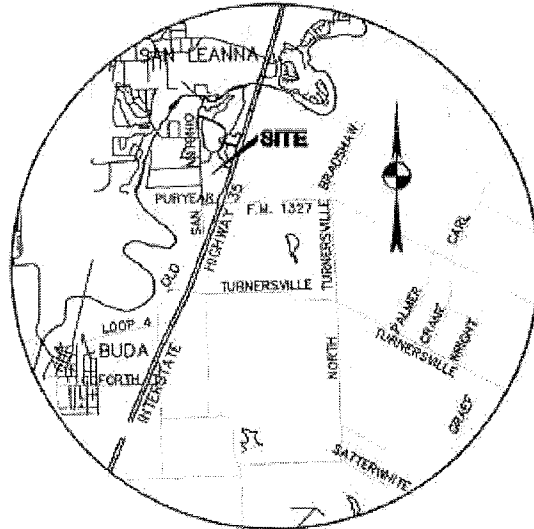


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Client/Project
ESTANCIA HILL COUNTRY
IMPROVEMENT AREA NO. 2
Figure No.
SHEET 1 OF 2
TRACT 4

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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

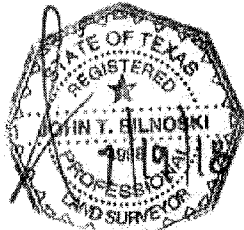
THE BASIS OF BEARING OF THE SURVEY SHOWN HEREON IS TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, NAD83(2011), BY UTILIZING REAL-TIME KINEMATIC (RTK) CORRECTIONS PROVIDED BY RTK COOPERATIVE NETWORK, MANAGED BY WESTERN DATA SYSTEMS, INC.

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	13.05'

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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Client/Project
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

FN. 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 7.204 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.

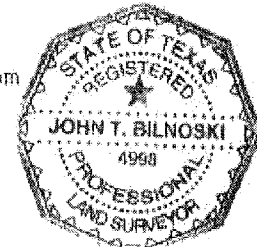
I, JOHN T. BILNOSKI, A REGISTERED PROFESSIONAL LAND SURVEYOR, DO HEREBY CERTIFY THAT THE PROPERTY DESCRIBED HEREIN WAS DETERMINED BY A SURVEY MADE ON THE GROUND UNDER MY DIRECTION AND SUPERVISION.

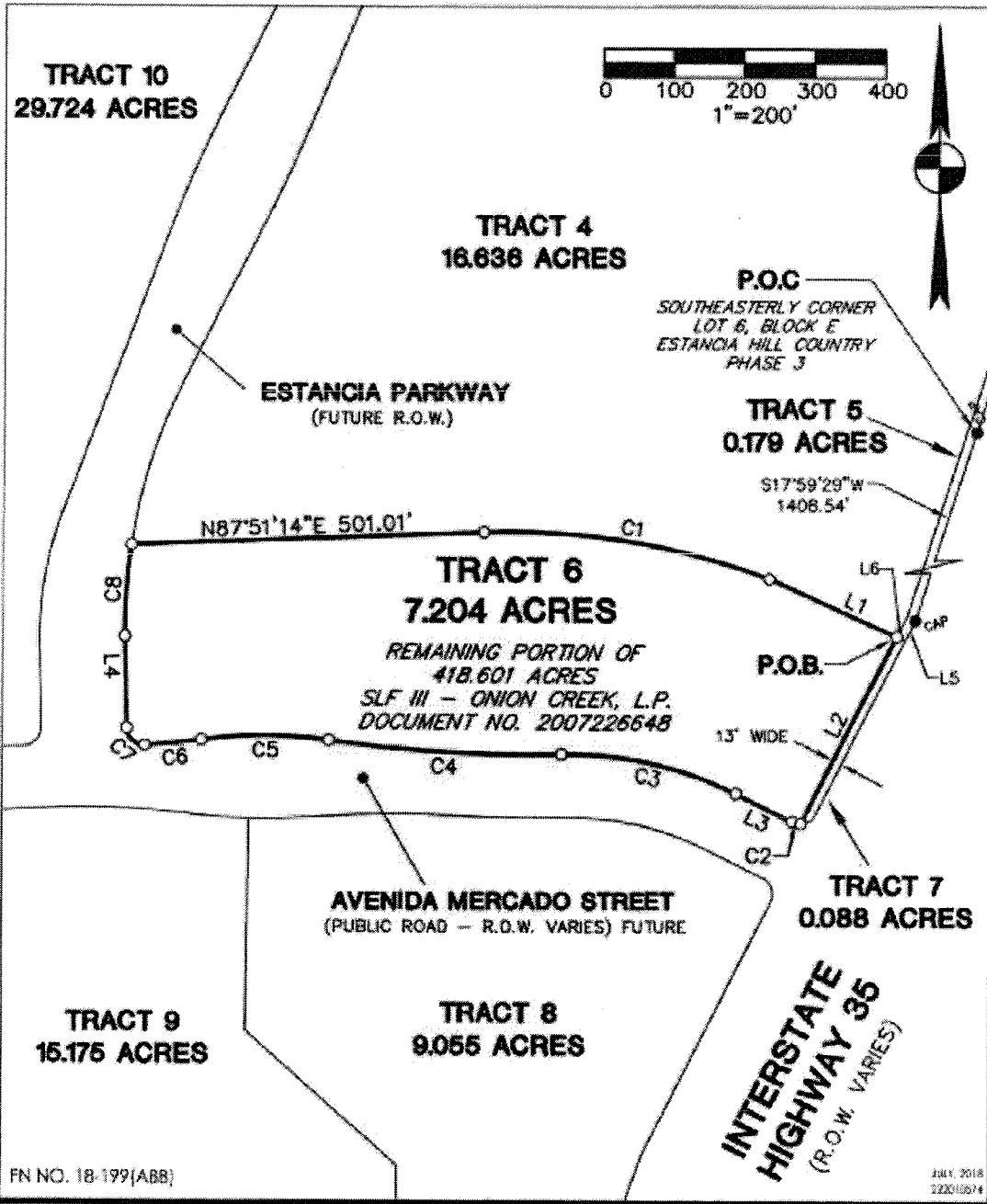
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7/19/18
DATE





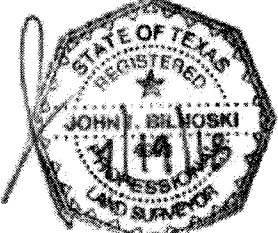
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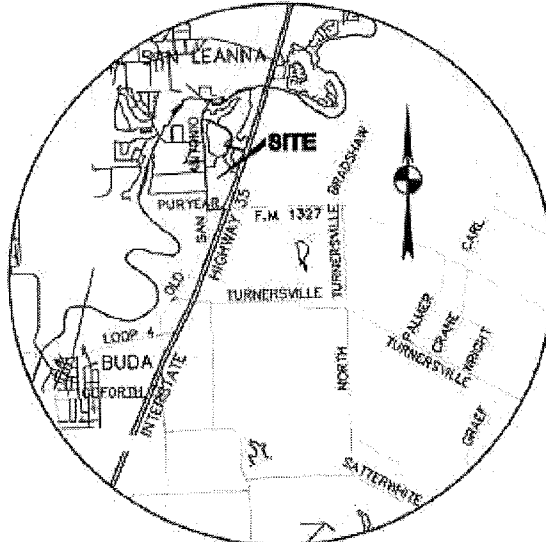
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Client/Project
 ESTANCIA HILL COUNTRY
 IMPROVEMENT AREA NO. 2
 Figure No.
 SHEET 1 OF 2
 Title
 TRACT 6



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.

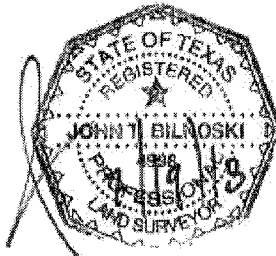
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CURVE TABLE					
NO.	LENGTH	RADIUS	DELTA	CHORD BEARING	CHORD LENGTH
C1	413.70'	1048.58'	22°36'19"	N80°50'36"W	411.02'
C2	12.51'	25.00'	28°40'30"	N77°35'40"W	12.38'
C3	258.17'	525.00'	28°10'32"	N77°20'41"W	255.58'
C4	328.69'	1963.00'	9°35'38"	N86°38'08"W	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	N85°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, $N86^{\circ}33'46''E$, 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;

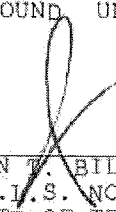
FN NO. 18-201(ABB)
JULY 12, 2018
PAGE 3 OF 3

- 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.

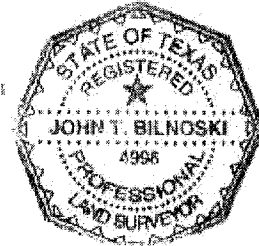
I, JOHN T. BILNOSKI, A REGISTERED PROFESSIONAL LAND SURVEYOR, DO HEREBY CERTIFY THAT THE PROPERTY DESCRIBED HEREIN WAS DETERMINED BY A SURVEY MADE ON THE GROUND UNDER MY DIRECTION AND SUPERVISION.

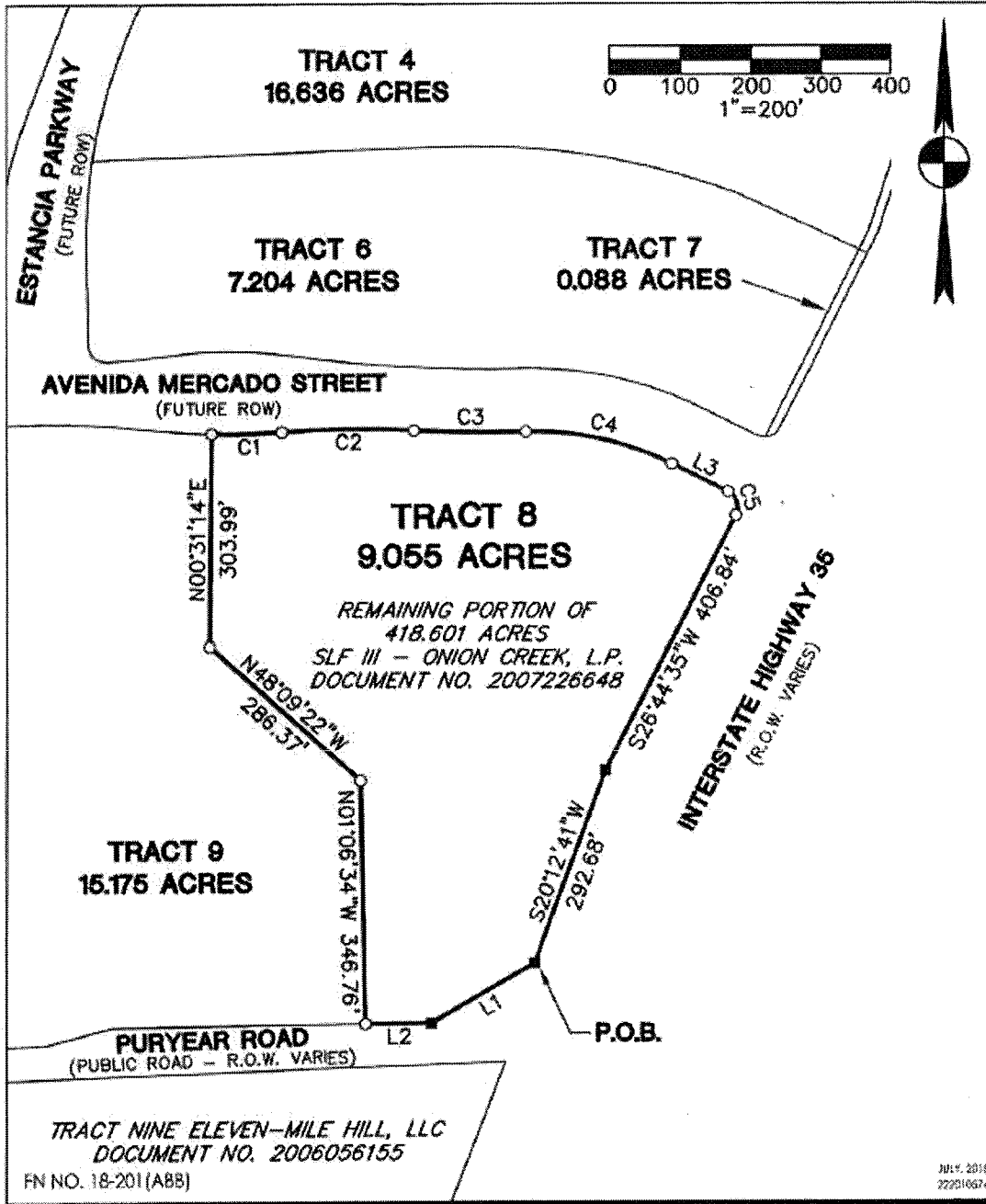
STANTEC CONSULTING
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R.P.L.S. NO. 4998
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7/19/18
DATE

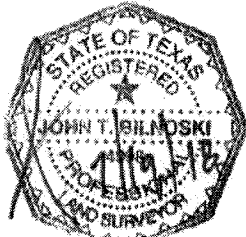




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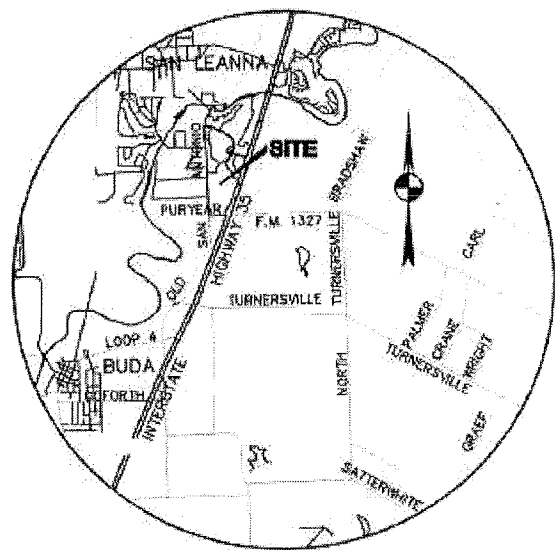


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Client/Project
 ESTANCIA HILL COUNTRY
 IMPROVEMENT AREA NO. 2
 Figure No.
 SHEET 1 OF 2
 Title
 TRACT 8

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VICINITY MAP
N.T.S.

LEGEND

- CALCULATED POINT
- CONCRETE MONUMENT FOUND
- P.O.B. POINT OF BEGINNING

BEARING BASIS NOTE

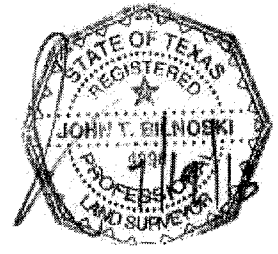
THE BASIS OF BEARING OF THE SURVEY SHOWN HEREON IS TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, NAD83(2011), BY UTILIZING REAL-TIME KINEMATIC (RTK) CORRECTIONS PROVIDED BY RTK COOPERATIVE NETWORK, MANAGED BY WESTERN DATA SYSTEMS, INC.

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
 Title
TRACT 8

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 $5^{\circ}47'39''$, an arc length of 103.66 feet, and a chord which bears, $S85^{\circ}45'11''E$, 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) $S00^{\circ}31'14''W$, a distance of 303.99 feet to an angle point;
- 2) $S48^{\circ}09'22''E$, a distance of 286.37 feet to an angle point;
- 3) $S01^{\circ}06'34''E$, 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;

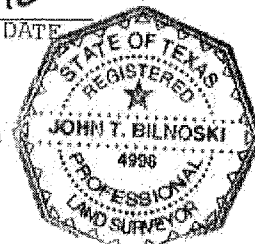
THENCE, along the northerly right-of-way line of Puryear Road, being the southerly line of said 418.601 acre tract, for the southerly line hereof, the following three (3) courses and distances:

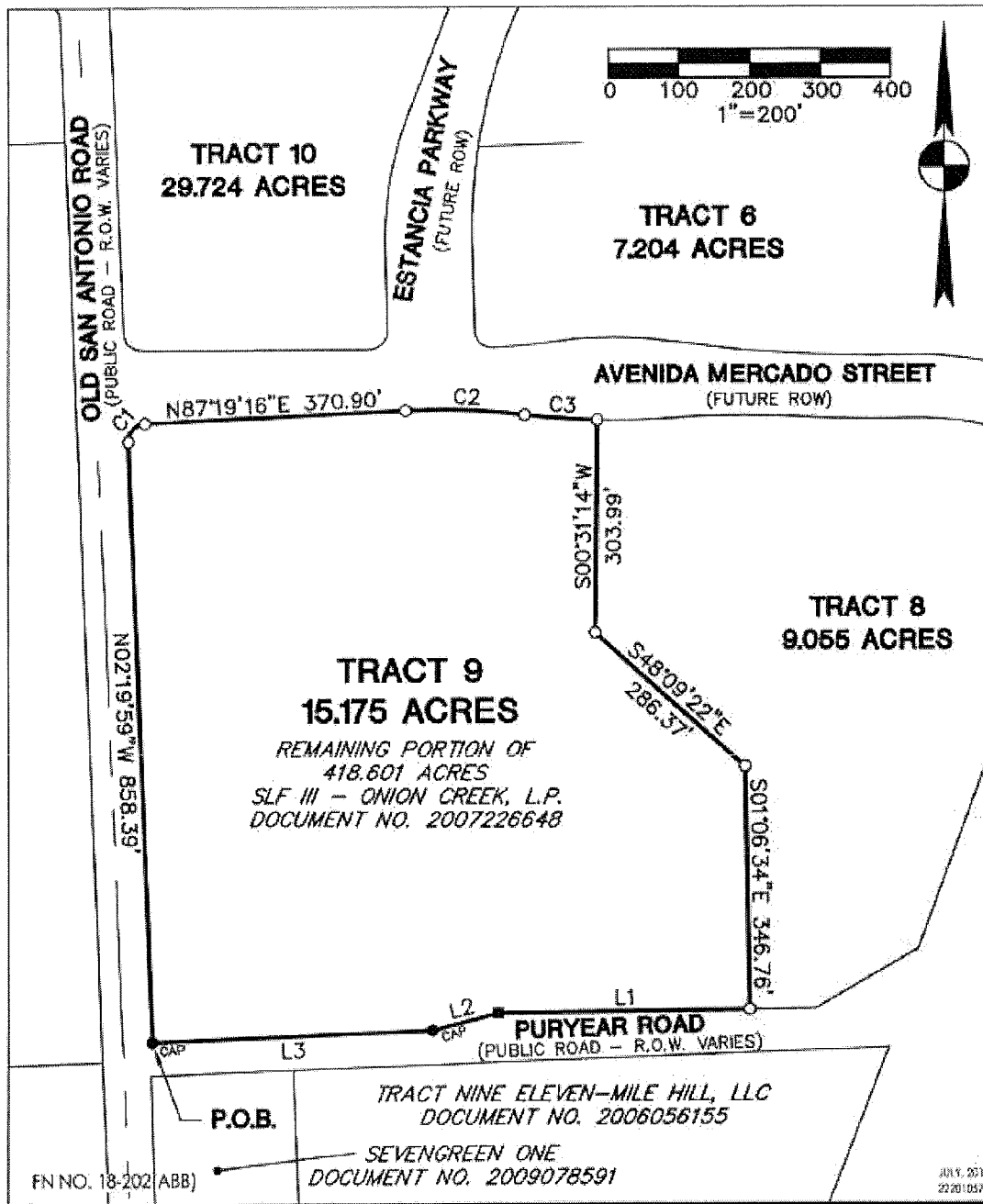
- 1) $S89^{\circ}15'05''W$, a distance of 358.09 feet to a concrete monument found;
- 2) $S74^{\circ}58'58''W$, a distance of 95.27 feet to a 1/2 inch iron rod with "BURY" cap found;
- 3) $S87^{\circ}43'31''W$, a distance of 397.04 feet to the **POINT OF BEGINNING**, containing an area of 15.175 acres (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.

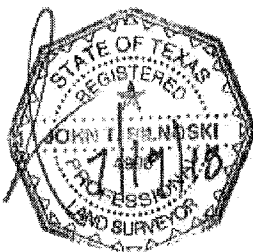
STANTEC CONSULTING
SERVICES INC.
1905 ALDRICH STREET
SUITE 300
AUSTIN, TEXAS 78723


DATE 7/19/18
JOHN T. BILNOSKI
R.F.L.S. NO. 4998
STATE OF TEXAS
TBPLS # 10194230
john.bilnoski@stantec.com



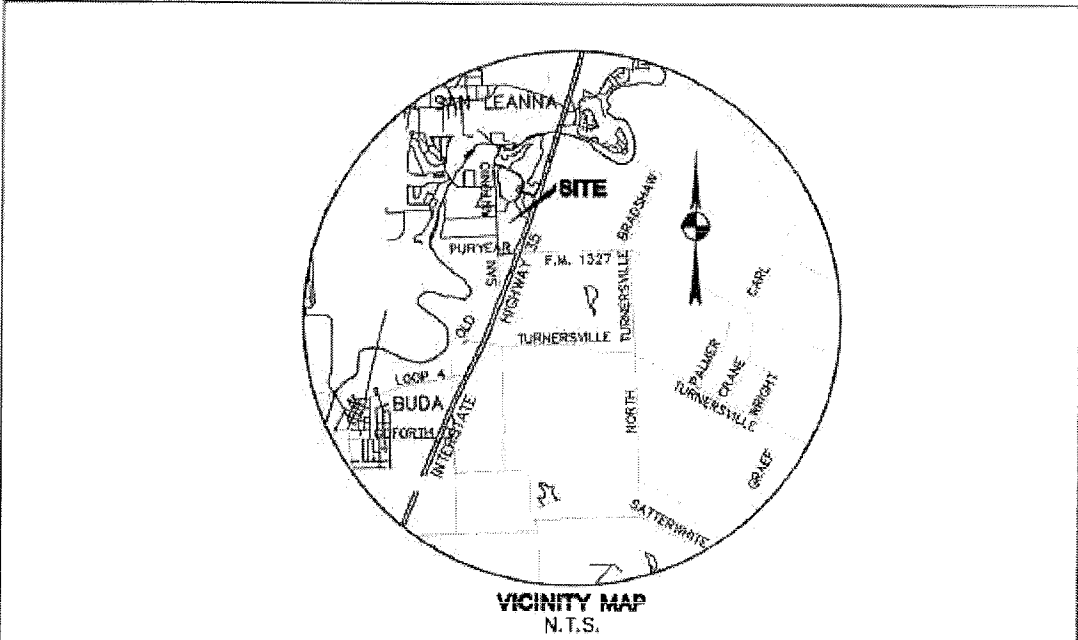


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Client/Project
 ESTANCIA HILL COUNTRY
 IMPROVEMENT AREA NO. 2
 Figure No.
 SHEET 1 OF 2
 Title
 TRACT 9

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 2018/07/19 8:53 AM By: Burkland, Austin



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:

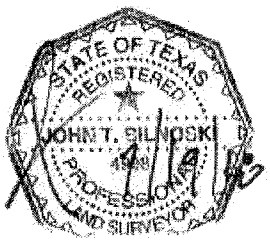
THE BASIS OF BEARING OF THE SURVEY SHOWN HEREON IS TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, NAD83(2011), BY UTILIZING REAL-TIME KINEMATIC (RTK) CORRECTIONS PROVIDED BY RTK COOPERATIVE NETWORK, MANAGED BY WESTERN DATA SYSTEMS, INC.

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. 13-204(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.

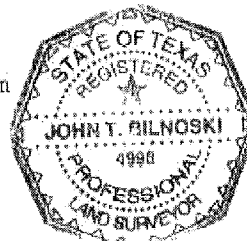
I, JOHN T. BILNOSKI, A REGISTERED PROFESSIONAL LAND SURVEYOR, DO HEREBY CERTIFY THAT THE PROPERTY DESCRIBED HEREIN WAS DETERMINED BY A SURVEY MADE ON THE GROUND UNDER MY DIRECTION AND SUPERVISION.

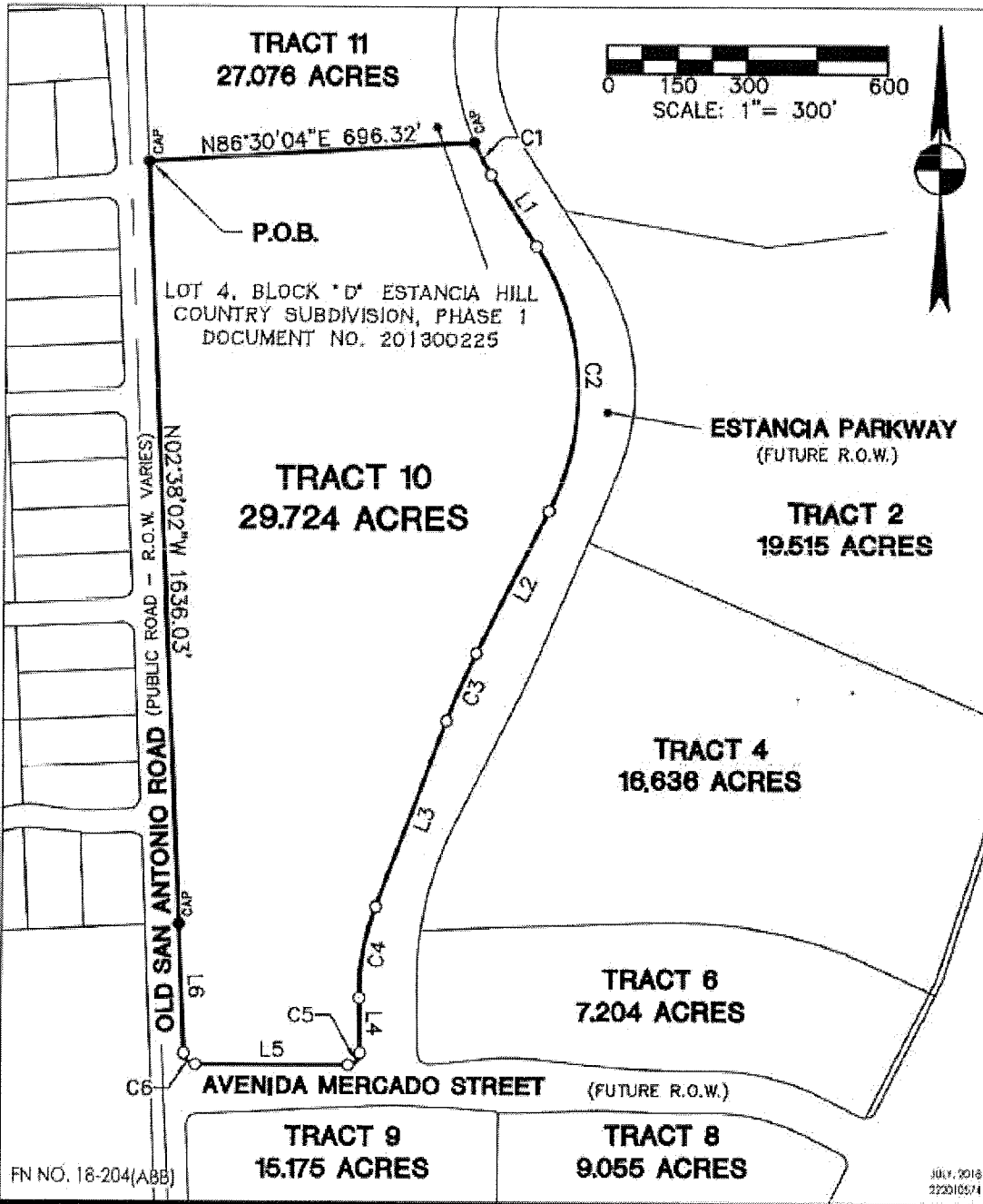
STANTEC CONSULTING
SERVICES INC.
1905 ALDRICH STREET
SUITE 300
AUSTIN, TEXAS 78723



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

7/19/18
DATE





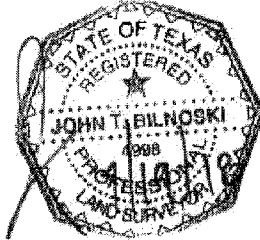
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FN NO. 18-204(A88)

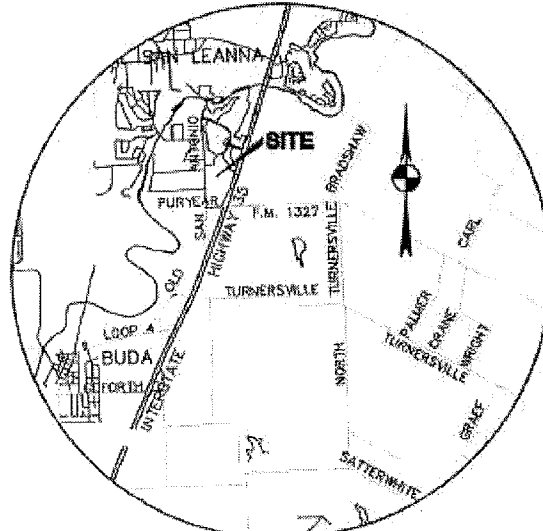
JULY 2018
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 ESTANCIA HILL COUNTRY
 IMPROVEMENT AREA NO. 2
 Figure No.
 SHEET 1 OF 2
 Title
 TRACT 10



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:

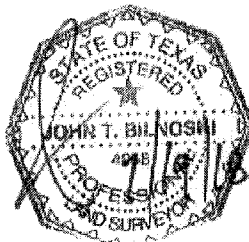
THE BASIS OF BEARING OF THE SURVEY SHOWN HEREON IS TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, NAD83(2011), BY UTILIZING REAL-TIME KINEMATIC (RTK) CORRECTIONS PROVIDED BY RTK COOPERATIVE NETWORK, MANAGED BY WESTERN DATA SYSTEMS, INC.

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'

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 2018/07/19 9:16 AM By: B.Walund, Austin



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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

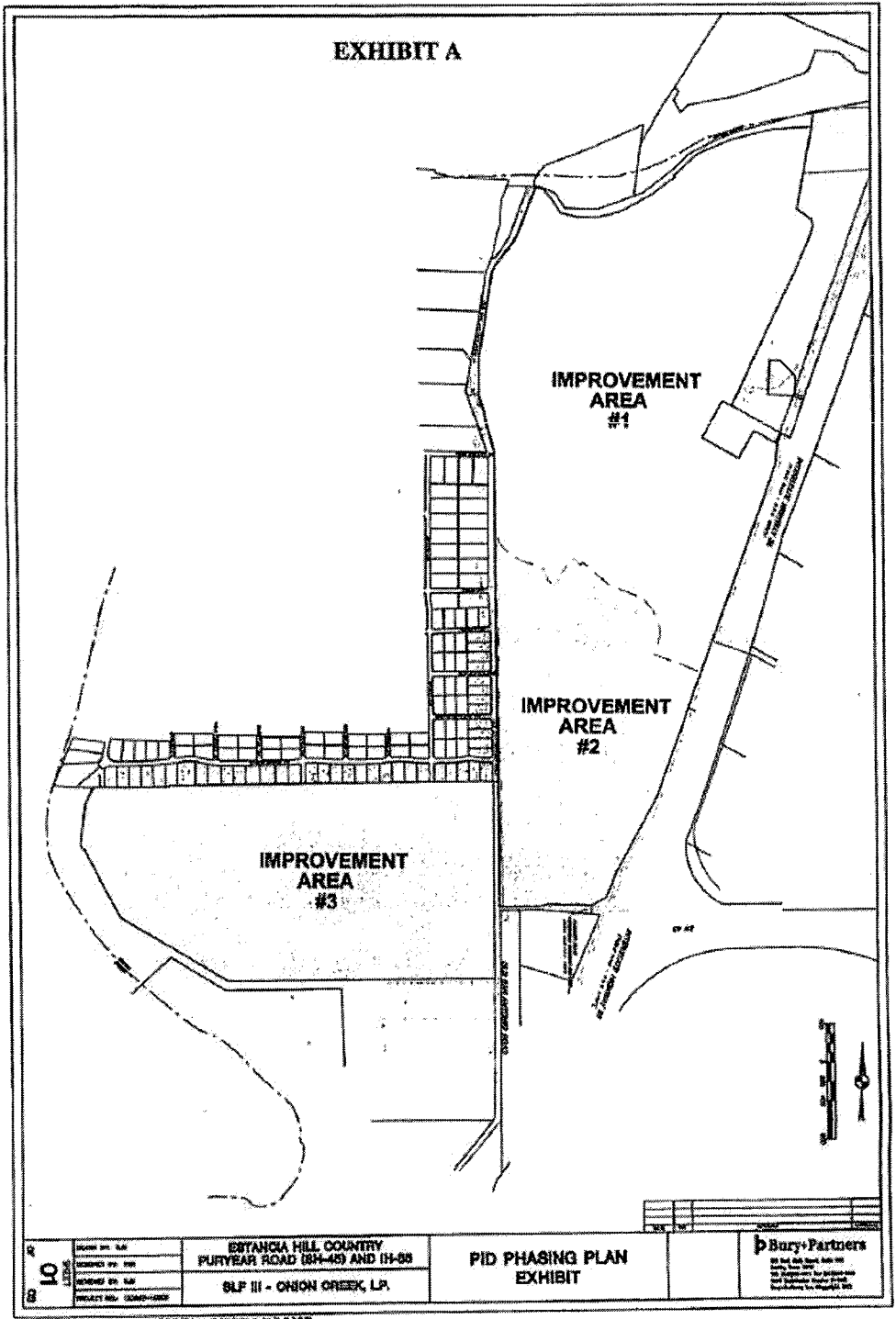


EXHIBIT C
ALLOCATION OF AUTHORIZED IMPROVEMENTS

	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>	
Total	\$ 27,337,575		\$ 17,701,837		\$ 9,635,738	

**EXHIBIT D
SERVICE PLAN**

Installments Due	Improvement Area #1			
	1/31/2019	1/31/2020	1/31/2021	1/31/2022
<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	\$ 1,343,700	\$ 1,346,000	\$ 1,345,300
<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
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
Total Budget	\$ 1,820,227	\$ 1,752,019	\$ 1,837,468	\$ 1,869,972
(4) = (1) + (2) + (3)				\$ 1,912,468
Installments Due	Improvement Area #2			
	1/31/2019	1/31/2020	1/31/2021	1/31/2022
<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	\$ 798,563	\$ 815,563
<i>Improvement Area #2 Reimbursement Obligation</i>				
Principal	\$ -	\$ 50,002	\$ 55,292	\$ 60,928
Interest	-	74,498	71,697	68,601
Additional Interest	-	124,499	126,989	129,529
(2)	\$ -	\$ 249,000	\$ 253,978	\$ 260,058
Administrative Expenses	\$ -	\$ 26,847	\$ 27,383	\$ 27,931
(3)	\$ -	\$ 26,847	\$ 27,383	\$ 27,931
Total Budget	\$ -	\$ 931,158	\$ 952,935	\$ 973,023
(4) = (1) + (2) + (3)				\$ 991,422

EXHIBIT E
SOURCES AND USES OF FUNDS

	Improvement Area #1	Improvement Area #2
SOURCES OF FUNDS		
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
	\$ 17,701,837	\$ 9,635,738
USES OF FUNDS		
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
	\$ 17,701,837	\$ 9,635,738

(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			Overpayment credited to 2020 Payment	Total Installment	
			Principal	Interest	Additional Interest	Principal	Interest	Additional Interest			
788256	Tracts 1 - 5	\$ 4,897,835.85	\$ 259,419.27	\$ 205,356.30	-	\$ 77,825.78	\$ 49,666.11	\$ 7,376.15	\$ 13,379.08	\$ 16,580.09	\$ 629,602.78
894914	Tracts 6 & 7	\$ 1,447,471.53	\$ 76,666.92	\$ 60,689.54	-	\$ 23,000.08	\$ 14,677.97	\$ 2,179.90	\$ 3,953.96	\$ 4,899.96	\$ 186,068.32
868486	Tract 8	\$ 1,519,925.62	\$ 80,504.53	\$ 63,727.39	-	\$ 24,151.36	\$ 15,412.68	\$ 2,289.01	\$ 4,151.88	\$ 5,145.23	\$ 195,382.09
868485	Tract 9	\$ 1,594,986.60	\$ 84,480.22	\$ 66,874.54	-	\$ 25,344.07	\$ 16,173.83	\$ 2,402.05	\$ 4,356.91	\$ 5,399.33	\$ 205,030.96
851771	Tract 11 Remainder	\$ 664,403.24	\$ 35,190.85	\$ 27,857.08	-	\$ 10,557.25	\$ 6,737.33	\$ 1,000.59	\$ 1,814.90	\$ 2,249.13	\$ 85,407.13
837554	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
851696	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
851697	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
851698	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
851699	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
851700	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
851701	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
851702	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
851703	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
851704	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
851705	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
851706	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
851707	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
851708	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
851709	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
851710	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
851711	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
851712	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
851713	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
851714	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851715	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851716	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851717	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851718	1	\$ 10,473.05	\$ 554.72	\$ 439.11	-	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851719	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
851720	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
851721	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
851722	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
851723	2	\$ 14,182.27	\$ 751.18	\$ 594.63	-	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
851724	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	Annual Installment due 1/31/2019						Overpayment credited to 2020 Payment	Total Installment	
			Improvement Area #1 Initial Bonds			Improvement Area #1 Parity Bonds					
			Principal	Interest	Additional Interest	Principal	Interest	Additional Interest			
851725	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
851726	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851727	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851728	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851729	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851730	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851731	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851732	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851733	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851734	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851735	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851736	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851737	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851738	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851739	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851740	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851741	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851742	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851743	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851744	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851745	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851746	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851747	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851748	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851749	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851750	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851751	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851752	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851753	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851754	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851755	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851756	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851757	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851758	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ 28.61	\$ 35.45	\$ 1,346.28
851759	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
			Principal		Interest		Principal		Interest			
			Principal	Interest	Principal	Interest	Principal	Interest	Principal	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	2	\$ 14,182.27	\$ 751.18	\$ 594.63	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ -	\$ 38.74	\$ 48.01	\$ 1,823.09
863950	1	\$ 10,473.05	\$ 554.72	\$ 439.11	\$ -	\$ 166.41	\$ 106.20	\$ 15.77	\$ -	\$ 28.61	\$ 35.45	\$ 1,346.28
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	Annual Installment due 1/31/2019						Overpayment credited to 2020 Payment	Total Installment	
			Improvement Area #1 Initial Bonds			Improvement Area #1 Parity Bonds					Administrative Expenses
			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
864035	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			Improvement Area #1 Parity Bonds			Overpayment credited to 2020 Payment	Total Installment
			Principal	Interest	Additional Interest	Principal	Interest	Additional Interest	Administrative Expenses	2020 Payment			
											Principal			Interest	Additional 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
			Principal	Interest	Additional Interest	Principal	Interest	Additional 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	Principal	Interest			
2019	\$ 750,000	\$ 593,700	\$ -	\$ -	\$ 38,680	\$ 47,934	\$ 1,820,227
2020	\$ 795,000	\$ 548,700	\$ -	\$ 143,588	\$ 39,453	\$ (47,934)	\$ 1,752,019
2021	\$ 845,000	\$ 501,000	\$ -	\$ 161,600	\$ 40,243	\$ -	\$ 1,837,468
2022	\$ 895,000	\$ 450,300	\$ -	\$ 152,200	\$ 41,047	\$ -	\$ 1,869,972
2023	\$ 945,000	\$ 396,600	\$ -	\$ 141,000	\$ 41,868	\$ -	\$ 1,912,468
2024	\$ 1,005,000	\$ 339,900	\$ -	\$ 128,000	\$ 42,706	\$ -	\$ 1,949,281
2025	\$ 1,065,000	\$ 279,600	\$ -	\$ 112,600	\$ 43,560	\$ -	\$ 1,990,260
2026	\$ 1,130,000	\$ 215,700	\$ -	\$ 95,200	\$ 44,431	\$ -	\$ 2,034,956
2027	\$ 1,195,000	\$ 147,900	\$ -	\$ 75,400	\$ 45,320	\$ -	\$ 2,072,845
2028	\$ 1,270,000	\$ 76,200	\$ -	\$ 53,000	\$ 46,226	\$ -	\$ 2,123,926
Total	\$ 9,895,000	\$ 3,549,600	\$ -	\$ 1,090,588	\$ 423,534	\$ -	\$ 19,363,422

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
Total	\$ 7,318.56	\$ 2,625.36	\$ -	\$ 3,154.49	\$ 806.62	\$ 103.33	\$ 313.25	\$ -	\$ 14,321.61

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	\$ -	\$ 225.35	\$ 143.81	\$ 21.36	\$ 38.74	\$ 48.01	\$ 1,823.09
2020	\$ 796.25	\$ 549.56	\$ -	\$ 235.37	\$ 161.85	\$ 20.23	\$ 39.52	\$ (48.01)	\$ 1,754.77
2021	\$ 846.33	\$ 501.79	\$ -	\$ 280.44	\$ 152.44	\$ 19.05	\$ 40.31	\$ -	\$ 1,840.36
2022	\$ 896.41	\$ 451.01	\$ -	\$ 325.51	\$ 141.22	\$ 17.65	\$ 41.11	\$ -	\$ 1,872.91
2023	\$ 946.49	\$ 397.22	\$ -	\$ 385.61	\$ 128.20	\$ 16.03	\$ 41.93	\$ -	\$ 1,915.48
2024	\$ 1,006.58	\$ 340.43	\$ -	\$ 435.68	\$ 112.78	\$ 14.10	\$ 42.77	\$ -	\$ 1,952.35
2025	\$ 1,066.67	\$ 280.04	\$ -	\$ 495.78	\$ 95.35	\$ 11.92	\$ 43.63	\$ -	\$ 1,993.39
2026	\$ 1,131.78	\$ 216.04	\$ -	\$ 560.88	\$ 75.52	\$ 9.44	\$ 44.50	\$ -	\$ 2,038.16
2027	\$ 1,196.88	\$ 148.13	\$ -	\$ 625.98	\$ 53.08	\$ 6.64	\$ 45.39	\$ -	\$ 2,076.10
2028	\$ 1,272.00	\$ 76.32	\$ -	\$ 701.10	\$ 28.04	\$ 3.51	\$ 46.30	\$ -	\$ 2,127.27
Total	\$ 9,910.56	\$ 3,555.18	\$ -	\$ 4,271.71	\$ 1,092.30	\$ 139.92	\$ 424.20	\$ -	\$ 19,393.87

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	\$ -	\$ 224.62	\$ 38.61	\$ 47.85	\$ 1,749.08
2021	\$ 843.58	\$ 500.16	\$ -	\$ 234.61	\$ 39.39	\$ (47.85)	\$ 1,834.38
2022	\$ 893.50	\$ 449.54	\$ -	\$ 279.53	\$ 40.18	\$ -	\$ 1,866.83
2023	\$ 943.41	\$ 395.93	\$ -	\$ 324.45	\$ 40.98	\$ -	\$ 1,909.26
2024	\$ 1,003.31	\$ 339.33	\$ -	\$ 384.35	\$ 41.80	\$ -	\$ 1,946.01
2025	\$ 1,063.21	\$ 279.13	\$ -	\$ 434.27	\$ 42.63	\$ -	\$ 1,986.92
2026	\$ 1,128.10	\$ 215.34	\$ -	\$ 494.17	\$ 43.49	\$ -	\$ 2,031.54
2027	\$ 1,192.99	\$ 147.65	\$ -	\$ 559.06	\$ 44.36	\$ -	\$ 2,069.37
2028	\$ 1,267.87	\$ 76.07	\$ -	\$ 623.95	\$ 45.24	\$ -	\$ 2,120.36
Total	\$ 9,878.40	\$ 3,543.64	\$ -	\$ 4,257.84	\$ 422.82	\$ -	\$ 19,330.93

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			Administrative Expenses	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	\$ 61.53	\$ 2,336.37
2020	\$ 1,020.43	\$ 704.29	\$ -	\$ 301.64	\$ 207.42	\$ 25.93	\$ 50.64	\$ (61.53)	\$ 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
Total	\$ 12,700.79	\$ 4,556.11	\$ -	\$ 5,474.37	\$ 1,399.83	\$ 179.31	\$ 543.63	\$ -	\$ 24,854.05

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	\$ -	\$ 734,549.80
Total	\$ 3,422,604.93	\$ 1,227,779.53	\$ -	\$ 1,475,230.93	\$ 377,226.17	\$ 48,321.16	\$ 146,497.16	\$ -	\$ 6,697,659.88

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	Annual Installment	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	\$ 186,068.32		
2020	\$ 81,266.94	\$ 56,089.52	\$ -	\$ 24,022.30	\$ 16,519.17	\$ 2,064.90	\$ 4,033.04	\$ (4,899.96)	\$ 179,095.90		
2021	\$ 86,378.07	\$ 51,213.51	\$ -	\$ 28,622.32	\$ 15,558.27	\$ 1,944.78	\$ 4,113.70	\$ -	\$ 187,830.65		
2022	\$ 91,489.20	\$ 46,030.82	\$ -	\$ 33,222.33	\$ 14,413.38	\$ 1,801.67	\$ 4,195.97	\$ -	\$ 191,153.38		
2023	\$ 96,600.32	\$ 40,541.47	\$ -	\$ 39,355.69	\$ 13,084.49	\$ 1,635.56	\$ 4,279.89	\$ -	\$ 195,497.42		
2024	\$ 102,733.68	\$ 34,745.45	\$ -	\$ 44,466.82	\$ 11,510.26	\$ 1,438.78	\$ 4,365.49	\$ -	\$ 199,260.48		
2025	\$ 108,867.03	\$ 28,581.43	\$ -	\$ 50,600.17	\$ 9,731.59	\$ 1,216.45	\$ 4,452.80	\$ -	\$ 203,449.47		
2026	\$ 115,511.50	\$ 22,049.41	\$ -	\$ 57,244.64	\$ 7,707.58	\$ 963.45	\$ 4,541.85	\$ -	\$ 208,018.43		
2027	\$ 122,155.97	\$ 15,118.72	\$ -	\$ 63,889.10	\$ 5,417.80	\$ 677.22	\$ 4,632.69	\$ -	\$ 211,891.50		
2028	\$ 129,822.66	\$ 7,789.36	\$ -	\$ 71,555.80	\$ 2,862.23	\$ 357.78	\$ 4,725.34	\$ -	\$ 217,113.17		
Total	\$ 1,011,492.29	\$ 362,849.22	\$ -	\$ 435,979.24	\$ 111,482.74	\$ 14,280.49	\$ 43,294.73	\$ -	\$ 1,979,378.70		

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	\$ 8,093.99	\$ 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
Total	\$ 1,062,123.16	\$ 381,011.86	\$ -	\$ 457,802.46	\$ 117,063.08	\$ 14,995.31	\$ 45,461.87	\$ 2,078,457.74

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	Principal	Interest			
2019	\$ 84,480.22	\$ 66,874.54	\$ 25,344.07	\$ 16,173.83	\$ 4,356.91	\$ 5,399.33	\$ 205,030.96
2020	\$ 89,549.04	\$ 61,805.73	\$ 26,470.47	\$ 18,202.67	\$ 4,444.05	\$ (5,399.33)	\$ 197,347.97
2021	\$ 95,181.05	\$ 56,432.79	\$ 31,539.28	\$ 17,143.85	\$ 4,532.93	-	\$ 206,972.89
2022	\$ 100,813.07	\$ 50,721.93	\$ 36,608.10	\$ 15,882.28	\$ 4,623.59	-	\$ 210,634.25
2023	\$ 106,445.08	\$ 44,673.14	\$ 43,366.51	\$ 14,417.96	\$ 4,716.06	-	\$ 215,421.00
2024	\$ 113,203.50	\$ 38,286.44	\$ 48,998.53	\$ 12,683.30	\$ 4,810.38	-	\$ 219,567.56
2025	\$ 119,961.92	\$ 31,494.23	\$ 55,756.95	\$ 10,723.36	\$ 4,906.59	-	\$ 224,183.46
2026	\$ 127,283.54	\$ 24,296.51	\$ 63,078.57	\$ 8,493.08	\$ 5,004.72	-	\$ 229,218.05
2027	\$ 134,605.15	\$ 16,659.50	\$ 70,400.19	\$ 5,969.94	\$ 5,104.82	-	\$ 233,485.84
2028	\$ 143,053.18	\$ 8,583.19	\$ 78,848.21	\$ 3,153.93	\$ 5,206.92	-	\$ 239,239.66
Total	\$ 1,114,575.74	\$ 399,828.00	\$ 480,410.87	\$ 122,844.19	\$ 47,706.99	\$ -	\$ 2,181,101.63

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					
		Improvement Area #2 Bonds		Improvement Area #2 Reimbursement Obligation		Administrative Expenses	Total Installment
		Principal	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 9,635,312.81	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

* 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	Principal	Interest		
2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ 325,000	\$ 413,288	\$ 50,002	\$ 74,498	\$ 26,847	\$ 931,158
2021	\$ 360,000	\$ 398,663	\$ 55,292	\$ 71,697	\$ 27,383	\$ 952,935
2022	\$ 395,000	\$ 382,463	\$ 60,928	\$ 68,601	\$ 27,931	\$ 973,023
2023	\$ 430,000	\$ 364,688	\$ 66,931	\$ 65,189	\$ 28,490	\$ 991,422
2024	\$ 465,000	\$ 345,338	\$ 73,321	\$ 61,441	\$ 29,060	\$ 1,008,134
2025	\$ 505,000	\$ 324,413	\$ 80,122	\$ 57,335	\$ 29,641	\$ 1,028,161
2026	\$ 550,000	\$ 298,531	\$ 87,358	\$ 52,848	\$ 30,234	\$ 1,048,096
2027	\$ 595,000	\$ 270,344	\$ 95,055	\$ 47,956	\$ 30,838	\$ 1,065,568
2028	\$ 645,000	\$ 239,850	\$ 103,238	\$ 42,633	\$ 31,455	\$ 1,085,576
2029	\$ 695,000	\$ 206,794	\$ 111,937	\$ 36,852	\$ 32,084	\$ 1,102,841
2030	\$ 745,000	\$ 171,175	\$ 121,181	\$ 30,583	\$ 32,726	\$ 1,117,365
2031	\$ 805,000	\$ 132,994	\$ 131,002	\$ 23,797	\$ 33,380	\$ 1,139,148
2032	\$ 865,000	\$ 91,738	\$ 141,434	\$ 16,461	\$ 34,048	\$ 1,157,631
2033	\$ 925,000	\$ 47,406	\$ 152,512	\$ 8,541	\$ 34,729	\$ 1,172,813
Total	\$ 8,305,000.00	\$ 3,687,681	\$ 1,330,312.81	\$ 658,432	\$ 428,845	\$ 14,773,871

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	Principal	Interest		
2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ 68,770	\$ 87,452	\$ 10,580	\$ 15,764	\$ 5,681	\$ 197,033
2021	\$ 76,176	\$ 84,357	\$ 11,700	\$ 15,171	\$ 5,794	\$ 201,641
2022	\$ 83,582	\$ 80,929	\$ 12,892	\$ 14,516	\$ 5,910	\$ 205,892
2023	\$ 90,988	\$ 77,168	\$ 14,163	\$ 13,794	\$ 6,028	\$ 209,785
2024	\$ 98,394	\$ 73,074	\$ 15,515	\$ 13,001	\$ 6,149	\$ 213,322
2025	\$ 106,858	\$ 68,646	\$ 16,954	\$ 12,132	\$ 6,272	\$ 217,559
2026	\$ 116,380	\$ 63,169	\$ 18,485	\$ 11,183	\$ 6,397	\$ 221,778
2027	\$ 125,902	\$ 57,205	\$ 20,114	\$ 10,148	\$ 6,525	\$ 225,474
2028	\$ 136,482	\$ 50,752	\$ 21,845	\$ 9,021	\$ 6,656	\$ 229,708
2029	\$ 147,062	\$ 43,758	\$ 23,686	\$ 7,798	\$ 6,789	\$ 233,362
2030	\$ 157,642	\$ 36,221	\$ 25,642	\$ 6,471	\$ 6,925	\$ 236,435
2031	\$ 170,338	\$ 28,142	\$ 27,720	\$ 5,035	\$ 7,063	\$ 241,044
2032	\$ 183,034	\$ 19,412	\$ 29,928	\$ 3,483	\$ 7,205	\$ 244,955
2033	\$ 195,730	\$ 10,031	\$ 32,272	\$ 1,807	\$ 7,349	\$ 248,168
Total	\$ 1,757,341	\$ 780,315	\$ 281,495	\$ 139,324	\$ 90,744	\$ 3,126,156

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	Interest		
2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ 68,770	\$ 87,452	\$ 8,787	\$ 10,580	\$ 15,764	\$ 5,681	\$ 5,681	\$ 197,033
2021	\$ 76,176	\$ 84,357	\$ 8,443	\$ 11,700	\$ 15,171	\$ 5,794	\$ 5,794	\$ 201,641
2022	\$ 83,582	\$ 80,929	\$ 8,062	\$ 12,892	\$ 14,516	\$ 5,910	\$ 5,910	\$ 205,892
2023	\$ 90,988	\$ 77,168	\$ 7,644	\$ 14,163	\$ 13,794	\$ 6,028	\$ 6,028	\$ 209,785
2024	\$ 98,394	\$ 73,074	\$ 7,189	\$ 15,515	\$ 13,001	\$ 6,149	\$ 6,149	\$ 213,322
2025	\$ 106,858	\$ 68,646	\$ 6,697	\$ 16,954	\$ 12,132	\$ 6,272	\$ 6,272	\$ 217,559
2026	\$ 116,380	\$ 63,169	\$ 6,163	\$ 18,485	\$ 11,183	\$ 6,397	\$ 6,397	\$ 221,778
2027	\$ 125,902	\$ 57,205	\$ 5,581	\$ 20,114	\$ 10,148	\$ 6,525	\$ 6,525	\$ 225,474
2028	\$ 136,482	\$ 50,752	\$ 4,951	\$ 21,845	\$ 9,021	\$ 6,656	\$ 6,656	\$ 229,708
2029	\$ 147,062	\$ 43,758	\$ 4,269	\$ 23,686	\$ 7,798	\$ 6,789	\$ 6,789	\$ 233,362
2030	\$ 157,642	\$ 36,221	\$ 3,534	\$ 25,642	\$ 6,471	\$ 6,925	\$ 6,925	\$ 236,435
2031	\$ 170,338	\$ 28,142	\$ 2,746	\$ 27,720	\$ 5,035	\$ 7,063	\$ 7,063	\$ 241,044
2032	\$ 183,034	\$ 19,412	\$ 1,894	\$ 29,928	\$ 3,483	\$ 7,205	\$ 7,205	\$ 244,955
2033	\$ 195,730	\$ 10,031	\$ 979	\$ 32,272	\$ 1,807	\$ 7,349	\$ 7,349	\$ 248,168
Total	\$ 1,757,341	\$ 780,315	\$ 76,938	\$ 281,495	\$ 139,324	\$ 90,744	\$ 90,744	\$ 3,126,156

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				Total Annual Installment
	Principal	Interest	Additional Interest	Principal	Interest	Administration Expenses	Total Annual Installment		
2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ 16,048	\$ 20,407	\$ 2,050	\$ 2,469	\$ 3,679	\$ 1,326	\$ 45,979	\$ 45,979	
2021	\$ 17,776	\$ 19,685	\$ 1,970	\$ 2,730	\$ 3,540	\$ 1,352	\$ 47,054	\$ 47,054	
2022	\$ 19,504	\$ 18,885	\$ 1,881	\$ 3,009	\$ 3,387	\$ 1,379	\$ 48,046	\$ 48,046	
2023	\$ 21,233	\$ 18,008	\$ 1,784	\$ 3,305	\$ 3,219	\$ 1,407	\$ 48,955	\$ 48,955	
2024	\$ 22,961	\$ 17,052	\$ 1,678	\$ 3,620	\$ 3,034	\$ 1,435	\$ 49,780	\$ 49,780	
2025	\$ 24,936	\$ 16,019	\$ 1,563	\$ 3,956	\$ 2,831	\$ 1,464	\$ 50,769	\$ 50,769	
2026	\$ 27,158	\$ 14,741	\$ 1,438	\$ 4,314	\$ 2,610	\$ 1,493	\$ 51,753	\$ 51,753	
2027	\$ 29,380	\$ 13,349	\$ 1,302	\$ 4,694	\$ 2,368	\$ 1,523	\$ 52,616	\$ 52,616	
2028	\$ 31,849	\$ 11,843	\$ 1,155	\$ 5,098	\$ 2,105	\$ 1,553	\$ 53,604	\$ 53,604	
2029	\$ 34,318	\$ 10,211	\$ 996	\$ 5,527	\$ 1,820	\$ 1,584	\$ 54,457	\$ 54,457	
2030	\$ 36,787	\$ 8,452	\$ 825	\$ 5,984	\$ 1,510	\$ 1,616	\$ 55,174	\$ 55,174	
2031	\$ 39,750	\$ 6,567	\$ 641	\$ 6,469	\$ 1,175	\$ 1,648	\$ 56,249	\$ 56,249	
2032	\$ 42,712	\$ 4,530	\$ 442	\$ 6,984	\$ 813	\$ 1,681	\$ 57,162	\$ 57,162	
2033	\$ 45,675	\$ 2,341	\$ 228	\$ 7,531	\$ 422	\$ 1,715	\$ 57,912	\$ 57,912	
Total	\$ 410,088	\$ 182,092	\$ 17,954	\$ 65,689	\$ 32,512	\$ 21,176	\$ 729,511	\$ 729,511	

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		Administration Expenses	Total Annual Installment
	Principal	Interest	Additional Interest	Principal			Interest
2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ 22,467	\$ 28,570	\$ 2,871	\$ 3,457	\$ 1,856	\$ 64,371
2021	\$ 24,887	\$ 27,559	\$ 2,758	\$ 3,822	\$ 1,893	\$ 65,876
2022	\$ 27,306	\$ 26,440	\$ 2,634	\$ 4,212	\$ 1,931	\$ 67,265
2023	\$ 29,726	\$ 25,211	\$ 2,497	\$ 4,627	\$ 1,969	\$ 68,537
2024	\$ 32,145	\$ 23,873	\$ 2,349	\$ 5,069	\$ 2,009	\$ 69,692
2025	\$ 34,911	\$ 22,427	\$ 2,188	\$ 5,539	\$ 2,049	\$ 71,077
2026	\$ 38,021	\$ 20,637	\$ 2,013	\$ 6,039	\$ 2,090	\$ 72,455
2027	\$ 41,132	\$ 18,689	\$ 1,823	\$ 6,571	\$ 2,132	\$ 73,663
2028	\$ 44,589	\$ 16,581	\$ 1,618	\$ 7,137	\$ 2,174	\$ 75,046
2029	\$ 48,045	\$ 14,296	\$ 1,395	\$ 7,738	\$ 2,218	\$ 76,239
2030	\$ 51,502	\$ 11,833	\$ 1,154	\$ 8,377	\$ 2,262	\$ 77,243
2031	\$ 55,650	\$ 9,194	\$ 897	\$ 9,056	\$ 2,308	\$ 78,749
2032	\$ 59,797	\$ 6,342	\$ 619	\$ 9,777	\$ 2,354	\$ 80,027
2033	\$ 63,945	\$ 3,277	\$ 320	\$ 10,543	\$ 2,401	\$ 81,076
Total	\$ 574,123	\$ 254,929	\$ 25,136	\$ 91,964	\$ 45,517	\$ 1,021,315

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	Principal	Interest		
2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ 68,770	\$ 87,452	\$ 10,580	\$ 15,764	\$ 5,681	\$ 197,033
2021	\$ 76,176	\$ 84,357	\$ 11,700	\$ 15,171	\$ 5,794	\$ 201,641
2022	\$ 83,582	\$ 80,929	\$ 12,892	\$ 14,516	\$ 5,910	\$ 205,892
2023	\$ 90,988	\$ 77,168	\$ 14,163	\$ 13,794	\$ 6,028	\$ 209,785
2024	\$ 98,394	\$ 73,074	\$ 15,515	\$ 13,001	\$ 6,149	\$ 213,322
2025	\$ 106,858	\$ 68,646	\$ 16,954	\$ 12,132	\$ 6,272	\$ 217,559
2026	\$ 116,380	\$ 63,169	\$ 18,485	\$ 11,183	\$ 6,397	\$ 221,778
2027	\$ 125,902	\$ 57,205	\$ 20,114	\$ 10,148	\$ 6,525	\$ 225,474
2028	\$ 136,482	\$ 50,752	\$ 21,845	\$ 9,021	\$ 6,656	\$ 229,708
2029	\$ 147,062	\$ 43,758	\$ 23,686	\$ 7,798	\$ 6,789	\$ 233,362
2030	\$ 157,642	\$ 36,221	\$ 25,642	\$ 6,471	\$ 6,925	\$ 236,435
2031	\$ 170,338	\$ 28,142	\$ 27,720	\$ 5,035	\$ 7,063	\$ 241,044
2032	\$ 183,034	\$ 19,412	\$ 29,928	\$ 3,483	\$ 7,205	\$ 244,955
2033	\$ 195,730	\$ 10,031	\$ 32,272	\$ 1,807	\$ 7,349	\$ 248,168
Total	\$ 1,757,341	\$ 780,315	\$ 281,495	\$ 139,324	\$ 90,744	\$ 3,126,156

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.

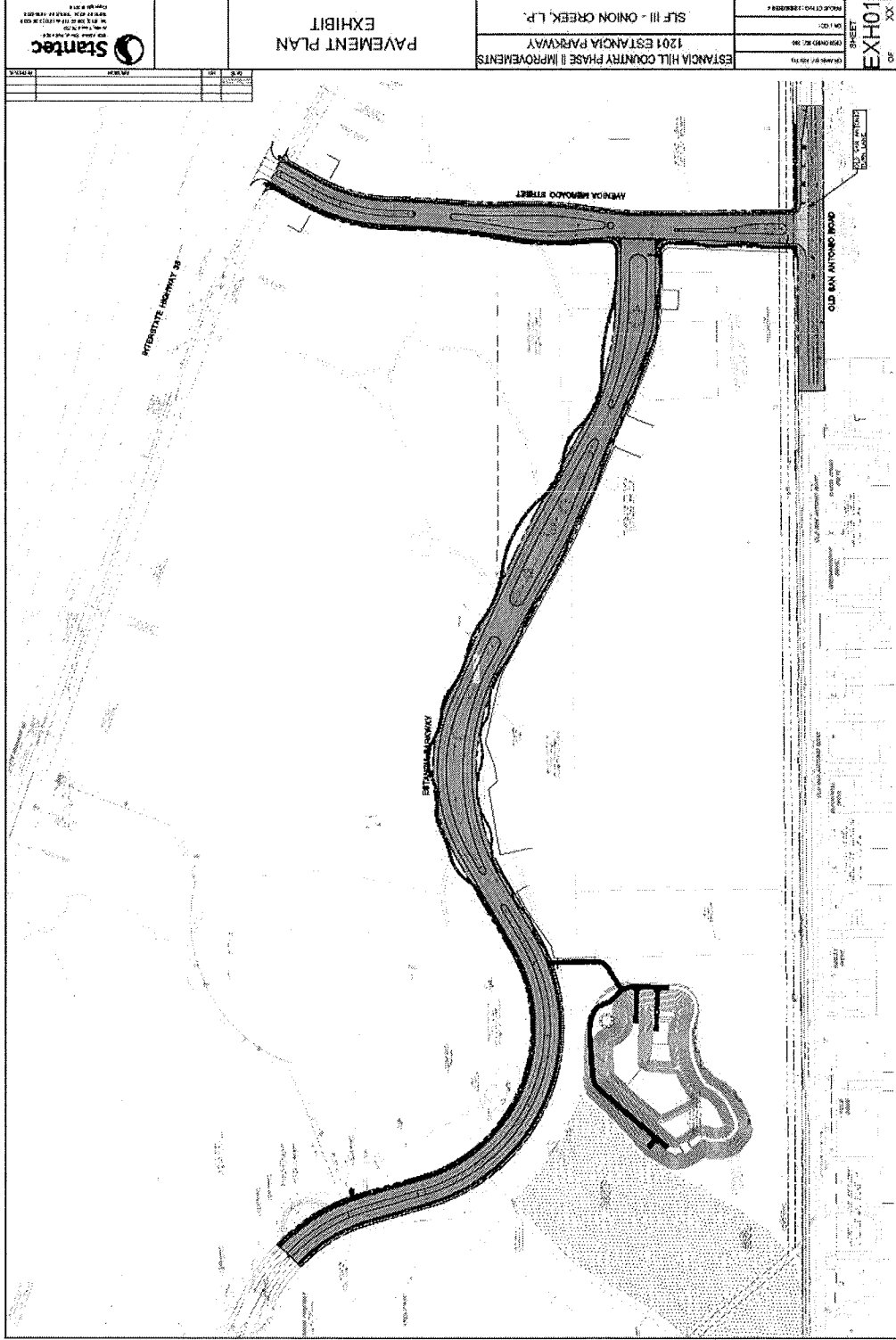
EXHIBIT G-8

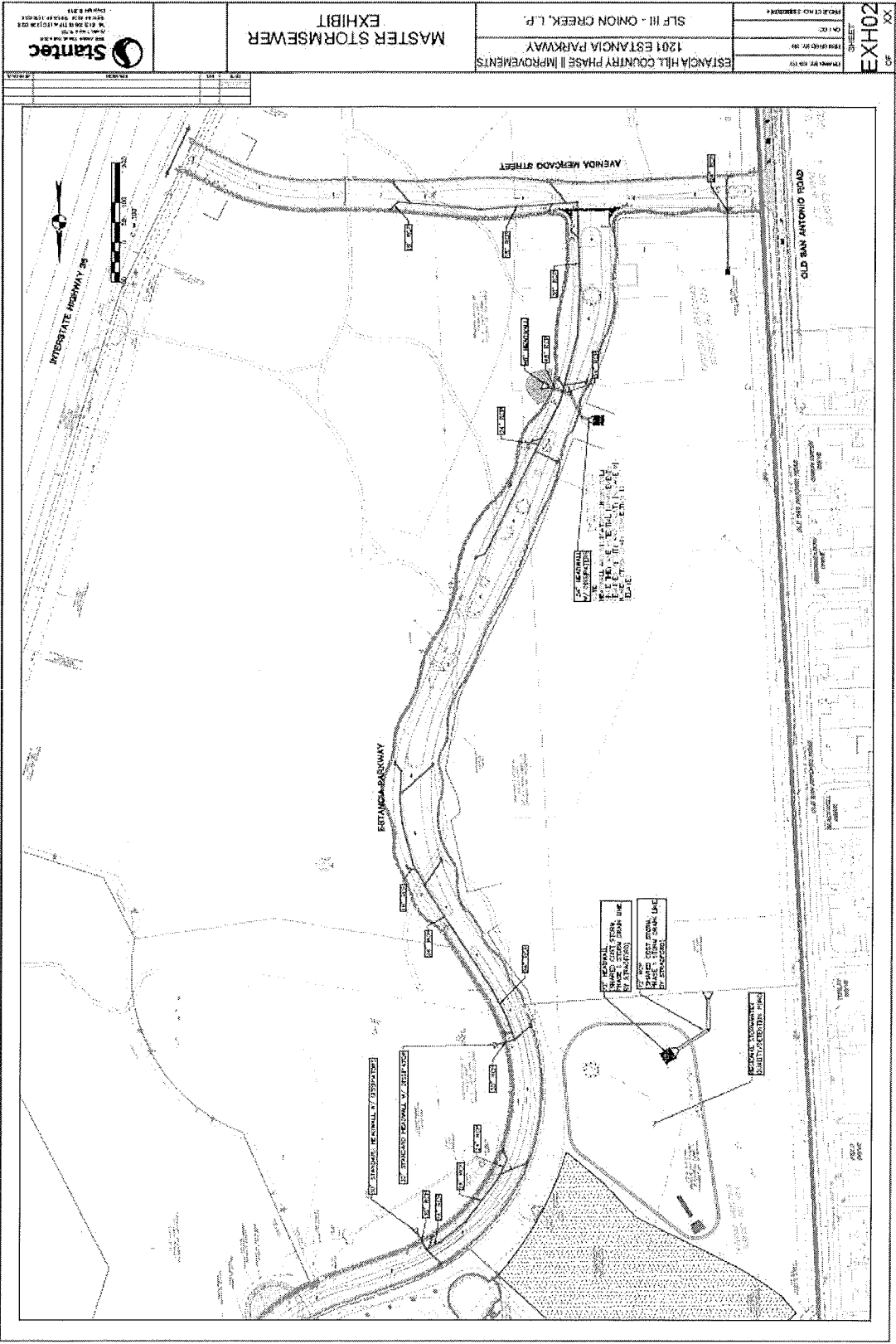
PROJECTED IMPROVEMENT AREA #2 PARCEL 10 ANNUAL INSTALLMENTS

Annual Installment Due January 31,	Improvement Area #2 Bonds			Improvement Area #2 Reimbursement Obligation			Administration Expenses	Total Annual Installment
	Principal	Interest	Additional Interest	Principal	Interest			
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
Total	\$ 2,048,766	\$ 909,717	\$ 89,697	\$ 328,176	\$ 162,429	\$ -	\$ 105,792	\$ 3,644,577

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





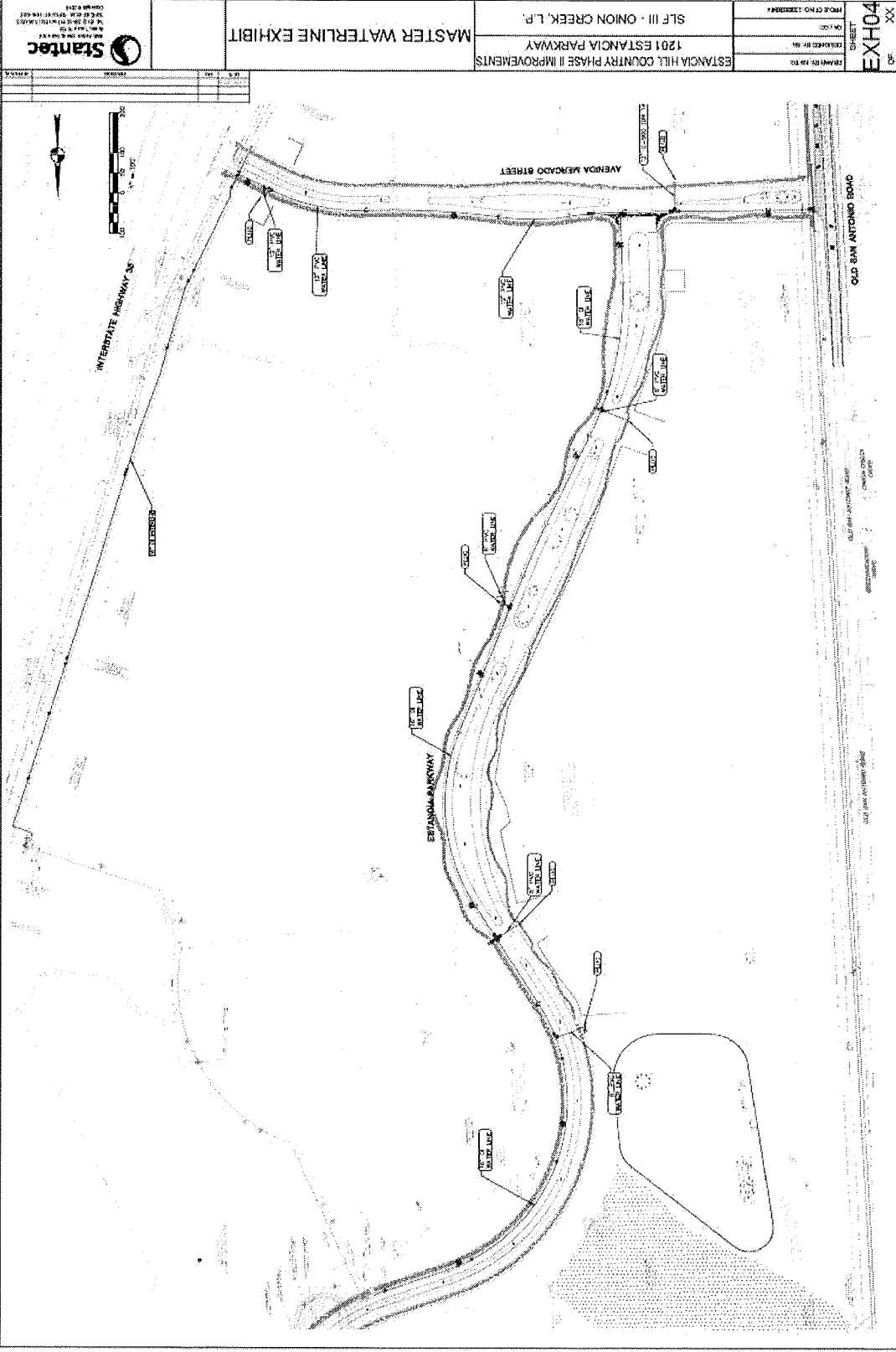
MASTER STORMSEWER EXHIBIT

ESTANCIA HILL COUNTRY PHASE II IMPROVEMENTS
 1201 ESTANCIA PARKWAY
 S.L.F. III - ONION CREEK, L.P.

PROJECT NO. 180000004	DATE
NO. 103	10/1/18
PROJECT NO. 180000004	DATE
NO. 103	10/1/18
PROJECT NO. 180000004	DATE
NO. 103	10/1/18

EXH02
 SHEET
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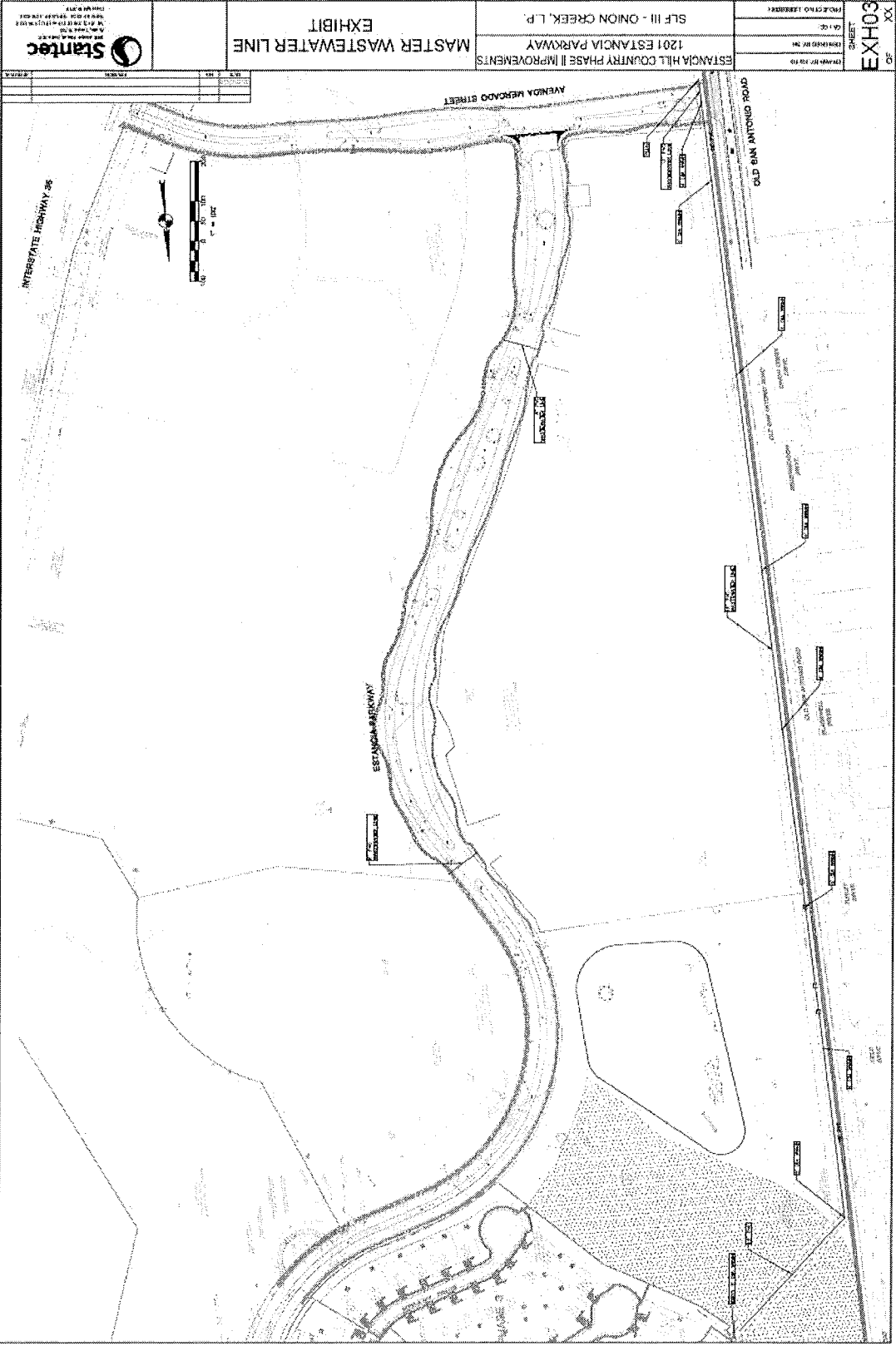
ESTANCIA 2018 AMENDED AND RESTATED SAP



MASTER WATERLINE EXHIBIT
 ESTANCIA HILL COUNTRY PARKWAY II IMPROVEMENTS
 1201 ESTANCIA PARKWAY
 SLE III - ONION CREEK, L.P.

DATE: 08/14/18	BY: JAC
CHECKED BY: JAC	DATE: 08/14/18
PROJECT NO: 18000004	SHEET NO: 01
SHEET	
EXH04	

OF XX
 SHEET



ESTANCIA 2018 AMENDED AND RESTATED SAP

EXHIBIT I

INITIAL ALLOCATION OF IMPROVEMENT AREA #2 ASSESSMENTS

Parcel ID	Proposed Land Use	Units	Estimated Value/Unit	Total Buildout Value	% of Total	Improvement Area #2 Assessment
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	24 Houses	\$ 185,000	\$ 4,440,000		
	Single Family - Market	137 Houses	\$ 325,000	\$ 44,525,000		
				\$ 48,965,000	24.6691%	\$ 2,376,942.27
Total Improvement Area #2				\$ 198,487,400	100.0000%	\$ 9,635,312.81

EXHIBIT J

ALLOCATION OF ASSESSMENTS FOR TRACT 11 REMAINDER PARCEL (TAX PARCEL 851771)

Legal Description	Outstanding Assessment	Improvement Area #1 Initial Bonds				Annual Installment due 1/31/2019 - Tax Parcel 851771				Administrative Expenses	Overpayment credited to 2020 Payment	Total Installment
		Interest		Additional Interest		Improvement Area #1 Parity Bonds		Additional Interest				
		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest			
Unit 76 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17
Unit 77 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17
Unit 78 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17
Unit 79 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17
Unit 80 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17
Unit 81 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17
Unit 82 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17
Unit 83 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17
Unit 84 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17
Unit 85 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17
Unit 86 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17
Unit 87 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17
Unit 88 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17
Unit 89 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17
Unit 90 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17
Unit 92 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17
Unit 93 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17
Unit 94 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17
Unit 95 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17
Unit 120 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17
Unit 121 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17
Unit 122 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 21.29	\$ 38.61	\$ 47.85	\$ 1,817.17

Legal Description	Outstanding Assessment	Improvement Area #1 Initial Bonds				Annual Installment due 1/31/2019 - Tax Parcel 851771				Overpayment credited to 2020 Payment	Total Installment
		Principal	Interest	Additional Interest	Principal	Interest	Additional Interest	Administrative Expenses			
									Principal			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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
Unit 136 Enclave at Estancia Condominiums	\$ 14,136.24	\$ 748.74	\$ 592.70	\$ -	\$ 224.62	\$ 143.35	\$ 21.29	\$ 38.61	\$ 47.85	\$ 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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
	\$ 1,896,275.50	\$ 100,438.32	\$ 79,506.97	\$ -	\$ 30,131.50	\$ 19,229.03	\$ 2,855.80	\$ 5,179.92	\$ 6,419.25	\$ 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

Parcel ID	Proposed Land Use	Units	Estimated Value/Unit	Total Buildout Value
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
Total Improvement Area #1				\$ 432,394,000

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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 #2)" (the "Bonds"), dated December 1, 2018, in the principal amount of \$8,305,000, 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 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

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 #2)**

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 #2)” (the “Bonds”). The Issuer, the Administrator 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 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.

“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 related 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 #2” means Improvement Area #2 of the Estancia Hill Country Public Improvement District established by the Issuer and related to the Bonds.

“Improvement Area #2 Assessments” shall have the meaning assigned to such term in the Indenture.

“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 (2nd) Business Day prior to the six month period after the end of the Fiscal Year. In the event the Issuer fails to provide the Dissemination Agent with such a report, the Dissemination Agent shall file a notice of failure to file no later than on the last Business Day of the six month period after the end of the Fiscal Year.

(c) The Issuer shall or shall cause the Dissemination Agent to:

(i) determine the filing address or other filing location of the MSRB each year prior to filing the Annual Issuer Report on the date required in subsection (a);

(ii) file the Annual Issuer Report containing or incorporating by reference the information set forth in Section 4 hereof; and

(iii) if the Issuer has provided the Dissemination Agent with the completed Annual Issuer Report and the Dissemination Agent has filed such Annual Issuer Report with the MSRB, then the Dissemination Agent shall file a report with the Issuer certifying that the Annual Issuer Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB.

SECTION 4. Content and Timing of Annual Issuer Reports. The Annual Issuer Report for the Bonds shall contain or incorporate by reference, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent to file, the following:

(a) Not later than six months after the end of each Fiscal Year (any or all of which may be unaudited):

(i) Tables setting forth the following information, as of the end of such Fiscal Year:

(A) For the Bonds, the maturity date or dates, the interest rate or rates, the original aggregate principal amount and principal amount remaining Outstanding; and

(B) The amounts in the funds and accounts securing the Bonds.

(ii) Updates to the information in the Service and Assessment Plan as most recently amended or supplemented (a "SAP Update").

(iii) Listing of any property or property owners in the District representing more than fifteen percent (15%) of the levy of Improvement Area #2 Assessments, the amount of the levy of Improvement Area #2 Assessments against such landowners, and the percentage of such Improvement Area #2 Assessments relative to the entire levy of Improvement Area #2 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 Improvement Area #2 Assessments prepaid during such Fiscal Year.

(v) The amount of Improvement Area #2 Assessments collected from the property owners during such Fiscal Year.

(vi) The amount of Improvement Area #2 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 Improvement Area #2 Assessments due in any year, a list of property owners whose Improvement Area #2 Assessments are delinquent.

(vii) The amount of delinquent Improvement Area #2 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 #2 if the assessed property represents more than three percent (3%) of the total amount of Improvement Area #2 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 Improvement Area #2 Assessments in Improvement Area #2 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, 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 Improvement Area #2 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. Improvement Area #2 Assessment Timeline. The basic expected timeline for the collection of Improvement Area #2 Assessments and the anticipated procedures for pursuing the collection of delinquent Improvement Area #2 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 Improvement Area #2 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 #2)
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 #2)**

ANNUAL ISSUER REPORT*

Delivery Date: _____, 20__

CUSIP NOS: [insert CUSIP NOs.]

DISSEMINATION AGENT

Name: _____
Address: _____
City: _____
Telephone: _____
Contact Person: _____

BONDS OUTSTANDING

CUSIP Number	Maturity Date	Interest Rate	Original Principal Amount	Outstanding Principal Amount	Outstanding Interest Amount

INVESTMENTS

Fund/ Account Name	Investment Description	Par Value	Book Value	Market Value

*Excluding Audited Financial Statements of the Issuer

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 DELINQUENCIES¹**

<u>Date</u>	<u>Delinquency Clock (Days)</u>	<u>Activity</u>
January 31		Assessments are due.
February 1	1	Assessments Delinquent if not received
March 10	40	Issuer forwards payment to Trustee for all collections received as of the last day of February, along with detailed breakdown. Subsequent payments and relevant details will follow monthly thereafter.
		Issuer and/or Administrator should be aware of actual and specific delinquencies
March 15	45	Issuer should be aware if Reserve Fund needs to be utilized for debt service payment on May 1. If there is to be a shortfall, the Trustee and Dissemination Agent should be immediately notified.
		Issuer should also be aware if, based on collections, there will be a shortfall for November payment.
		Issuer and/or Administrator should determine if previously collected surplus funds plus actual collections will be fully adequate for debt service in May and November.
		At this point, if total delinquencies are under 5% and if there is adequate funding for May and November payment, no further action is anticipated for collection of Assessments except that the Issuer or Administrator, working with the City Attorney or an appropriate designee, will begin process to cure deficiency. For properties Reserve Fund payment to Bond Fund may be delinquent by more than one year or if the

¹ Illustrates anticipated dates and procedures for pursuing the collection of delinquent Improvement Area #2 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.
July 15	165	The designated lawyers or law firm will be preparing the formal foreclosure documents and will provide periodic updates to the Dissemination Agent for dissemination to those bondholders who have requested to be notified of collections progress. The goal for the foreclosure actions is a filing by no later than August 1 (day 180).
August 1	180	Foreclosure action to be filed with the court.
August 15	195	Issuer notifies Dissemination Agent of Foreclosure filing status. Dissemination Agent notifies bondholders.
September 1	210	If bondholders and Dissemination Agent have not been notified of a foreclosure action, Dissemination Agent will notify MSRB and the Issuer that it is appropriate to file action.

A committee of not less than 25% of the Owners may request a meeting with the City Manager or Assistant City Manager to discuss the Issuer's actions in pursuing the repayment of any delinquencies. This would also occur after day 30 if it is apparent that a Reserve Fund draw is required. Further, if delinquencies exceed 5%, Owners may also request a meeting with the Issuer at any time to discuss the Issuer's plan and progress on collection and foreclosure activity. If the Issuer is not diligently proceeding with the foreclosure process, the Owners may seek an action for mandamus or specific performance to direct the Issuer to pursue the collections of delinquent Assessments.

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 #2)**

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 #2)” (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 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 #2 (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.

“Development Agreement” shall mean the Estancia Hill Country Annexation and Development Agreement, effective as of July 1, 2013 executed and delivered by the

Issuer and the Landowner, as amended by the First Amendment dated November 29, 2018.

“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 #2” means Improvement Area #2 of the Estancia Hill Country Public Improvement District established by the Issuer and related to the Bonds.

“Improvement Area #2 Assessments” shall have the meaning assigned to such term in the Indenture.

“Improvement Area #2 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.

“PID Reimbursement Agreement” shall mean the Estancia Hill Country Public Improvement District Reimbursement Agreement – Improvement Area #2, effective as of December 13, 2018, executed and delivered by the Issuer and the Landowner.

“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 #2 Assessments equal to at least 20% of the total Annual Installments of Improvement Area #2 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 #2 not financed with Bond proceeds, including loan balance, existence of deeds of trust or other similar encumbrances against the property within Improvement Area #2, existence of any default and remaining term;

(ii) Statement as to available funds to complete Improvement Area #2 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) Any information regarding the Improvement Area #2 Improvements or other information as may be reasonably requested by the Issuer relating to the ability of the Landowner to fulfill its obligations under the Development Agreement, the Financing Agreement or the PID Reimbursement Agreement;

(vi) 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 #2, development potential of lands within Improvement Area #2 or the likelihood of the timely payment of the Improvement Area #2 Assessments levied on land or parcels owned by the Landowner; and

(vii) Any changes to the land use designation for the property in Improvement Area #2 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 #2 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 constructed or expected to be constructed in Improvement Area #2;

(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;

(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; and

(iv) A listing of any Subsequent Third Party Owners (defined below) that Landowner believes will be liable for at least twenty percent (20%) of the Annual Installments of Improvement Area #2 Assessments, the estimated amount of the Annual Installments of Improvement Area #2 Assessments next coming due by such Subsequent Third Party Owner, and the estimated percentage of such Annual Installments of Improvement Area #2 Assessments relative to the entire Annual Installment.

(e) With respect to the Improvement Area #2 Improvements, the Landowner shall include the following information in each Quarterly Report:

- (i) Total expected costs for design and engineering to be completed after delivery of the Bonds;
- (ii) Total expected construction budget;
- (iii) Construction budget allocated to each Improvement Area #2 Improvement;
- (iv) Percentage of each Improvement Area #2 Improvement completed;
- (v) Forecast completion date of the Improvement Area #2 Improvements; and

- (vi) Forecast Issuer acceptance date.

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 #2 Assessments levied within Improvement Area #2 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 #2 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 #2, including the Improvement Area #2 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 #2 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 #2 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 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 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 #2 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 #2 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 #2 Assessments next coming due; provided however, a Subsequent Third Party Owner shall not be required to provide the disclosure information required by

Section 3(e) above unless the Subsequent Third Party Owner has assumed the obligation to construct one or more of the Improvement Area #2 Improvements in which case the Subsequent Third Party Owner shall include the disclosure information required by Section 3(e) above for the Improvement Area #2 Improvements it is constructing. 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 #2 from 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 #2 Assessments equal to at least 20% of the total Annual Installment of Improvement Area #2 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 #2 Assessments equal to at least 20% of the total Annual Installment of Improvement Area #2 Assessments for any year, or (ii) the Improvement Area #2 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 #2 Assessments equal to at least 20% of the total Annual Installment of Improvement Area #2 Assessments for any year, such party's reporting obligations under this Disclosure Agreement shall be terminated. If such 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 #2 Assessments equal to at least 20% of the total Annual Installment of Improvement Area #2 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 the 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 #2)
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 #2)
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 #2 Assessments equal to at least 20% of the total Annual Installment of Improvement Area #2 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 #2

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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 19, 2018

Joseph McAweeney
City of Austin
PO Box 1088
Austin, Texas 78767

Re: Appraisal of Estancia Hill Country Phase II, Between South IH-35 and Old San Antonio Road, Travis County, Texas.

Project Name:	Estancia Hill Country - Phase II - Vacant Land
Assignment Number:	52-158
File Number:	4788.02
Project:	Estancia Hill Country - Phase II 130.964 Acres in 11 tracts, inclusive of 10.671 acres of ROW
Property Owner:	SLF III - Onion Creek, LP
TCAD:	837564, 888818, and a 9.235 acre portion of 837546
Legal Description:	Approximately 130.964 acres of land out of the Trinidad Varcinas Survey No. 535, located 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 eleven parcels of land under the hypothetical condition that certain roadway and infrastructure has been completed. 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. 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 for a PID bond issuance for the property. 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 condition, as of August 9, 2018, is as follows:

MARKET VALUE CONCLUSIONS						
Tract	Preliminary Plan Use	Acres	Sq Ft	Unit of Measure	Unit Value	Indicated Value
1	Detention	13.231	576,342	N/A	N/A	N/A
2	Multifamily	19.515	850,073	Square Foot	\$5.80	\$4,930,000
3	Multifamily	0.251	10,934	Square Foot	\$5.80	\$65,000
4	Multifamily	16.636	724,664	Square Foot	\$6.00	\$4,350,000
5	Multifamily	0.179	7,797	Square Foot	\$6.00	\$45,000
6	Retail	7.204	313,806	Square Foot	\$10.50	\$3,295,000
7	Retail	0.088	3,833	Square Foot	\$10.50	\$40,000
8	Retail	9.055	394,436	Square Foot	\$10.20	\$4,025,000
9	Multifamily	15.175	661,023	Square Foot	\$6.00	\$3,965,000
10	Residential	29.724	1,294,777	Square Foot	\$3.25	\$4,210,000
11	Detention	9.235	402,277	N/A	N/A	N/A
ROW	ROW	10.671	464,829	N/A	N/A	N/A
Total		130.964				\$24,925,000

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.



ESTANCIA HILL COUNTRY PHASE II

CERTIFICATION OF THE APPRAISERS

- Caitlin Warren made a personal on-site inspection 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, Caitlin Warren has 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



Caitlin Warren
Texas Appraiser Trainee No. TX 1341441



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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. Please see page 28 for details.
2. The property is zoned Planned Unit Development (PUD) and a Public Improvement District (PID) exists. Also, the Owner and the City have entered into a Final Annexation and Development Agreement.
3. Rollback taxes have been paid.

Absent these conditions, the value opinions would be different than as set forth herein.

EXTRAORDINARY ASSUMPTIONS

1. The Public Improvement District (PID) bonds will finance the basic infrastructure improvements to be constructed. The PID bonds will be special assessment revenue bonds with the debt serviced by special assessments on the real property within the PID. Full annexation will not occur to the property until the PID bonds are retired and an undue burden will not be placed on future landowners by city taxes.
2. Stormwater detention requirements will be facilitated off site by detention ponds on Tracts 1 and 11.

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.

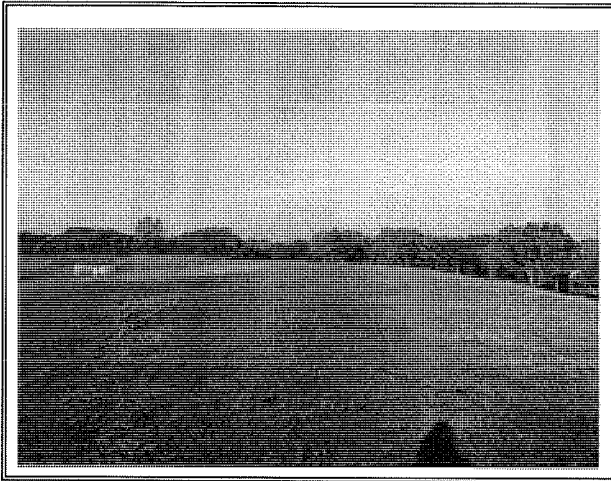
LIMITING CONDITIONS

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



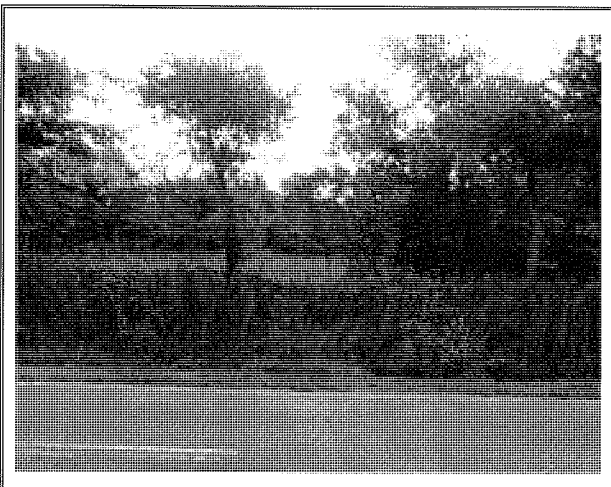
South view of the proposed Estancia Parkway from the northern boundary

Date of Photo: August 9, 2018



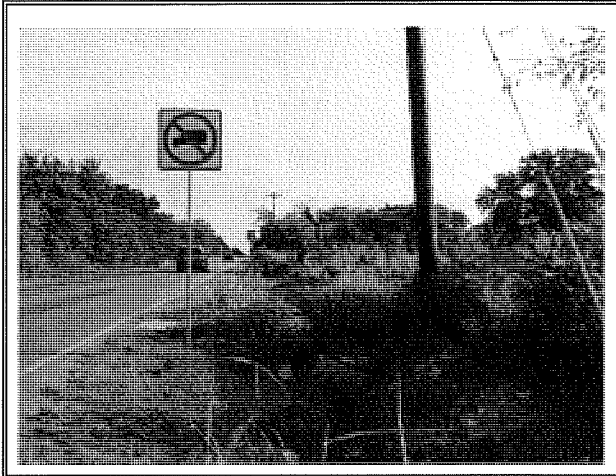
South view along the western border and Old San Antonio Road, proposed single-family development on the left

Date of Photo: August 9, 2018



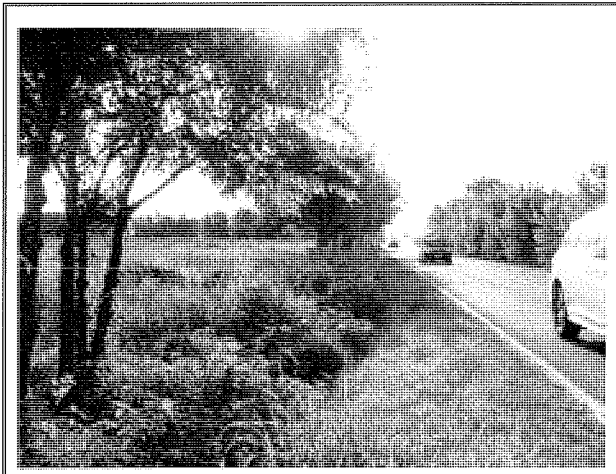
West view of proposed single-family development tract from Old San Antonio Road

Date of Photo: August 9, 2018



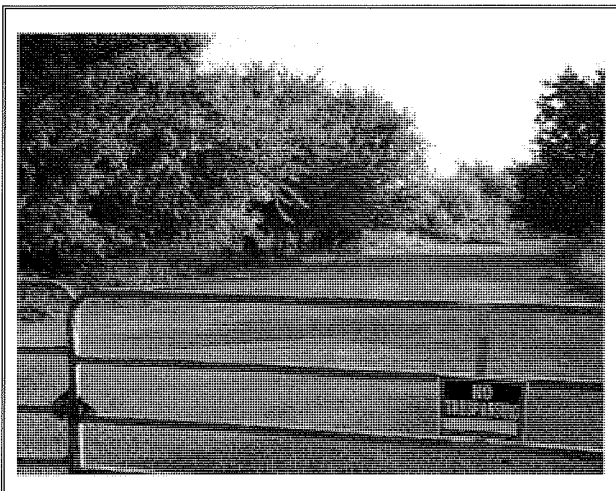
North view along western border and Old San Antonio Road from southwest corner of property

Date of Photo: August 9, 2018



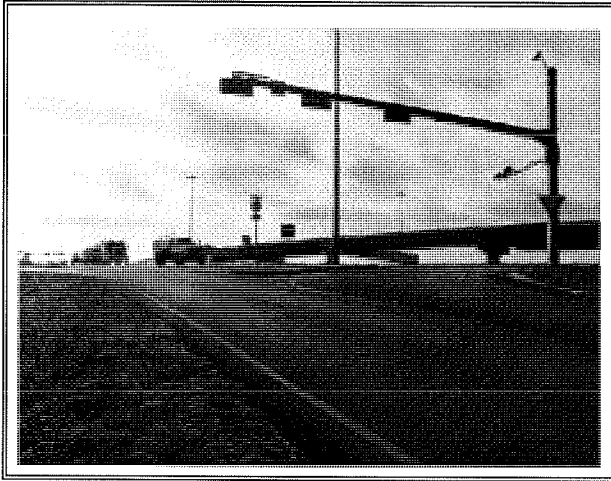
East view along southern boundary and Puryear Road from southwest corner of property

Date of Photo: August 9, 2018



North view of proposed retail tract from southeast corner of property

Date of Photo: August 9, 2018



East view of the IH-35 frontage road and Puryear Road at subject's southeast corner

Date of Photo: August 9, 2018



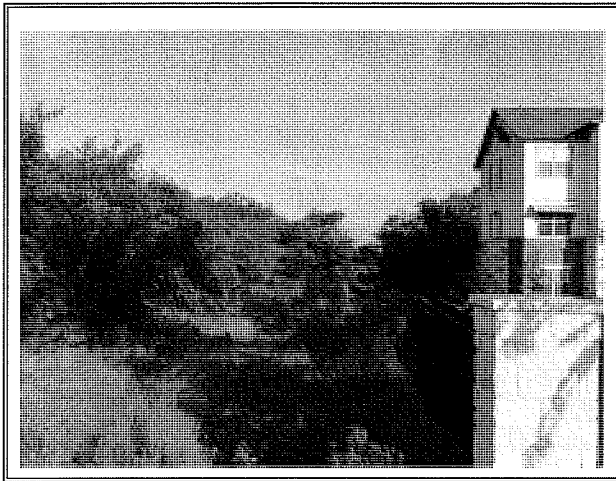
West view of proposed Avenida Mercado Street between the proposed retail tracts

Date of Photo: August 9, 2018



South view along eastern boundary and IH-35 frontage road from northeast corner of property (proposed multifamily tracts on the right)

Date of Photo: August 9, 2018



West view along northern boundary from northeast corner of property (Estancia Villa Apartments on the right)

Date of Photo: August 9, 2018

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 eleven parcels of land under the hypothetical condition that certain roadway and infrastructure has been completed.

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, 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 for a PID bond issuance for the property. 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."¹

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.²

LEGAL DESCRIPTION

The following legal description was obtained from public records and is assumed to be correct.

Approximately 130.964 acres of land out of the Trinidad Varcinas Survey No. 535, located in Travis County, Texas.

OWNER OF RECORD AND HISTORY

According to the Travis County Deed Records, ownership of the subject property is vested in SLF III – Onion Creek, L.P. This party purchased the property from Harriet "Hatsy" Heep Shaffer and David Ellsworth Shaffer on December 19, 2007 as outlined in a Special Warranty Deed filed in Document No. 2007226648 in the Official Public Records of Travis County, Texas.

The Phase II residential tract is reported to be currently under contract with M/I Homes of Austin, LLC. The contract is dated July 25, 2016 for approximately 29.724 acres at \$130,680/acre or \$3.00/SF. The contract price was at an approximate market level for 2016. The reason for the delay in closing is reportedly related to the developer seeking financing via a PID Bond issuance.

¹ Black's Law Dictionary, 8th ed. (St. Paul, MN: Thomson West, 2007), 648-649.

² City of Austin vs. Cannizzo, et al., 267 S.W.2d 808,815 [1954]



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 is under Travis Central Appraisal District (TCAD) ID No. 837564, 888818, and a 9.235 acre portion of 837546. The Travis Central Appraisal District reflects a land value of \$3,267,936 for the 148.8098 acres appraised under these tax IDs, or \$21,960 per acre. There is no improvement assessment. The property has an agricultural use value of \$2,338,517, resulting in an assessed value of \$929,419.

The subject currently benefits from an agricultural valuation. This is the application of a lower tax rate granted by the local taxing authority on improved or unimproved property which is devoted to, or available for, the production of crops and other products of the soil, e.g., fruits, timber, pasture, and buildings for livestock. This valuation will not be available to the property once development occurs. At that point, the subject will be subject to roll-back taxes, a five-year retroactive tax on the use-change portion, but all sales of development land are assumed to be treated equally.

SCOPE OF WORK

To complete the assignment, a number of steps were undertaken. The most salient of these are listed below.

- Caitlin Warren made an onsite inspection 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.
- 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, tax plats, flood plain maps, topographical maps, and aerial maps.
- Design plans for the proposed road and utility extensions, consisting of preliminary drawings, construction agreements, and budgets, were 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 (land only) was utilized. The Income Capitalization Approach, Cost Approach, and Sales Comparison Approach (improved) were not used as the subjects are vacant land.
- 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 (MLS). 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.

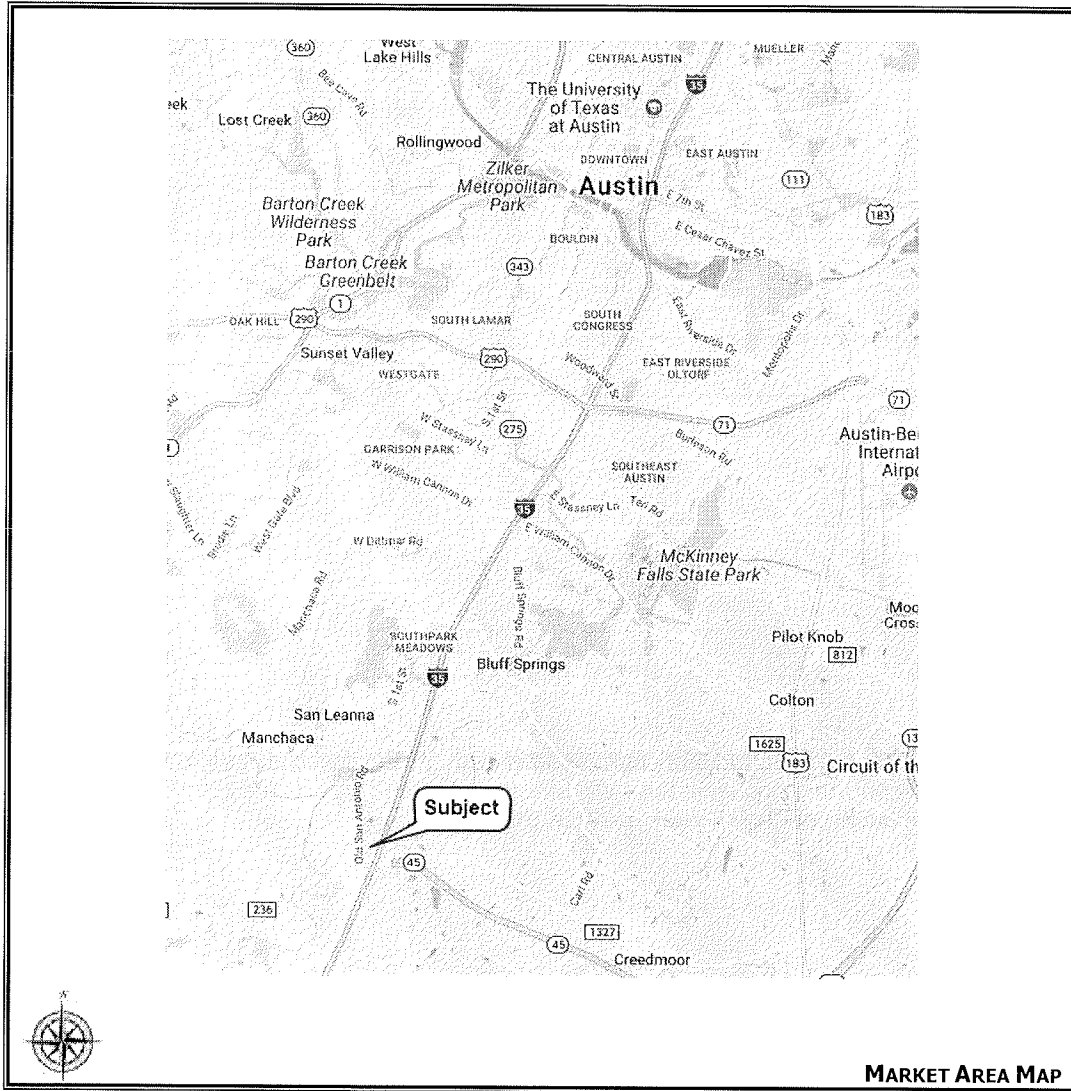
Changes From Previous Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Civilian Employment	0.3%	1.3%	4.9%	4.7%	5.1%	4.8%	3.4%	3.2%	4.5%
Non-agricultural employment	-3.1%	1.5%	3.7%	5.4%	5.1%	5.0%	6.0%	3.5%	3.4%

	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



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 #2 or Phase II and is comprised of ±130.964 acres plus ROW and two detention areas. 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.

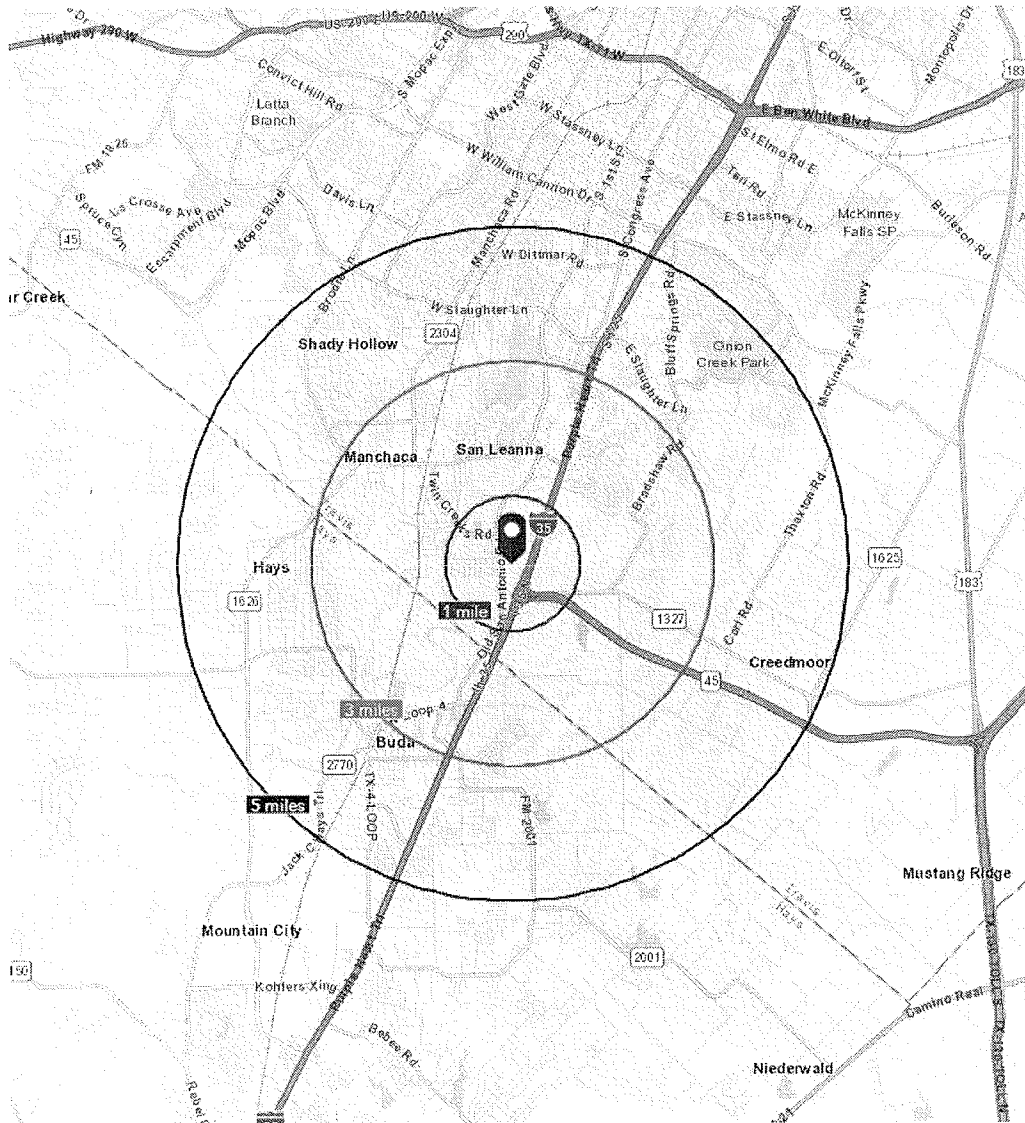
LINKAGES

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 in far south Austin. 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
Latitude: 30.13673
Longitude: -97.80607

	1 mile	3 miles	5 miles
Population			
2000 Population	755	9,829	44,304
2010 Population	716	18,192	79,663
2018 Population	1,028	29,054	116,530
2023 Population	1,684	35,785	141,420
2000-2010 Annual Rate	-0.53%	6.35%	6.04%
2010-2018 Annual Rate	4.48%	5.04%	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%
2010 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 3.01% 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

2010 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	\$124,892	\$101,552	\$101,270
2018-2023 Annual Rate	0.41%	1.91%	2.06%

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%	1.02%	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	148	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	45,109
2018 Owner Occupied Housing Units	392	7,930	29,596
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% 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 \$218,492 for the U.S. In five years, median value is projected to change by 2.47% annually to \$246,990.



CONCLUSION

Development is not as feasible without a mechanism to build infrastructure. This can be accomplished by purchasing land in an area within the city where the infrastructure is the responsibility of the municipality, or by establishing one of the bond financing methods available under Texas law. The most common is a Municipal Utility District (MUD), but the subject will be a Public Improvement District (PID).

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.

Large-scale mixed-use development is dependent first on the strength of the residential market. For the subject, the residential and multifamily markets have direct impact because they are included in the initial phase, and the retail market will follow. An analysis of these markets follows.

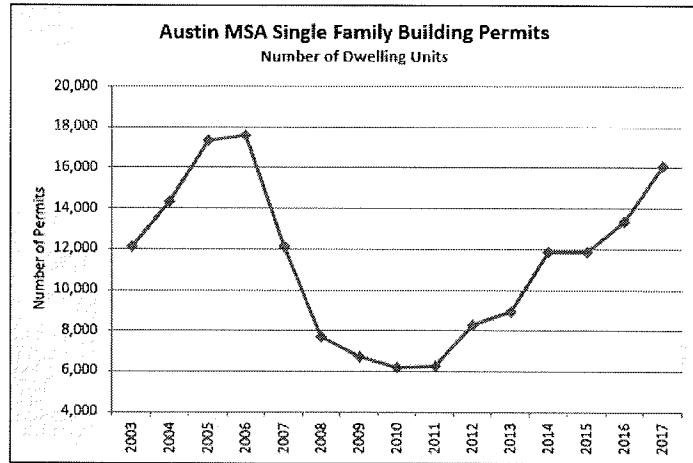
RESIDENTIAL MARKET ANALYSIS

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.

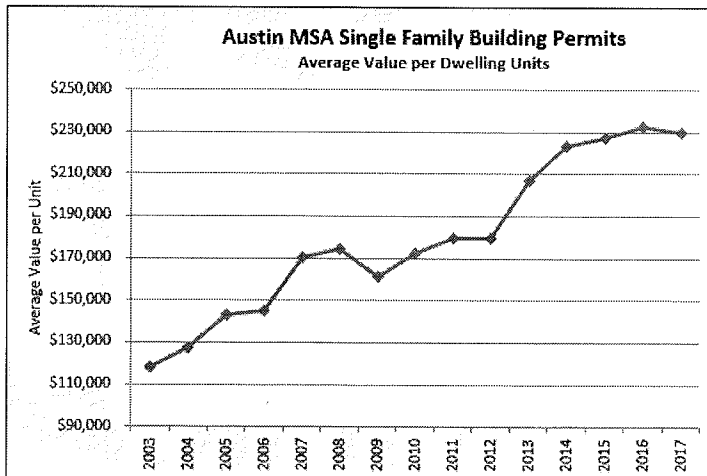
Permit Activity

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 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.

Economic Overview – State and Region

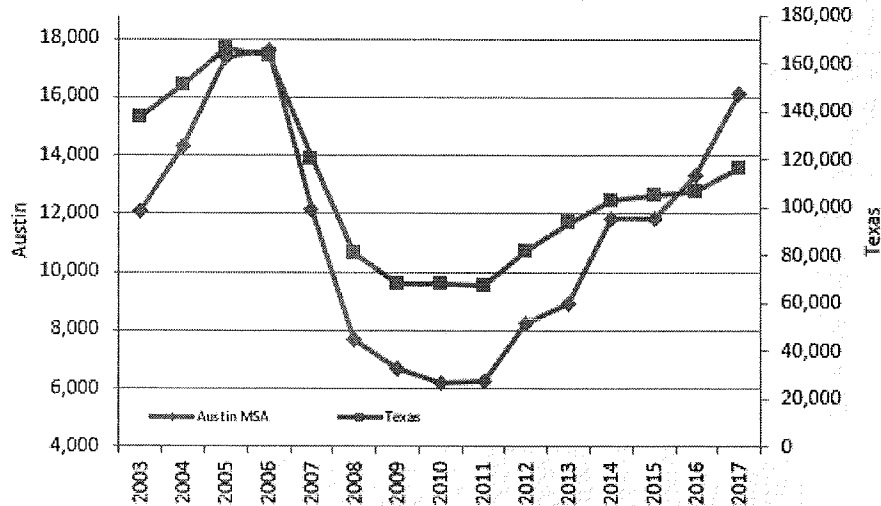
The 2017 statewide permit activity exceeded the 2016 level by 9.6% compared to the 20.9% increase posted in the Austin market. Year 2017 is showing permit activity at levels seen from 2005 and 2006 when the Austin market experienced rapid growth. These data from 2003 through the end of 2017 are shown in the next table.

SINGLE FAMILY PERMIT HISTORY				
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		Median		Total Listings	Months Inventory
			Price	Change	Price	Change		
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.

AUSTIN HOUSING IN THE NEWS

Publication	Title
Austin Business Journal (8-17-2018)	<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.	
Community Impact Austin (7-26-2018)	<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.	
Austin American Statesman (6-27-2018)	<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.	

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.

Historical and Current Occupancy

Area	June 2016*	December 2016*	June 2017	December 2017	June 2018
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%
Market Area Totals	94.0%	93.8%	93.3%	92.2%	93.2%

Historical and Current Rent Per Square Foot

Area	June 2016*	December 2016*	June 2017	December 2017	June 2018
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
Market Area Totals	\$1.39	\$1.39	\$1.41	\$1.39	\$1.44

The Austin multifamily market contained an overall inventory of 216,543 units as of June 2018. Overall inventory increased by 5.8% 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.

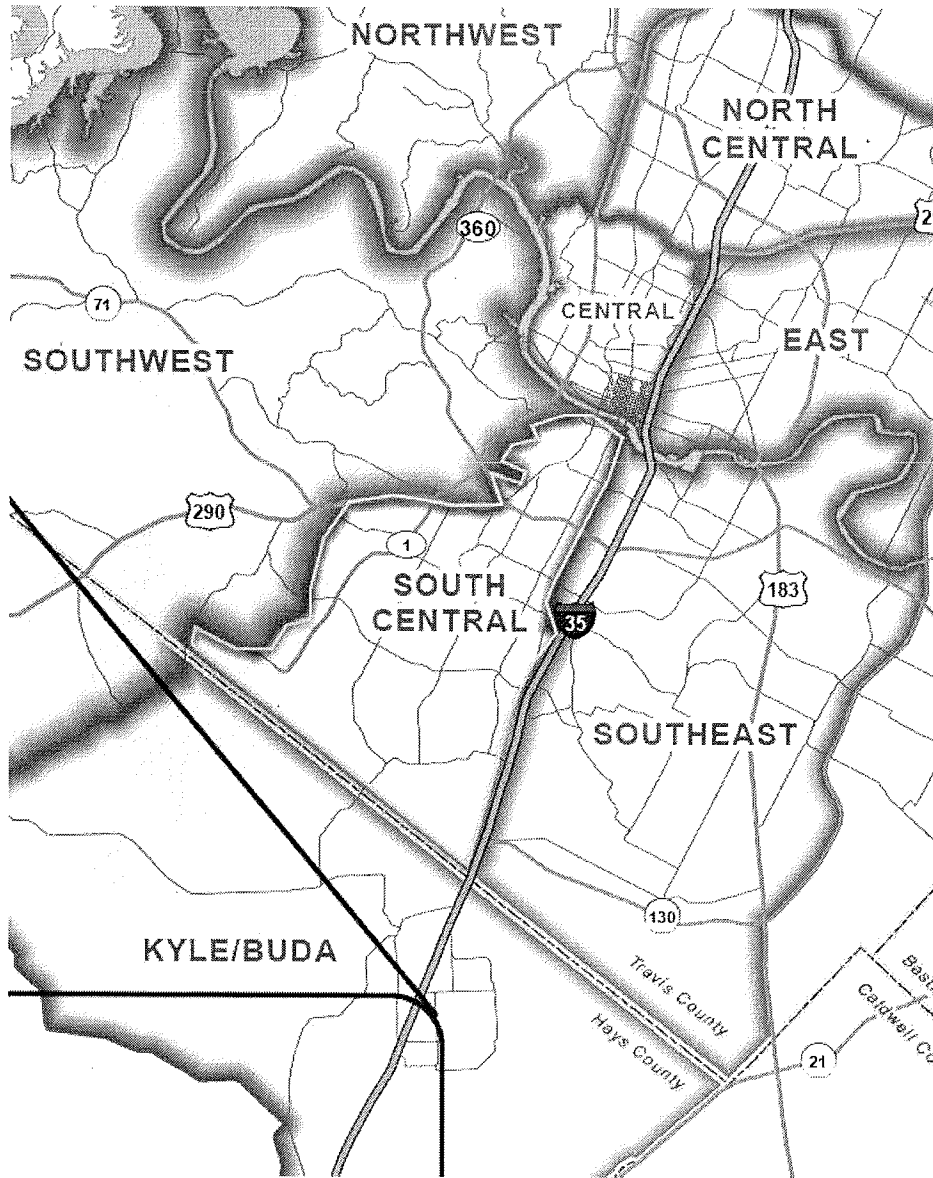
Absorption			
<i>June 2017 to June 2018</i>			
Area	June 2017 to December 2017	December 2017 to June 2018	June 2017 to June 2018
Central	150	663	813
East	678	588	1,266
Far North Central*	370	1,063	1,433
Far Northwest	455	918	1,373
Georgetown	7	315	322
Kyle/Buda	32	275	307
North Central	(-69)	458	389
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
Market Area Total	3,502	7,641	11,143

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 ten miles south of downtown Austin and located in the south corner of the South Central submarket.

The following charts illustrates the current submarket inventory, vacancy rates, net absorption and asking rents.

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	...
Weighted Average	25,185	\$2.17	\$1.69	\$1.43	\$1.40	\$1.22	\$1.26	\$1.12

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
Total	25,185	23,385	92.9%	\$1,295	\$1.54

Conclusion

Rapid new construction is projected to flatten rental rates and drive vacancy rates slightly upward. Over the long run, population growth and employment growth should foster positive absorption of new and older rental housing in the greater Austin market and in the subject's market.

RETAIL MARKET ANALYSIS**Austin Area Overview**

In the following chart, current market inventory, vacancy rates, net absorption and asking rents for the Austin retail market are illustrated. The data is presented as of December 2017, and is based on the data supplied by Capitol Market Research.

RETAIL SPACE BY DATE OF CONSTRUCTION						
Year	Total Square Feet	# of Buildings	% of Market	Occupied Square Feet	% Occupied	Average Rent
Pre-2002	25,231,991	279	57.4%	24,048,980	95.3%	\$23.76
2002	110,770	2	0.3%	100,906	91.1%	\$22.93
2003	1,335,666	11	3.0%	1,316,337	98.6%	\$26.90
2004	726,942	10	1.7%	693,291	95.4%	\$22.17
2005	2,134,828	16	4.9%	2,078,766	97.4%	\$26.88
2006	1,908,321	19	4.3%	1,867,245	97.8%	\$25.25
2007	3,698,450	14	8.4%	3,562,029	96.3%	\$41.10
2008	2,696,267	19	6.1%	2,629,800	97.5%	\$28.69
2009	1,678,316	9	3.8%	1,655,424	98.6%	\$25.77
2010	416,776	4	0.9%	412,776	99.0%	\$25.00
2011	92,040	2	0.2%	92,040	100.0%	...
2012	637,125	5	1.5%	607,408	95.3%	\$31.90
2013	408,692	3	0.9%	402,190	98.4%	\$31.00
2014	659,409	9	1.5%	638,964	96.9%	\$25.81
2015	261,939	9	0.6%	216,677	82.7%	\$27.69
2016	1,288,675	15	2.9%	1,173,550	91.1%	\$32.67
2017	643,321	10	1.5%	594,668	92.4%	\$34.35
Totals:	43,929,528	436		42,091,051	95.8%	\$26.49

ABSORPTION TABLE			
Retail Lease Space Absorption By Area			
December 2016 to December 2017			
Area	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)
Market Area Total	430,388	378,658	809,046

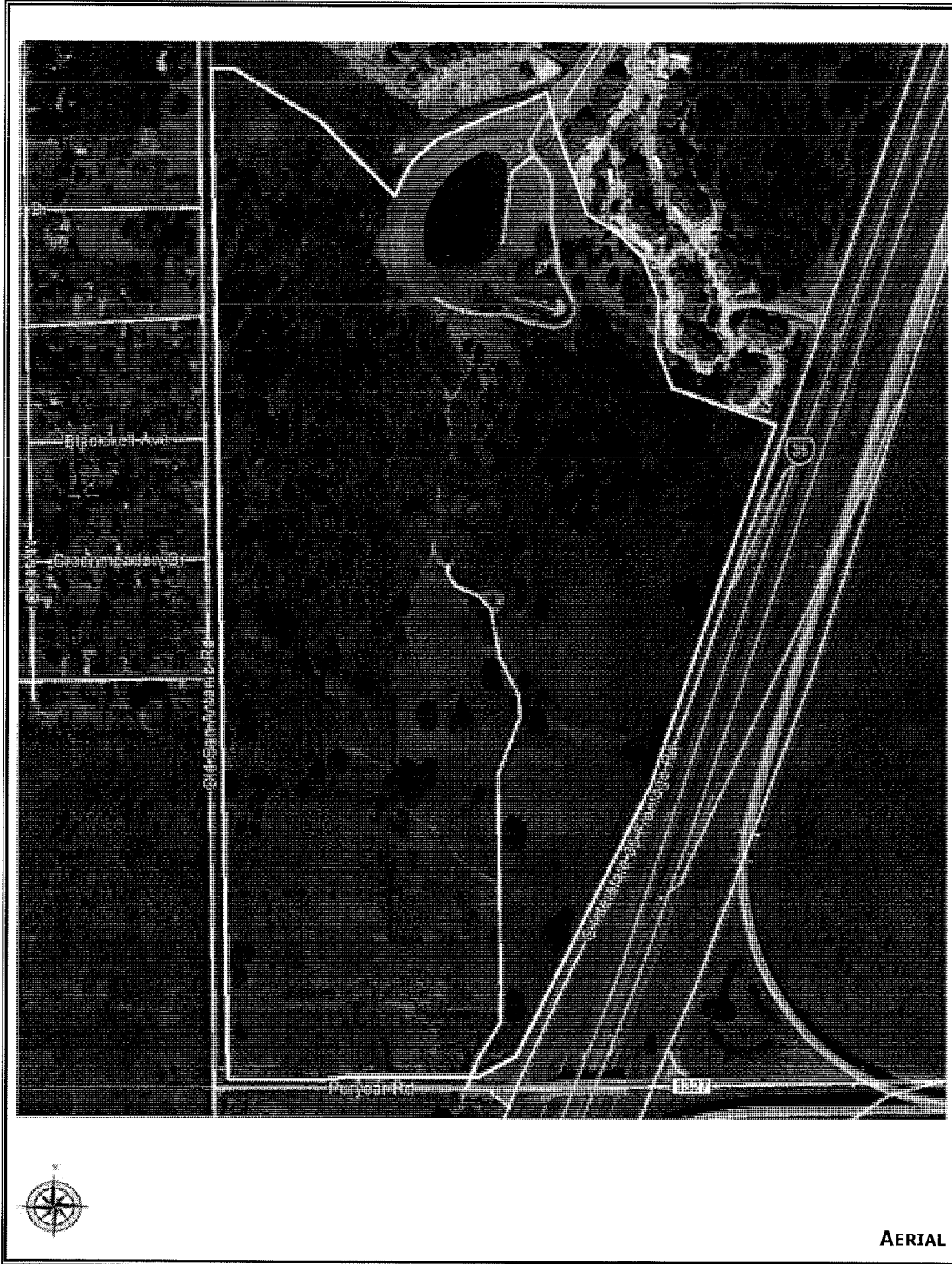
The Austin retail market confirmed its strength from June 2017 to December 2017, with overall occupancy maintaining a very high average of 95.8%. While the occupancy rate increased slightly, the average rental rates dropped due to limited additions to inventory. Only three new centers delivered space over this period of time. High occupancy rates, strong absorption and steady completion of new space continue to positively drive the market conditions for multi-tenant retail in the Austin MSA.

Submarket Analysis – South Central

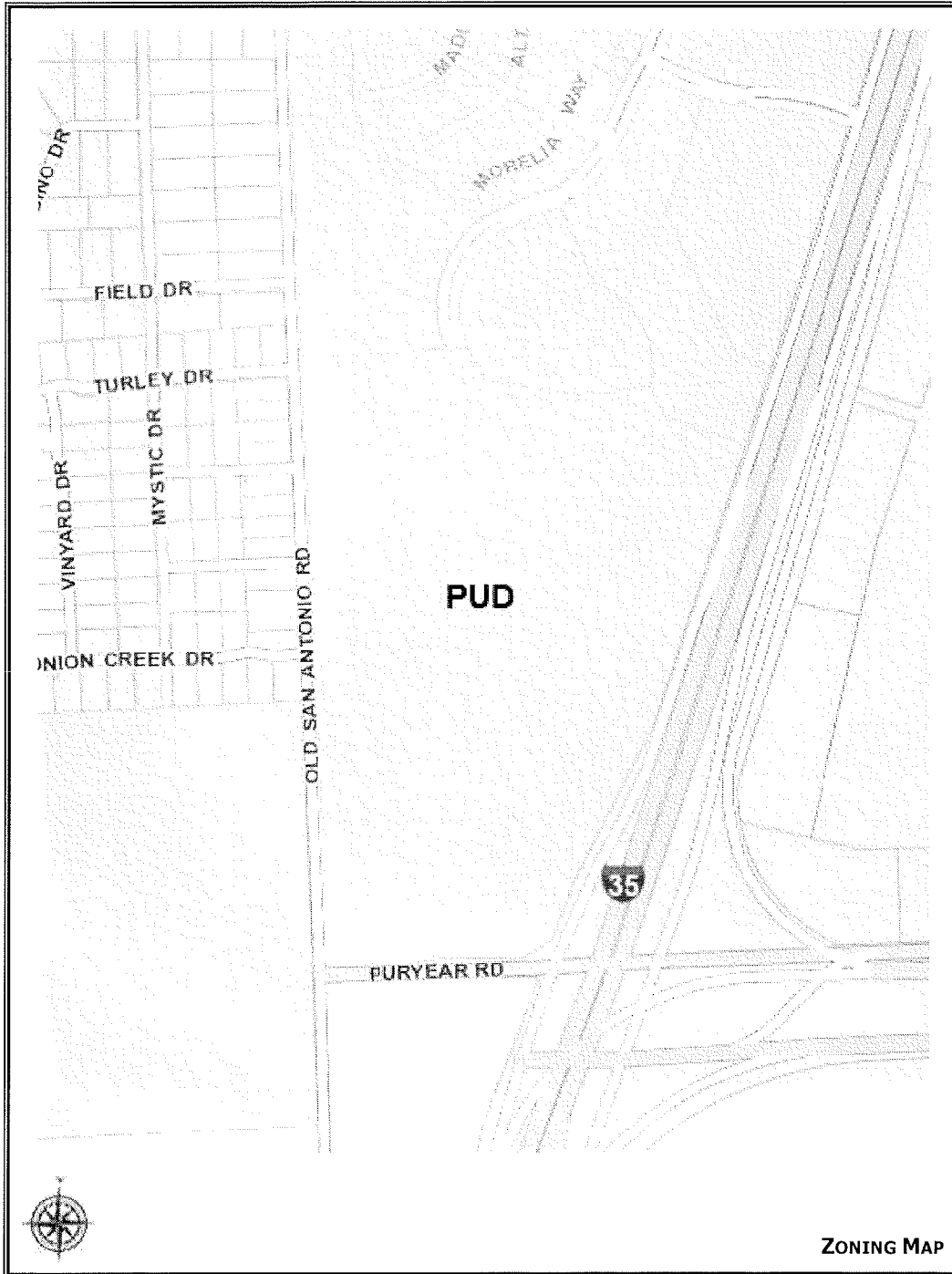
The subject is located in the South Central submarket in the CMR report, which is the area south of Ben White (Highway 71) along IH-35 to the subject's location at the Hays County line. This submarket has 5,933,443 square feet of retail space, or 13.5% of the total market. No space was built in 2016 and 2017 as shown in the chart below. Due to the recent growth in the residential sector, the South Central submarket shows the potential capacity to support similar growth patterns for the retail market.

RETAIL SPACE BY DATE OF CONSTRUCTION						
Year	Total Square Feet	# of Buildings	% of Market	Occupied Square Feet	% Occupied	Average Rent
Pre-2002	3,307,984	38	55.8%	3,234,876	97.8%	\$20.50
2002	...	...	...	...	...	...
2003	101,062	1	1.7%	97,413	96.4%	\$36.00
2004	...	...	...	...	...	...
2005	...	...	...	...	...	...
2006	605,335	5	10.2%	598,539	98.9%	\$26.35
2007	398,465	2	6.7%	393,520	98.8%	\$30.97
2008	1,356,341	3	22.9%	1,315,861	97.0%	\$30.00
2009	30,000	1	0.5%	28,664	95.5%	\$26.50
2010	...	...	...	...	...	...
2011	62,540	1	1.1%	62,540	100.0%	...
2012	...	...	...	...	...	...
2013	...	...	...	...	...	...
2014	42,000	1	0.7%	38,322	91.2%	\$33.00
2015	29,716	1	0.5%	24,586	82.7%	\$26.00
2016	...	...	...	...	...	...
2017	...	...	...	...	...	...
Totals:	5,933,443	53		5,794,321	97.7%	\$24.92

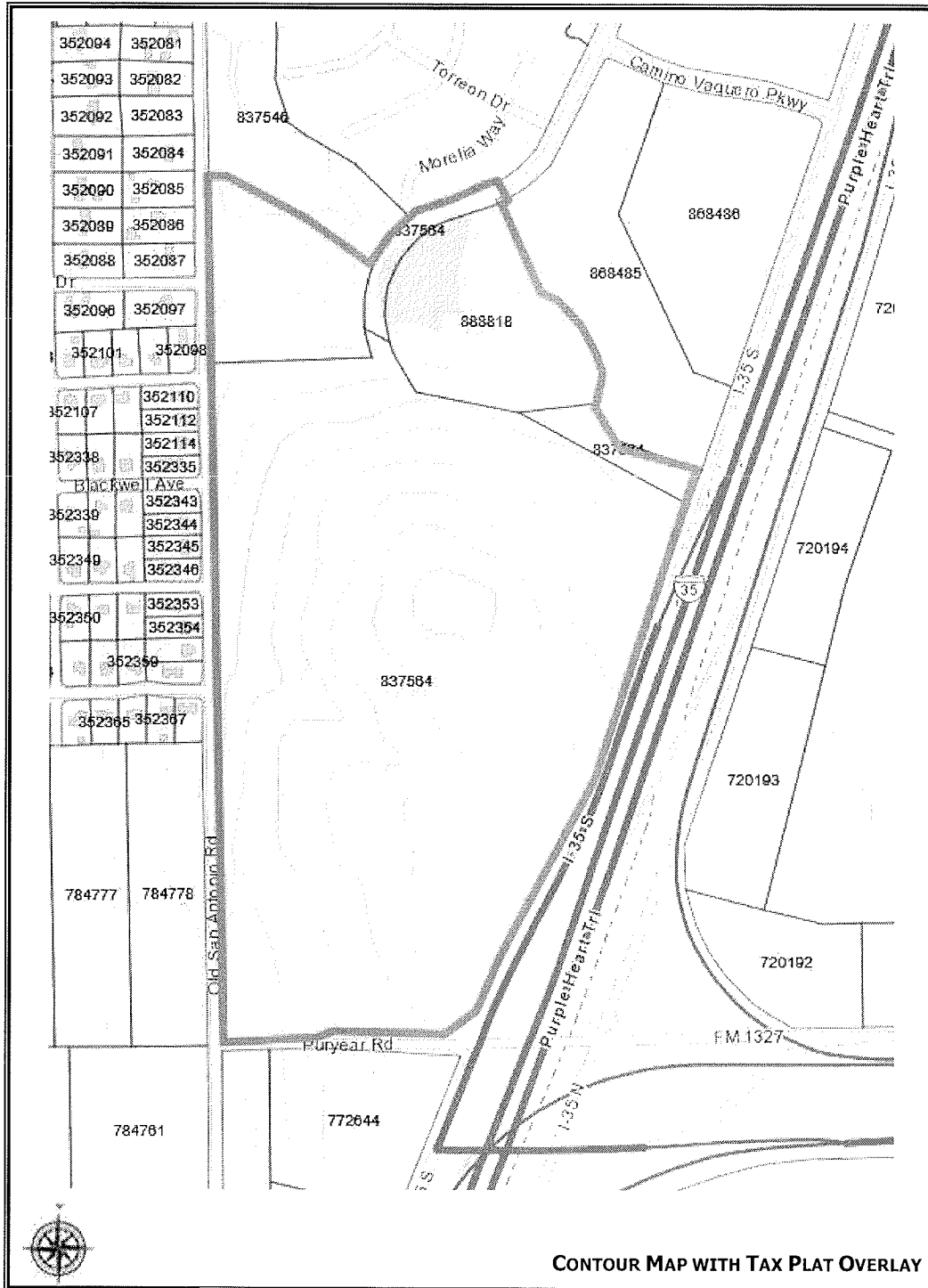
SITE DESCRIPTION AND ANALYSIS



Source: Google Earth



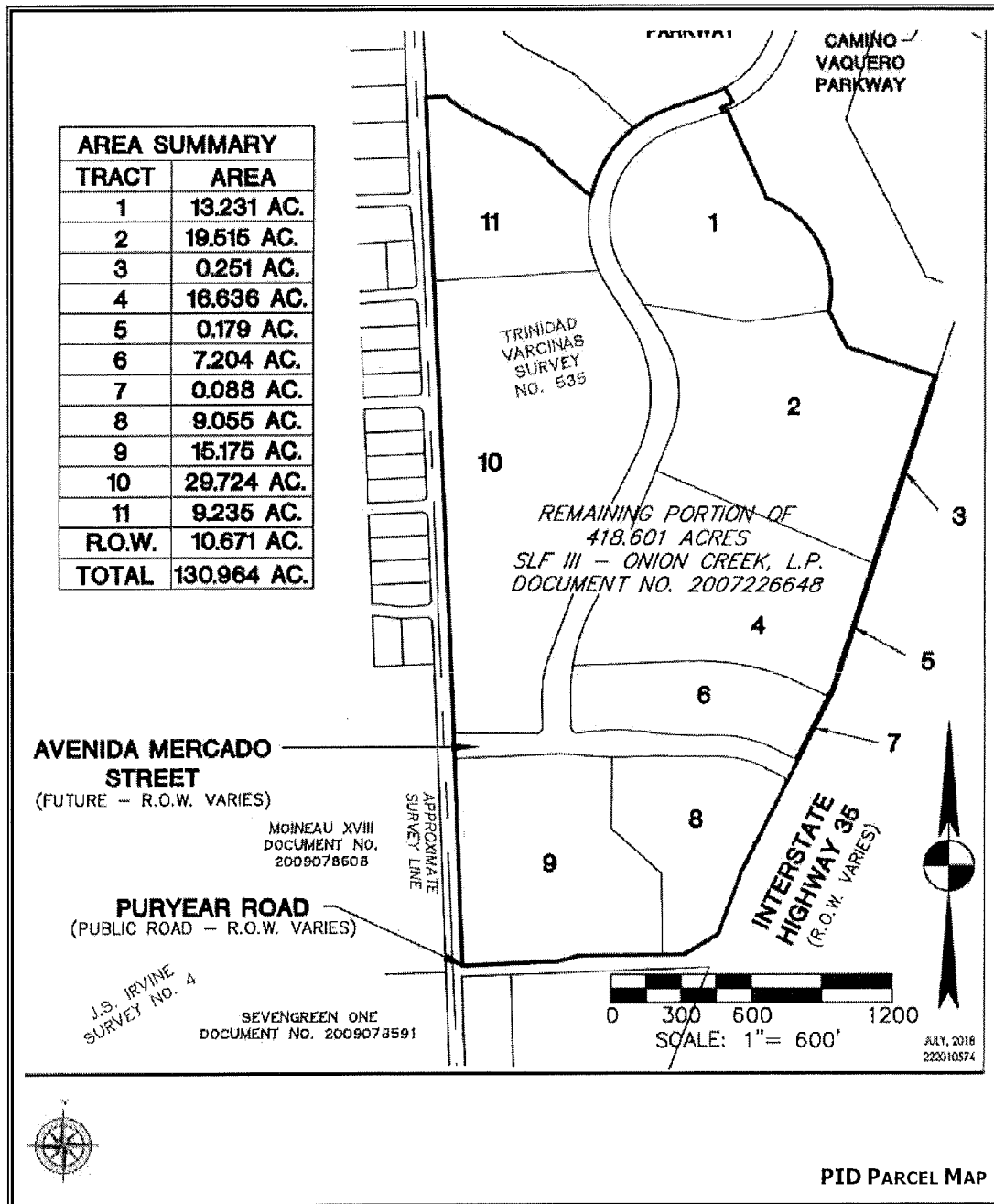
Source: City of Austin GIS



CONTOUR MAP WITH TAX PLAT OVERLAY

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 II, the subject, is located between the IH-35 southbound frontage road and Old San Antonio Road, north of Puryear Road, and south of Phase I.

Site Area: Phase II contains ±130.964 acres or ±5,704,792 SF (including detention and ROW). The individual tract sizes based on the PID Parcel Map on page 29 are as follows.

Tract	Acres
1	13.231
2	19.515
3	0.251
4	16.636
5	0.179
6	7.204
7	0.088
8	9.055
9	15.175
10	29.724
11	9.235
ROW	10.671
Total	130.964

Access/Visibility and Frontage: The site has frontage on the IH-35 southbound frontage road on the east, Old San Antonio Road on the west and Puryear Road on the south. Visibility from these roads is good. Puryear Road connects the IH-35 frontage road and Old San Antonio Road.

Flood Plain: None

Shape: The larger Phase II tract and 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 for improvements.

Topography: The site is rolling with elevations rising to approximately 740 feet above



	mean sea level (MSL) near the IH-35 frontage road, dropping to about 700 feet near the west side of the site near Old San Antonio Road. 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 will supply water and wastewater service to the site in an agreement with the developer. It will be constructed to City 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 pending 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 discrete 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	Predominantly Austin ISD with portions are in the Hays Consolidated 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 competent 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.
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: Phase I of Estancia Hill Country which includes new residential and multifamily development
- South: Puryear Road followed by vacant land
- East: Interstate 35, then mostly vacant land
- West: Residential development of homes built in the 1980s, but most of the adjacent land to the west is vacant

HIGHEST AND BEST USE ANALYSIS**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 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 highest and best use of the individual tracts is as follows:

Tract	Highest and Best Use
1	Detention
2	Multifamily
3	Assemblage with Tract 2 as Multifamily
4	Multifamily
5	Assemblage with Tract 4 as Multifamily
6	Retail
7	Assemblage with Tract 6 as Retail
8	Retail
9	Multifamily
10	Residential
11	Detention
ROW	ROW

VALUATION OF THE PROPERTY

SALES COMPARISON APPROACH**Site Valuation Overview**

The Sales Comparison Approach is utilized to estimate the value of the individual sites or tracts. In valuing property with this approach, land sales are gathered, and the most comparable are used for comparison. Since properties are not identical, the comparable sales must be adjusted to the subject for differences in transactional impact and physical characteristics.

We researched the market area for tracts that sold recently or were under contract. Due to the lack of confirmable sales in the immediate subject market area, we have expanded our search to other areas in the Austin MSA with similar demographics and characteristics. These areas are reflective of the subject market area. Additionally, real estate brokers and property owners were contacted for information pertaining to sites which would be in direct competition with the subject tracts 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.

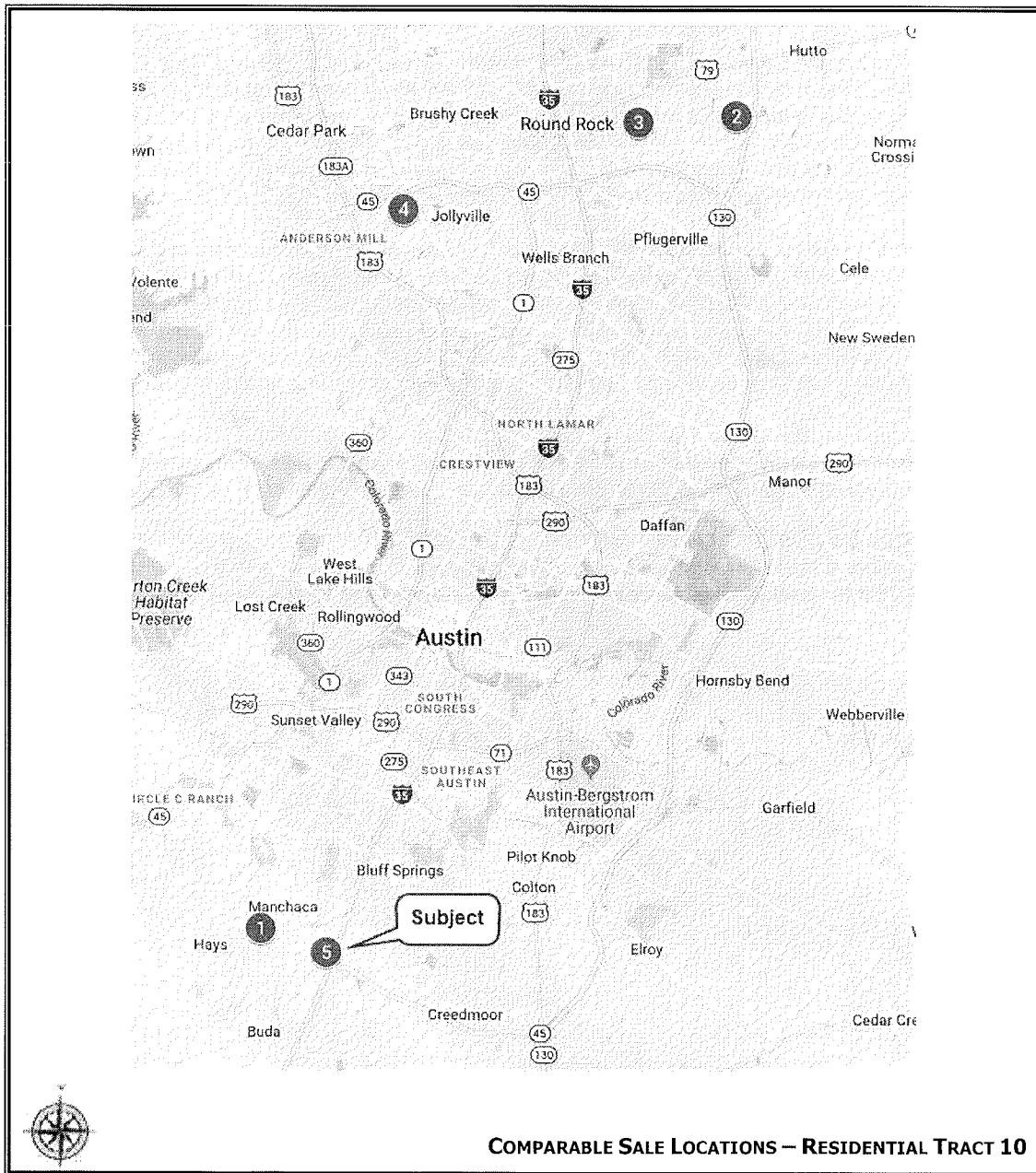
For the purpose of valuation, the site is divided into saleable tracts or parcels as outlined in the highest and best use conclusion. These parcels are available to be sold individually upon completion of development. Each will have road access and utilities once the initial development phase is completed. 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 as soon as the spine roads are completed.

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 RESIDENTIAL TRACT 10

A section is designated for single family detached residential development. The site is currently under contract with M/I Homes of Austin, LLC. The residential site is located west of the commercial and multifamily area away from the interstate highway. It is adjacent to Phase I 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**

Record ID 4166
Property Name The Hills of Bear Creek
Address 12913 Olivers Way, Manchaca, Travis County, Texas 78652
Location SE of FM 1626, N of Little Bear Creek
Tax ID Multiple account numbers
Longitude, Latitude W-97.849485, N30.135908

Sale Data

Grantor 2013 Land Investments, Ltd.
Grantee Milestone Development, Inc.
Sale Date October 31, 2016
Deed Book/Page 2016183211
Deed Review Date 8/23/2018
Date of Inspection 8/23/2018
Verification Adam MacLean; 512-366-3099, August 14, 2018; Other sources: Deed; Confirmed by CCW

Sale Price \$8,000,180
Cash Equivalent \$8,000,180

Land Data

Zoning None, ETJ
Topography Rolling
Utilities All to site
Shape Irregular
Flood Info Approximately 15% in the floodplain along southern line
Current/Intended Use SFR Subdivision

Land Size Information

Gross Land Size 87.040 Acres or 3,791,462 SF

Indicators

Sale Price/Gross Acre	\$91,914
Sale Price/Gross SF	\$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.

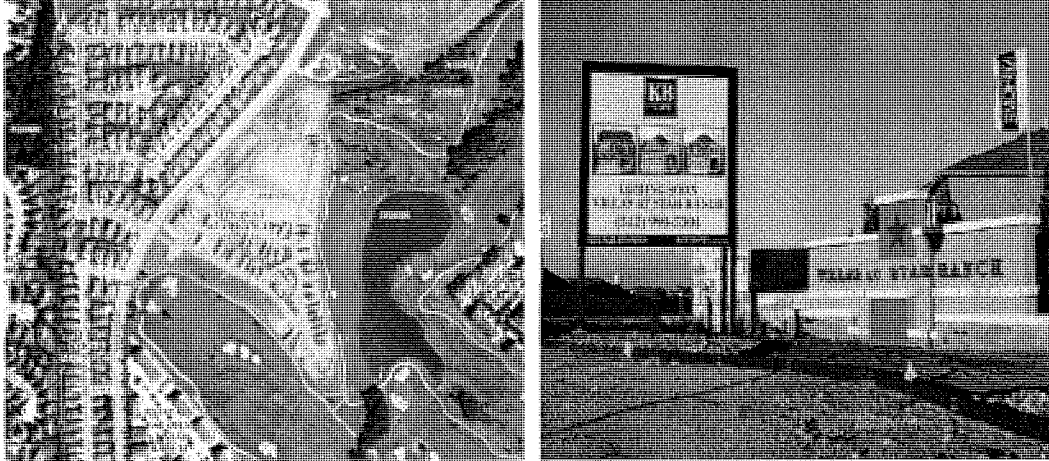
Tract 2: The approximately 38.605 acres of real property in Travis County, Texas, as more particularly described by metes and bounds on Exhibit "A-1" attached hereto and incorporated herein by reference.

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**

Record ID	3644
Property Name	Villas at Star Ranch
Address	310 Danish Drive, Hutto, Williamson County, Texas 78634
Location	On Winterfield Rd on each side of Star Ranch, Hutto ETJ
Tax ID	R543379
Longitude, Latitude	W-97.586940, N30.511825

Sale Data

Grantor	TACK Development LTD
Grantee	KB Home Lone Star Inc.
Sale Date	December 12, 2014
Deed Book/Page	2014100311
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	\$2,730,000
Cash Equivalent	\$2,730,000

Land Data

Zoning	None
Utilities	All to Site
Shape	Irregular
Flood Info	None
Current/Intended Use	SFR Subdivision

Land Size Information

Gross Land Size 19.970 Acres or 869,893 SF
Front Footage 1373 ft: Winterfield Drive

Indicators

Sale Price/Gross Acre \$136,705
Sale Price/Gross SF \$3.14

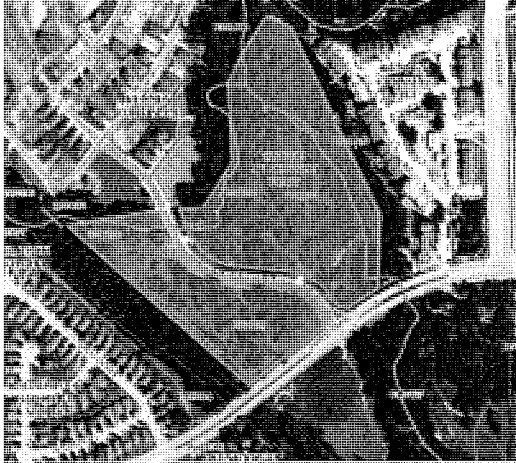
Legal Description

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: Amberglenn Blvd; 860 ft: Briarwick Dr;

Indicators

Sale Price/Gross Acre \$265,087
Sale Price/Gross SF \$6.09

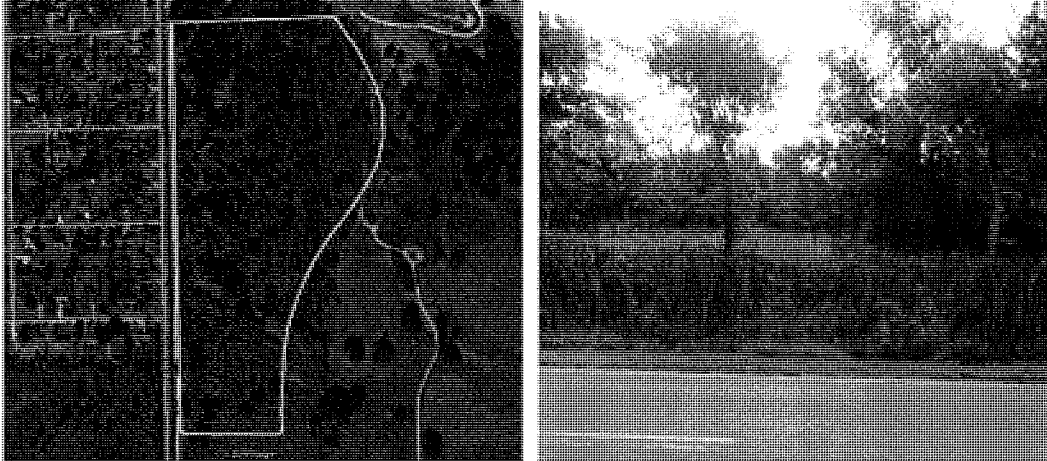
Legal Description

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**

Record ID	4170
Property Name	Estancia Hill Country Phase II
Address	Old San Antonio Rd, Austin, Travis County, Texas 78748
Location	E/S of Old San Antonio Rd, N of Puryear Rd
Tax ID	Part of 837564
Longitude, Latitude	W-97.809993, N30.119211

Sale Data

Grantor	SLF III - Onion Creek, L.P.
Grantee	M/I Homes of Austin, LLC
Contract Review Date	8/10/2018
Date of Inspection	8/9/2018
Verification	Davis Wiggins; 214-239-2356, August 10, 2018; Other sources: Review of Contract; Confirmed by CCW

Contract Price	\$3,884,332
Cash Equivalent	\$3,884,332

Land Data

Zoning	PUD
Topography	Rolling
Utilities	All to Site
Shape	Irregular
Flood Info	None
Current/Intended Use	SFR Subdivision

Land Size Information

Gross Land Size	29.724 Acres or 1,294,777 SF
Front Footage	1,925 ft: Old San Antonio Rd

Indicators

Sale Price/Gross Acre	\$130,680
Sale Price/Gross SF	\$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 10

The table below summarizes the transactions that are most comparable to the subject.

LAND SALES SUMMARY								
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	87.0400	All to site	SFR Subdivision	\$8,000,180	\$2.11
2	310 Danish Dr, Hutto	12/12/2014	ETJ	19.9700	All to site	SFR Subdivision	\$2,730,000	\$3.14
3	1051 Kenney Fort Crossing, Round Rock	3/16/2016	ETJ	17.8000	All to site	SFR Subdivision	\$3,100,000	\$4.00
4	Briarwick Drive, Austin	9/14/2016	ETJ	12.8260	All to site	SFR Subdivision	\$3,400,000	\$6.09
5	Estancia Residential Tract (Subject), Austin	2/1/2017	PUD	29.7240	All to site	SFR Subdivision	\$3,884,332	\$3.00
	Estancia Residential Tract 10	N/A	PUD	29.7240	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 February 2017. Note that the sale date for Sale 5, the subject, is the contract date as it has not yet closed. 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 the subject property. No adjustments were applied.

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 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/Platting

The subject is presumed to be through the zoning and platting process on the date of valuation. Each sale is located in a development with zoning and entitlements in place or a zoning change was not required. No adjustments are applied.

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 will place it in a similar condition. As this analysis presumes completion of infrastructure items, no adjustments are warranted.

Market Value Conclusion – Residential Tract 10

ADJUSTMENT GRID - Estancia Residential Tract 10

	Subject	1	2	3	4	5
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)	29.7240	87.0400	19.9700	17.8000	12.8260	29.7240
Size (SF)	1,294,777	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%	-5%	-5%	-10%	0%
Entitlements		+5%	0%	+5%	+5%	0%
Floodplain		0%	0%	0%	0%	0%
Utilities/Infrastructure		0%	0%	0%	0%	0%
Zoning/Platting		0%	0%	0%	0%	0%
Other (PID)		0%	0%	0%	0%	0%
Net Adjustment		+35%	-15%	-30%	-55%	0%
Indicated Unit Value		\$3.16	\$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 per \$3.07 SF to \$3.27 per SF with a mean and median of \$3.20 per SF and \$3.22 per SF, respectively. Eliminating the low outlier, a tighter range is exhibited by four sales with a mean of \$3.23 and a median of \$3.24 per SF. With reliance on the central tendency, a value of \$3.25/SF is reconciled.

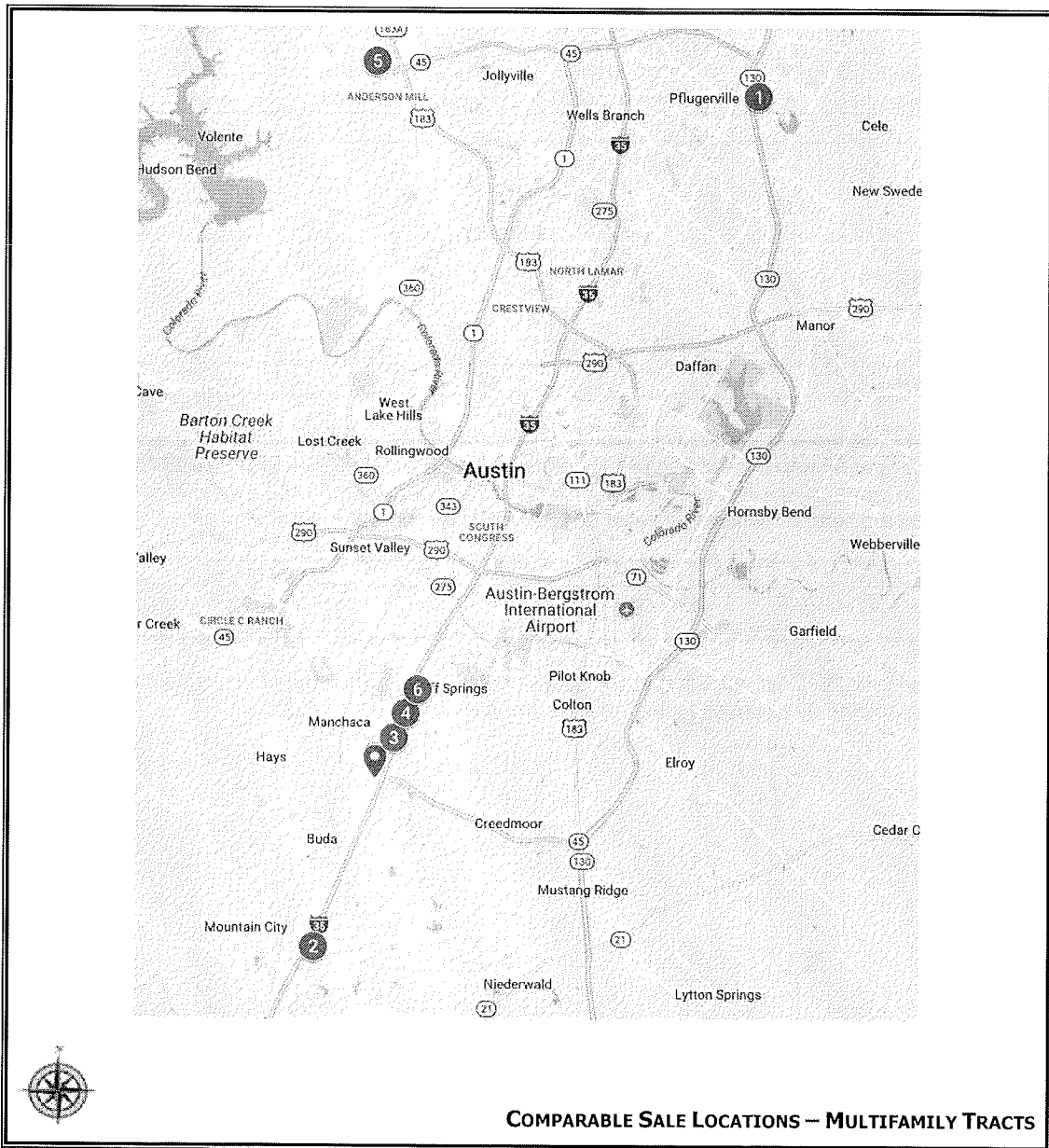
Acres	SF	Value per SF	Market Value
29.724	1,294,777	\$3.25	\$4,208,025
		Rounded	\$4,210,000

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.

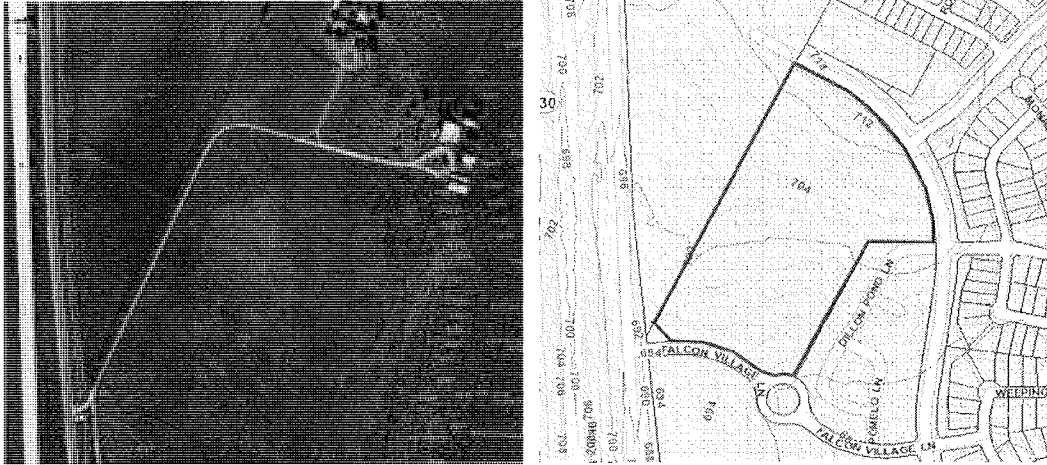
VALUATION OF MULTIFAMILY TRACTS 2, 3, 4, 5 AND 9

Tracts 2, 4 and 9 were determined to be best suited for multifamily development in the highest and best use analysis. The three multifamily tracts are not likely to be developed as a single project. A separate analysis of each is presented, but with common comparable sales.

As previously discussed, the highest and best use of Tract 3 is assemblage with Tract 2 for multifamily development. Similar assemblage is envisioned for Tracts 4 and 5. This first analysis pertains to the assembled Tracts 2 and 3 containing a total of 19,766 acres. The location map of the sales used in this analysis is shown below.



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

Sale Price/Gross Acre \$217,800
Sale Price/Gross SF \$5.00

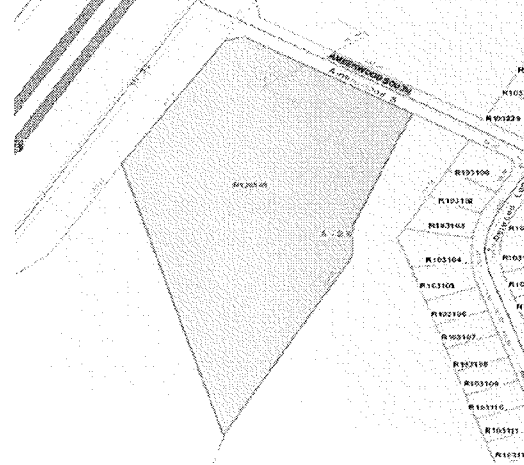
Legal Description

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 and MMA
 3/18/2018, 512-476-9200

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

Sale Price/Gross Acre \$170,291
Sale Price/Gross SF \$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	Joe McAweeney; 512-974-7787, 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

Sale Price/Gross Acre \$232,686
Sale Price/Gross SF \$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 Joe McAweeney; 512-974-7787, 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

Sale Price/Gross Acre \$234,943
Sale Price/Gross SF \$5.39

Legal Description

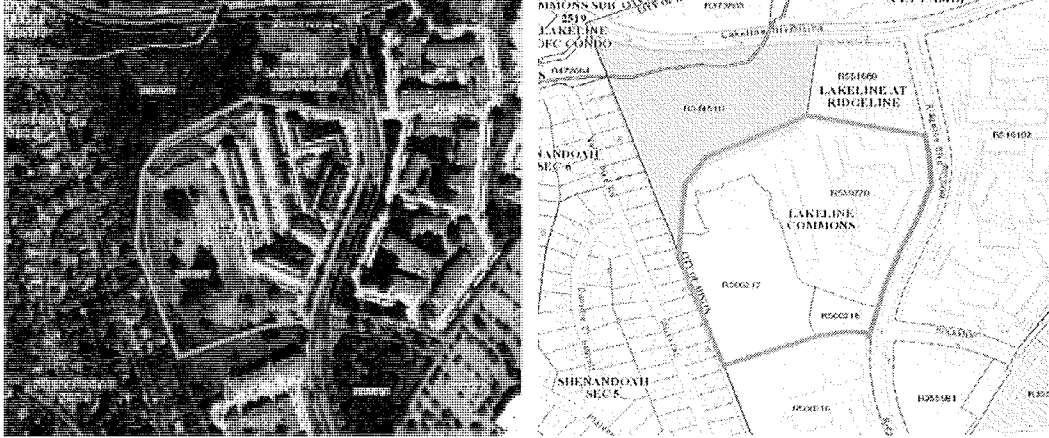
16.089 acres of land out of the Santiago Del Valle grant, situated in Travis County, Texas.

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

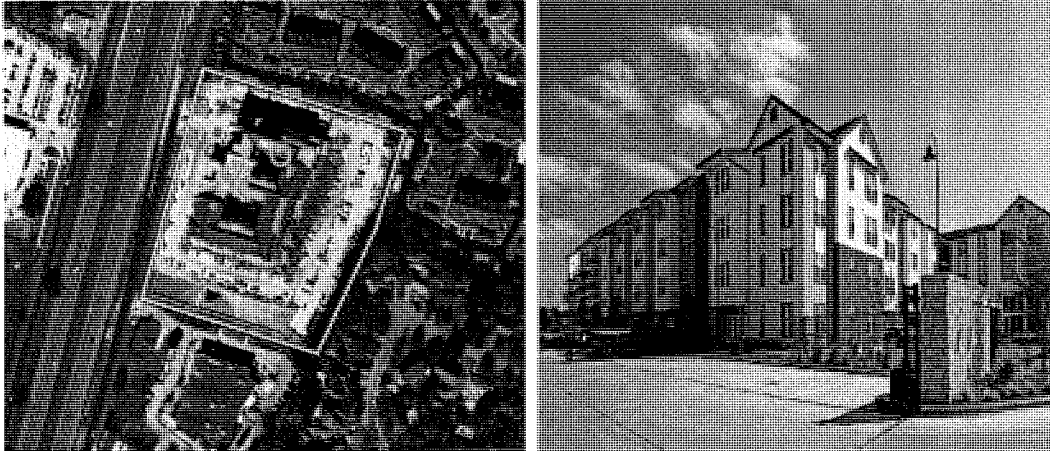
Being 21.90 acres of land out of the Rachel Saul Survey Abstract 551, situated in Williamson County, Texas being a portion of Lot 3 and Lot 4, Lakeline Commons II, a Subdivision of Record in Cabinet FF, Slide 229 of the Plat Records of Williamson County, Texas

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**

Record ID 4204
Address 10801 S Interstate 35, Austin, Travis County, Texas 78747
Location E/L IH 35, N of Onion Creek Pkwy
Tax ID 718805
Longitude, Latitude W-97.793319, N30.144237

Sale Data

Grantor Keesee Partners, LTD
Grantee Keesee Tract Partners, LP
Sale Date March 08, 2016
Deed Book/Page 2016034594
Deed Review Date 8/30/2018
Date of Inspection 8/30/2018
Verification CBRE; 512-499-4900, August 30, 2018; Other sources: Lance Lawson, Confirmed by Jason Thomas

Sale Price \$2,571,782
Cash Equivalent \$2,571,782

Land Data

Zoning GR-MU
Topography Rolling
Utilities All available
Shape Irregular
Flood Info Not in a flood plain
Easements Typical
Current/Intended Use Multifamily

Land Size Information

Gross Land Size 7.450 Acres or 324,653 SF
Front Footage 600 ft: IH 35

Indicators

Sale Price/Gross Acre \$345,067
Sale Price/Gross SF \$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 2 AND 3 AS ASSEMBLED

The table below summarizes the transactions researched that are most comparable to the subject.

LAND SALES SUMMARY								
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	20.000	All to site	Multifamily	\$4,356,000	\$5.00
2	19196 IH-35, Kyle	3/3/2014	Retail	7.634	All to site	Multifamily	\$1,300,000	\$3.91
3	Estancia Pkwy, Austin	10/7/2015	PUD	16.331	All to site	Multifamily	\$3,800,000	\$5.34
4	Estancia Pkwy, Austin	3/30/2017	PUD	16.089	All to site	Multifamily	\$3,780,000	\$5.39
5	12700 Ridgeline Blvd, Cedar Park	4/30/2015	MF	21.904	All to site	Multifamily	\$4,646,000	\$4.87
6	10801 S IH-35, Austin	3/8/2016	GR-MU	7.450	All to Site	Multifamily	\$2,571,782	\$7.92
	Estancia Multifamily Tracts 2 and 3	N/A	PUD	19.766	All to site	Multifamily	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 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 on the next page; 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.

Sale 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 uses and access to additional commercial amenities make 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 from 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 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 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 will place it in a similar condition. As this analysis presumes completion of infrastructure items, no adjustments are warranted.

Market Value Conclusion – Multifamily Tracts 2 and 3 As Assembled

ADJUSTMENT GRID - Estancia Multifamily Tracts 2 and 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	\$3,780,000	\$4,646,000	\$2,571,782
Size (Acres)	19.766	20.000	7.634	16.331	16.089	21.904	7.450
Size (SF)	861,007	871,200	332,537	711,378	700,837	954,138	324,653
Price per SF		\$5.00	\$3.91	\$5.34	\$5.39	\$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	\$5.88	\$5.84	\$9.11
Location/Access		+5%	+20%	0%	0%	-5%	-30%
Size		0%	-15%	-5%	-5%	0%	-15%
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		+5%	+15%	-5%	-5%	0%	-40%
Indicated Unit Value		\$5.88	\$5.72	\$5.94	\$5.59	\$5.84	\$5.47

Six sales were considered in this analysis. These data indicated an adjusted range for the subject of \$5.47 per SF to \$5.94 per SF with a mean and median of \$5.74 per SF and \$5.78 per SF, respectively. Eliminating the low outlier a tighter range is exhibited by five sales with a mean of \$5.79 and a median of \$5.84 per SF. With reliance on the central tendency, a value of \$5.80/SF is reconciled.

Acres	SF	Value per SF	Market Value
19.766	861,007	\$5.80	\$4,993,841
		Rounded	\$4,995,000

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.



VALUATION OF MULTIFAMILY TRACTS 4 AND 5 AS ASSEMBLED

As previously discussed, the highest and best use of Tract 5 is assemblage with Tract 4 for multifamily development. Tracts 4 and 5 have the same highest and best use as Tracts 2, 3 and 9 and share the development characteristics. Although we present a separate adjustment grid, the comparable sales and the individual adjustments are the same, except for size. This analysis pertains to the assembled Tracts 4 and 5 containing a total of 16.815 acres.

Market Value Conclusion – Multifamily Tracts 4 and 5 As Assembled**ADJUSTMENT GRID - Estancia Multifamily Tracts 4 and 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	\$3,780,000	\$4,646,000	\$2,571,782
Size (Acres)	16.815	20.000	7.634	16.331	16.089	21.904	7.450
Size (SF)	732,461	871,200	332,537	711,378	700,837	954,138	324,653
Price per SF		\$5.00	\$3.91	\$5.34	\$5.39	\$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	\$5.88	\$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	\$5.88	\$6.13	\$5.92

Six sales were considered in this analysis. These data indicated an adjusted range for the subject of \$5.88 per SF to \$6.25 per SF with a mean and median of \$6.05 per SF. With reliance on the central tendency, a value of \$6.00/SF is reconciled.

Acres	SF	Value per SF	Market Value
16.815	732,461	\$6.00	\$4,394,766
		Rounded	\$4,395,000

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.



VALUATION OF MULTIFAMILY TRACT 9

Tract 9 has the same highest and best use as Parcels 2, 3, 4 and 5 and shares the development characteristics. Its size is the only difference, at 15.175 acres. Although we present a separate adjustment grid, the comparable sales and the individual adjustments are the same, except for size.

Market Value Conclusion – Multifamily Tract 9**ADJUSTMENT GRID - Estancia Multifamily Tract 9**

	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	\$3,780,000	\$4,646,000	\$2,571,782
Size (Acres)	15.175	20.000	7.634	16.331	16.089	21.904	7.450
Size (SF)	661,023	871,200	332,537	711,378	700,837	954,138	324,653
Price per SF		\$5.00	\$3.91	\$5.34	\$5.39	\$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	\$5.88	\$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	\$5.88	\$6.13	\$5.92

Six sales were considered in this analysis. These data indicated an adjusted range for the subject of \$5.88 per SF to \$6.25 per SF with a mean and median of \$6.05 per SF. With reliance on the central tendency, a value of \$6.00/SF is reconciled.

Acres	SF	Value per SF	Market Value
15.175	661,023	\$6.00	\$3,966,138
		Rounded	\$3,965,000

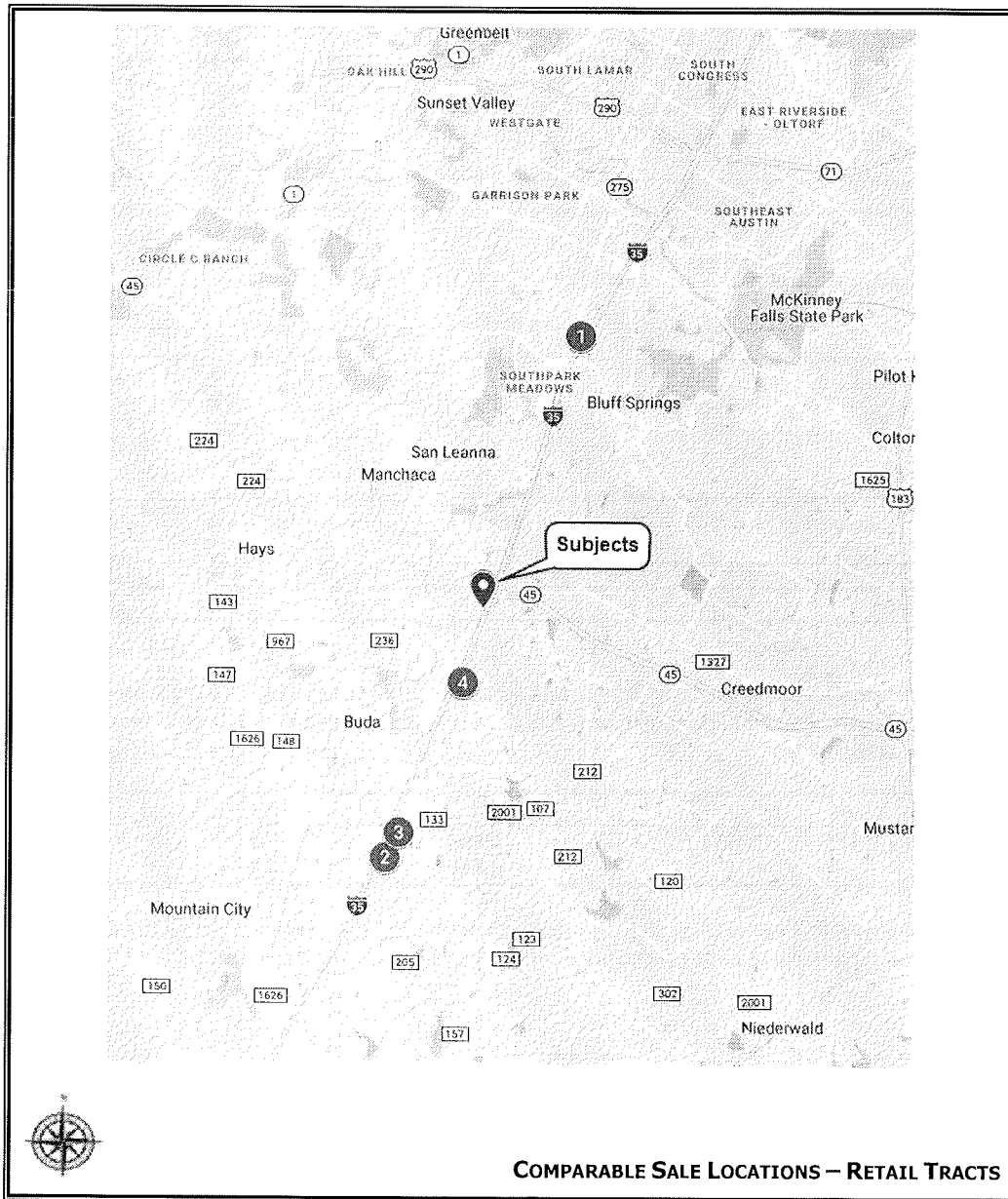
Based on our analysis, it is our opinion that the subject could have sold on the effective date had it been professionally marketed at a market asking price for the preceding 6 to 12 months.



VALUATION OF RETAIL TRACTS 6, 7 AND 8

Tract 6 and 8 were determined to be best suited for retail development in the highest and best use analysis. The two retail tracts are not contiguous and are not likely to be developed as a single project. A separate analysis of each is presented, but with common comparable sales.

As previously discussed, the highest and best use of Tract 7 is assemblage with Tract 6 as retail. This analysis pertains to the assembled Tracts 6 and 7 containing a total of 7.292 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

Sale Price/Gross Acre	\$264,299
Sale Price/Gross SF	\$6.07

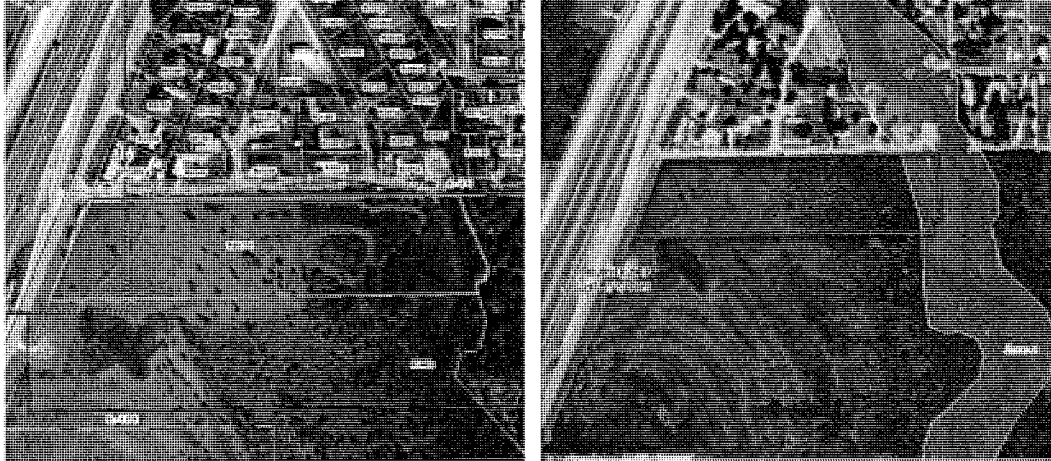
Legal Description

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

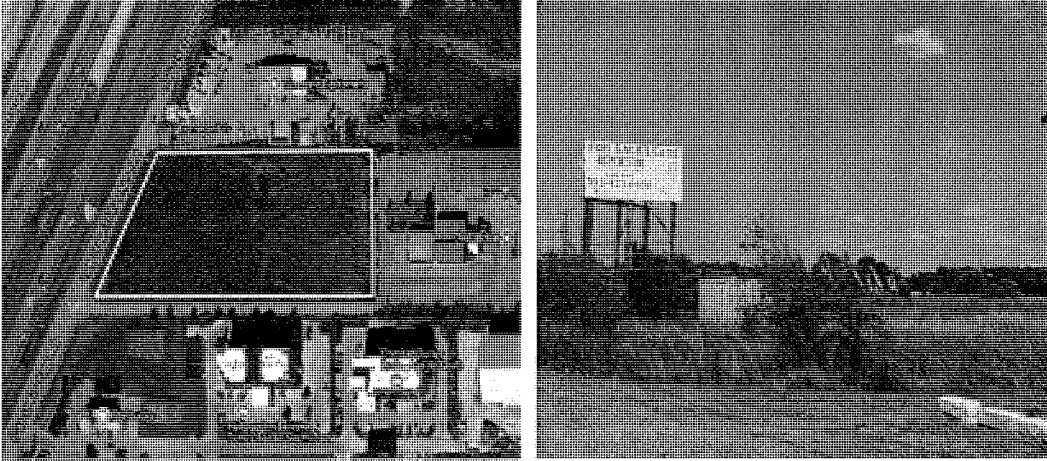
Legal Description

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 TRACTS 6 AND 7 AS ASSEMBLED

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.

LAND SALES SUMMARY

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 Tracts 6 and 7	N/A	PUD	7.292	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 from 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 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 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 subsequent infrastructure construction will place it in a similar condition. As this analysis presumes completion of infrastructure items, no adjustments are warranted.

Market Value Conclusion – Retail Tracts 6 and 7 As Assembled

ADJUSTMENT GRID - Estancia Retail Tracts 6 and 7					
	Subject	1	2	3	4
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)	7.292	11.993	9.459	7.496	4.500
Size (SF)	317,640	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%	+5%	0%	-5%
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		-30%	+50%	+75%	+10%
Indicated Unit Value		\$11.05	\$10.38	\$9.89	\$10.68

Four sales were considered in this analysis. These data indicated an adjusted range for the subject of \$9.89 per square foot to \$11.05 per square foot with a mean and median of \$10.50 per square foot and \$10.53 per square foot, respectively. With reliance on the central tendency, a unit value of \$10.50 per square foot is reconciled.

Acres	SF	Value per SF	Market Value
7.292	317,640	\$10.50	\$3,335,220
		Rounded	\$3,335,000

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.

VALUATION OF RETAIL TRACT 8

Tract 8 has the same highest and best use as Tracts 6 and 7 and shares the development characteristics. Its size is the only difference, at 9.055 acres. Although we present a separate adjustment grid, the comparable sales and the individual adjustments are the same, except for size.

Market Value Conclusion – Retail Tract 8

ADJUSTMENT GRID - Estancia Retail Tract 8					
	Subject	1	2	3	4
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)	9.055	11.993	9.459	7.496	4.500
Size (SF)	394,436	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/Financing		0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%
Market Conditions/Time		12%	14%	19%	4%
Adjusted \$/SF		\$15.79	\$6.92	\$5.65	\$9.71
Location/Access		-40%	+20%	+50%	0%
Size		+5%	0%	-5%	-10%
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		-35%	+45%	+70%	+5%
Indicated Unit Value		\$10.26	\$10.03	\$9.61	\$10.20

Four sales were considered in this analysis. These data indicated an adjusted range for the subject of \$9.61 per square foot to \$10.26 per square foot with a mean and median of \$10.03 per square foot and \$10.12 per square foot, respectively. Eliminating the low outlier, a tighter range is exhibited by three sales with a mean of \$10.16 and a median of \$10.20 per SF. With reliance on the central tendency, a value of \$10.20/SF is reconciled.

Acres	SF	Value per SF	Market Value
9.055	394,436	\$10.20	\$4,023,247
		Rounded	\$4,025,000

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.



VALUATION OF TRACTS 1 AND 11

The value of Tracts 1 and 11 improved with detention facilities are dispersed across the values of Tracts 2-10 as these tracts are collectively dependent on the facilities for storm water drainage disposal. Given the need for such a facility, the highest and best use of Tracts 1 and 11 is considered to be for detention facilities. Without this feature, Tracts 2-10 would need to allocate land area for the construction of a similar facility or to acquire the rights to use an off-site facility, which would have a negative effect on their value. As such, we have assigned no value to the tracts improved with the detention ponds as their contribution is recognized in the value of the developable tracts.

VALUATION OF ROW

There are 10.671 acres of ROW within Estancia Phase II. The ROW is needed for access to each tract; therefore, we have assigned no value to the ROW as its value is recognized in the values of the individual tracts.

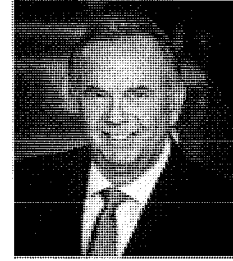
SUMMARY OF VALUE CONCLUSIONS

The table below summarizes the value conclusion for each tract.

MARKET VALUE CONCLUSIONS						
Tract	Preliminary Plan Use	Acres	Sq Ft	Unit of Measure	Unit Value	Indicated Value
1	Detention	13.231	576,342	N/A	N/A	N/A
2	Multifamily	19.515	850,073	Square Foot	\$5.80	\$4,930,000
3	Multifamily	0.251	10,934	Square Foot	\$5.80	\$65,000
4	Multifamily	16.636	724,664	Square Foot	\$6.00	\$4,350,000
5	Multifamily	0.179	7,797	Square Foot	\$6.00	\$45,000
6	Retail	7.204	313,806	Square Foot	\$10.50	\$3,295,000
7	Retail	0.088	3,833	Square Foot	\$10.50	\$40,000
8	Retail	9.055	394,436	Square Foot	\$10.20	\$4,025,000
9	Multifamily	15.175	661,023	Square Foot	\$6.00	\$3,965,000
10	Residential	29.724	1,294,777	Square Foot	\$3.25	\$4,210,000
11	Detention	9.235	402,277	N/A	N/A	N/A
ROW	ROW	10.671	464,829	N/A	N/A	N/A
Total		130.964				\$24,925,000

QUALIFICATIONS OF THE APPRAISERS

QUALIFICATIONS OF PAUL HORNSBY, MAI, SRA



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) and brokerage services by Hornsby Realty (www.hornsby-realty.com).

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

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

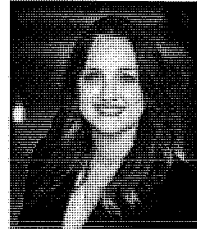
Education: University of Texas at Austin, B.B.A. Degree in Finance, August 1977

Lectures and Publications:

- Choosing & Valuing an Economic Unit, IRWA/AI Joint Meeting, 2017
- Shedding Light on Dark Store Theory, Metropolitan Council of Appraisal Districts, 2017

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- 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 CAITLIN WARREN



Experience: Ms. Warren is a recent graduate from Texas A&M University with a Bachelor of Science degree in Agricultural Economics with concentration in finance and real estate. Her educational background includes knowledge unique to lending, real estate appraisal, real estate investment, development, and brokerage.

Ms. Warren'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.

Licenses and Designations: ➤ Real Estate Appraiser Trainee #TX-1341441

Eminent Domain Projects: ➤ San Gabriel River Ranch Subdivision Project, Williamson County

Education: *Professional Courses*

- Supervisor/Trainee Course (4-hour course)
- Uniform Standards of Professional Appraisal Practice (15-hour course)

Formal Education

Texas A&M University – College Station, Texas
B.S Degree in Agricultural Economics, December 2016

ADDENDA

City of Austin

Office of Real Estate Services

P.O. Box 1088
Austin, Texas 78767
(512) 974-7090, Fax (512) 974-7088



August 3, 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 2 - Vacant Land
File #: 4788.02
Assignment Number: 52-158
Property Owner: SLF III – Onion Creek, LP
TCAD Parcel Number: 837564 – 888818 – 837564 and a 9.235 acre portion of 837546
Legal Description: See previously provided information
Property Description: 130.964 Acres in twelve tracts - 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 12 vacant mixed-use tracts of land. A market value should be presented for individual tracts as designated within a specific use category as noted. The property owner is currently seeking to get a PID approval for Phase 2 of the Estancia Hill Country Master Planned Development. As part of this process Phase 2 is intended to contain the following uses on the following designated tracts. – See Market Analysis for Phase 2 by RCLCO, previously provided to appraisers.

- Tract 1- 13.231 acres – detention and green area
- Tract 2 -19.515 acres – MF 256 Units
- Tract 3 - 0.251 acres With # 2
- Tract 4 -16.636 acres – 250 Units
- Tract 5 – 0.179 acres with #4
- Tract 6 – 7.204 acres – Commercial – 65,340 SF
- Tract 7- 0.088 acres – with #6
- Tract 8 – 9.055 acres- Commercial with 91,478 SF
- Tract 9 - 15.175 acres – MF 315 Units
- Tract 10- 29.724 acres – SF 163 SF homes with 45' front feet
- Tract 11 – 9.235 acres –detention and green area
- ROW – 11.671 acres

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.

Estancia Hill Country – Phase 2 130.964 Acres in 12 tracts
File No: 4788.02
Assignment # 52-158

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. Per agreement, an oral report will be delivered by August 16, with a written report by August 31, 2018. 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 representatives: Please call and or email for information

Stratford (Developer/Owner)

Stratford
5949 Sherry Lane, Ste 800
Dallas, TX 75225

Ocie Vest - Developer/Owner
Phone: 214 534-9736
ovest@stratfordland.com

Christian Nilsson - Developer/Owner
Phone: 214 770-1989
cnilsson@stratfordland.com

Allan Katz - In House Counsel
Phone: 214 239-2379
akatz@stratfordland.com

Davis Wiggins - Developer/Owner
Phone: 214 801-4396
dwiggins@stratfordland.com

Estancia Hill Country – Phase 2 130.964 Acres in 12 tracts
File No: 4788.02
Assignment # 52-158

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 \$18,000, with an oral report by August 16, 2018, 13 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 2 - Vacant Land
Assignment Number:	52-158
File Number:	4788.02
Project:	Estancia Hill Country – Phase 2 130.964 Acres in 12 tracts
Property Owner:	SLF III – Onion Creek LP
TCAD	837564 – 888818 – 837564 and a 9.235 acre portion of 837546
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

Sincerely,



Joseph McAweeney
Senior Appraiser
Office of Real Estate Services

Sent via email

Estancia Hill Country – Phase 2 130.964 Acres in 12 tracts
File No: 4788.02
Assignment # 52-158

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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APPENDIX G

FINANCING AGREEMENT

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ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT DISTRICT
FINANCING AGREEMENT

BETWEEN

SLF III – ONION CREEK, L.P., a Texas limited partnership

AND

THE CITY OF AUSTIN, TEXAS

ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT DISTRICT
FINANCING AGREEMENT

This Estancia Hill Country Public Improvement District Financing Agreement (this "**Agreement**"), dated as of June 20, 2013, (the "**Effective Date**"), is entered into between SLF III – ONION CREEK, L.P., a Texas limited partnership (including its Designated Successors and Assigns, the "**Owner**"), and the City of Austin, Texas (the "**City**"), a municipal corporation, acting by and through its duly authorized representative.

Recitals:

WHEREAS, Owner and its affiliates own a total of approximately 600 acres of land contained within the area described in the attached Exhibit "B" (the "**Property**"). The Property is located in the City's extraterritorial jurisdiction in Travis County, Texas and the City Council has approved the limited purpose annexation of the Property.

WHEREAS, it is intended that the Property will be developed as a mixed-use development by Owner, its affiliates and/or their successors and assigns, including future owners and developers, which may include single-family and multifamily residential, office, light industrial, retail and other uses (the "**Project**");

WHEREAS, the Project is located along Interstate 35. The Project is in the City's Desired Development Zone. The City has identified the intersection of I-35 and SH 45 as one of its growth nodes in the City's Imagine Austin Plan;

WHEREAS, Owner and the City executed that certain Interim Annexation and Development Agreement ("**Interim Development Agreement**") dated effective as of February 4, 2013 wherein the parties established goals and a process for annexation and zoning of the Property;

WHEREAS, the City Council authorized the formation of the Estancia Hill Country Public Improvement District on June 6, 2013 pursuant to Ordinance No. 20130606-054 (the "**District**") in accordance with the PID Act (as defined in Exhibit "A") and the City's PID Policy adopted on December 18, 2008 ("**PID Policy**");

WHEREAS, pursuant to the Estancia Hill Country Annexation and Development Agreement dated of even date herewith (the "**Development Agreement**"), the City has (i) superseded and replaced the Interim Development Agreement with the Development Agreement, (ii) adopted Ordinance No. 20130620-077 establishing zoning for the Project, and (iii) authorized the limited purpose annexation of the Property;

WHEREAS, pursuant to the City's PID Policy and the terms of this Agreement, the City has agreed to allow City financing of certain infrastructure within the Property via a public improvement district;

WHEREAS, the City acknowledges that Owner's cooperation in this endeavor enables the City to establish, define, and protect the City's jurisdiction and regulatory authority over the Property, and that Owner would not have consented to the annexation and zoning of the Property but for the intention to enter into this Agreement;

WHEREAS, the Owner proposes to construct certain improvements over time to serve Property located in the District (or portions thereof) and transfer some of those improvements to the City or County in accordance with the terms and provisions of this Agreement;

WHEREAS, contemporaneously herewith the City intends to (upon satisfaction of the conditions and in accordance with the terms set forth in this Agreement), at the request, and with the consent, approval and agreement of the Owner, adopt the Assessment Ordinance (as defined herein) and adopt the Assessment Plan (as defined herein) that provides for the construction and financing of certain improvements within the District pursuant to the Assessment Plan, payable in whole or in part, by and from assessments levied against property within the District, as more specifically provided for in the Assessment Plan;

WHEREAS, the City intends to (upon satisfaction of the conditions and in accordance with the terms set forth in this Agreement) levy assessments on all or a portion of the property located within the District and issue, in one or more series, bonds for payment of costs associated with construction and/or acquisition of the Public Improvements (as defined herein) included in the Assessment Plan, as such plan may be amended from time to time;

WHEREAS, the City has determined that it is in its best interests to contract with the Owner for the construction of the Public Improvements, which will result in the efficient and effective implementation of the Assessment Plan; and

WHEREAS, since funding from the initial PID Bond offering is insufficient to finance all of the Public Improvements within Improvement Area #1, Owner is depositing an Initial Owner Contribution (as defined herein) to augment the bond funding for the Public Improvements within Improvement Area #1;

WHEREAS, the Initial Owner Contribution, to the extent expended to pay for the costs of Public Improvements shall be returned to Owner over time from special assessments or if applicable, the proceeds of Improvement Area #1 Parity Bonds; and

WHEREAS, it is also intended that Owner will be reimbursed for all of its Actual Costs (as defined herein) by allowing Owner to receive a portion of the Special Assessments (as defined herein) over time and/or receiving funds resulting from the issuance of Improvement Area #1 Parity Bonds, as more particularly described herein.

NOW, THEREFORE, for and in consideration of the mutual agreements, covenants, and conditions contained herein, and other good and valuable consideration, the parties hereto agree as follows:

ARTICLE I. SCOPE OF AGREEMENT

Section 1.01. Outline of Agreement

This Agreement establishes provisions for the apportionment, levying, and collection of Assessments on the Property (Article II), the Construction of Public Improvements to be Acquired by the City or County (Article III), advancement of construction funds for the PID Bonds, acquisition and maintenance of Public Improvements within the District (Article IV), and the issuance of bonds for the financing of the Public Improvements (Article V). Definitions used herein are set forth in Exhibit "A" attached hereto and made a part hereof and in the Assessment Plan. This Agreement, together with the Development Agreement and the Redemption Agreement, sets forth the agreement among the parties concerning the PID financing, construction and City's acceptance (where applicable) of the Public Improvements. Unless expressly set forth herein, the parties do not intend for this Agreement to supersede, replace, amend or conflict with the Development Agreement or Redemption Agreement.

Section 1.02 Annexation

City Council has authorized the limited purpose annexation of the Property. Timing of the City's full purpose annexation of the Property shall be in accordance with Article V of the Development Agreement.

ARTICLE II. APPORTIONMENT, LEVY AND COLLECTION OF ASSESSMENTS

Section 2.01. Preliminary Matters

(a) On June 6, 2013, the City authorized the formation of the District in Resolution No. 2013-0606-054. The District includes all of the Property.

(b) The Property may be developed in phases. It is currently contemplated that there will be three (3) separate Improvement Areas (i.e., phases). It is also anticipated that the Public Improvements for each Improvement Area will provide special benefit to Parcels contained within that Improvement Area. As a result, Special Assessments will be levied on specific Improvement Areas of the Property from time to time associated with Public Improvements located within that Improvement Area. Initial PID Bonds for Improvement Area #1 (and potentially Improvement Area #1 Parity Bonds may be issued as well) will be issued to fund improvements within Improvement Area #1 (save and except the design costs for the TxDOT ramp relocations which are more particularly described in the Assessment Plan) and PID Bonds for other Improvement Areas may be issued periodically in the future as individual Improvement Areas of the Project are developed. The PID Bonds will fund infrastructure improvements that specially benefit Parcels within each given Improvement Area. In connection with the PID Bonds, Special Assessments will be levied only on Property located in the Improvement Area in question.

(c) The initial Assessment Plan for the Property is attached hereto as Exhibit "C." The Owner acknowledges and agrees that the Assessment Plan must meet the requirements

of Texas Local Government Code §§ 372.013 and 372.014 and be presented to the City Council for review and approval prior to PID Bonds being issued. Thereafter, the Assessment Plan will be updated and amended by the Administrator at least once per year, and submitted for the City Council's review and approval. Notwithstanding the above, it is hereby understood and acknowledged by the Parties that the Special Assessments associated with the initial PID Bonds for Improvement Area #1 (which are being authorized by the City Council contemporaneously herewith) and the potential Improvement Area #1 Parity Bonds (or the amounts needed to repay the Owner for the Initial Owner Contribution and other Actual Costs eligible to be reimbursed from Special Assessments) are the only Special Assessments that can be addressed with reasonable certainty in the Assessment Plan. As a result, the Assessment Plan will need to be amended over time as subsequent Improvement Areas are developed (and corresponding PID Bonds are issued) in accordance with the terms set forth in this Agreement. Nevertheless, the basic terms and methodology described in the Assessment Plan will generally apply to the PID Bonds issued for future Improvement Areas.

(d) Special Assessments on any portion of the Property will bear a direct proportional relationship to the special benefit of the Public Improvements to that Improvement Area.

(e) Special Assessments on any given portion of the Property may be adjusted in connection with subsequent PID Bond issues as long as the Maximum Annual Assessment rate is not exceeded, and so long as the Special Assessments are determined in accordance with the Assessment Plan.

(f) Prior to the levy of Special Assessments, the Owner shall provide a Feasibility and Market Study Analysis to the City for the City's review and approval, as described in Section 5.01 hereof, but only if such Feasibility and Market Analysis Study is required by the City. The Parties hereby acknowledge and agree that the Appraisal of Estancia Hill Country Phase I dated effective March 16, 2013 prepared by Paul Hornsby & Company shall serve as the Feasibility and Market Analysis Study for Improvement Area #1.

(g) The Property may be subject to an Owner's Association assessment or a PID Maintenance and Operation Assessment for the provision of public services, including but not limited to maintaining public areas (e.g. parks and open space) within the District.

(h) Promptly following submission to the City of an updated Assessment Plan (or any subsequent amendment or supplement to the Assessment Plan) acceptable in form and substance to the City and to the Owner with respect to the matters therein that require approval by the Owner as provided in this Agreement, the City Council shall consider an Assessment Ordinance relating to the applicable plan or amendment or supplement. If an Assessment Ordinance is adopted, the City shall use reasonable, good faith efforts to expeditiously initiate and approve all necessary documents and orders required to effectuate the Assessment Plan and Assessment Ordinance.

Section 2.02. Apportionment and Levy of Assessments.

The City intends to levy Special Assessments on the Property in accordance herewith and with the Assessment Plan (as such plan is amended from time to time) at such time as PID Bonds are issued in accordance with Article IV hereof. The City's apportionment and levy of Special Assessments shall be made in accordance with the PID Act.

Section 2.03. Collection of Assessments.

The City covenants and agrees that it shall, as authorized by the PID Act and other applicable law, continuously collect or cause to be collected Special Assessments levied pursuant to the Assessment Plan during the term of this Agreement in the manner and to the maximum extent permitted by applicable law. The City covenants and agrees that to the extent permitted by applicable law, it will not permit a reduction, abatement, or exemption in the Special Assessments due on any portion of the Property until the PID Bonds related to that particular portion of the Property are no longer outstanding, whether as a result of payment in full, defeasance or otherwise and the Owner has been reimbursed for all of the unreimbursed Actual Costs eligible to be paid from Special Assessments. The City shall use good and sound practices to collect the Special Assessments consistent with the City's policies and standard practices applicable to the collection of City taxes and assessments.

Notwithstanding anything to the contrary contained herein or in the Assessment Plan, the Special Assessment Revenues collected annually from Improvement Area # 1 will be (a) first deposited to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the PID Bonds next coming due, (b) second, deposited to the Reserve Account of the Reserve Fund in an amount necessary to cause the amount on deposit therein to equal the Reserve Fund Requirement, (c) third, deposited to the Landowner Pledged Revenue Account of the Pledged Revenue Fund to reimburse the Owner for costs of Public Improvements that have been paid from the cash deposit made by the Owner at closing, (d) fourth, used to pay Actual Costs, and (e) fifth, used to pay any costs permitted by the PID Act.

Section 2.04. Approval and Recordation of Special Assessments through Landowner Agreement.

Concurrently with the levy of the Special Assessments for any portion of the Property, the Owner shall execute (and shall cause any other owner of any of the Property that will be subject to the future special assessments to execute) a Landowner Agreement (herein so called) in which the Landowner shall approve and accept the apportionment of assessments in the Assessment Plan and the levy of the Special Assessments by the City. The Landowner Agreement further shall (a) evidence the Owner's intent that the Special Assessments be covenants running with the land that (i) will bind any and all current and successor owners of the Property to the Special Assessments, including applicable interest thereon, as and when due and payable thereunder and (ii) provide that subsequent purchasers of such land take their title subject to and expressly assume the terms and provisions of the Special Assessments; and (b) provide that the liens created by the levy of the Special Assessments are a first and prior lien on the Property, subject only to liens for ad valorem taxes of the State or municipality (if any), county, school district, special district or other political subdivision.

Section 2.05 Initial Owner Contribution; Reimbursement Agreement

(a) Notwithstanding anything to the contrary contained herein, the City and Owner hereby agree that the Actual Costs expended by Owner, but not reimbursed from the initial PID Bonds, are payable solely from (i) the Landowner Pledged Revenue Account within the Pledged Revenue Fund as more particularly described herein and (ii) from the Improvement Area #1 Parity Bonds, if ever issued. The City and Owner hereby acknowledge and agree that the provisions of this Section 2.05 shall hereby constitute a "reimbursement" under Chapter 372 of the Texas Local Government Code.

(b) It is contemplated that Improvement Area #1 Parity Bonds may be issued in the future for Improvement Area #1. The purpose of the Parity Bond issuance would be to expedite the reimbursement to the Owner of the unreimbursed Actual Costs eligible to be paid from Special Assessments by allowing the net proceeds of the Improvement Area #1 Parity Bonds to be used to reimburse Owner for the unreimbursed Actual Costs eligible to be paid from Special Assessments. If the net proceeds of the Improvement Area #1 Parity Bonds have reimbursed the Owner for the unreimbursed Actual Costs, eligible to be paid from Special Assessments then Owner's right to receive any portion of the Special Assessments for Improvement Area #1 shall automatically terminate and thereafter all Special Assessments for Improvement Area #1 received by the City would be used to pay debt service of the initial PID Bonds and Parity Bonds for Improvement Area #1. However, if the net proceeds of such Improvement Area #1 Parity Bonds are not sufficient to reimburse Owner for the unreimbursed Actual Costs, eligible to be paid from Special Assessment then Owner shall continue to receive a portion of the Special Assessment Revenue from Improvement Area #1 (as more particularly described in Section 2.03) until the earlier of (i) the date the Owner is fully repaid for the unreimbursed Actual Costs eligible to be paid from Special Assessments or (ii) the date the PID Bonds for Improvement Area #1 and Parity Bonds for Improvement Area #1 are no longer outstanding, whether as a result of payment in full, defeasance or otherwise.

(c) The Owner reimbursement provisions contained in this Section 2.05 shall not, under any circumstances, give rise to or create a charge against the general credit or taxing power of the City or a debt or other obligation of the City payable from any source other than net proceeds from the PID Bonds for Improvement Area #1, the Improvement Area #1 Parity Bonds, and Special Assessment Revenues.

(d) Owner's right, title and interest into the payments of unreimbursed Actual Costs, as described herein, shall be the sole and exclusive property of Owner (or its Transferee) and no other third party shall have any claim or right to such funds unless Owner transfers its rights to its unreimbursed Actual Costs to a Transferee in writing and otherwise in accordance with the requirements set forth herein. Owner has the right to convey, transfer, assign, mortgage, pledge, or otherwise encumber, in whole or in part without the consent of (but with notice to) the City, all or any portion of Owner's right, title, or interest under this Agreement including, but not limited to, any right, title or interest of Owner in and to payment of its unreimbursed Actual Costs (a "Transfer," and the person or entity to whom the transfer is made, a "Transferee"). Notwithstanding the foregoing, no Transfer shall be effective until written notice of the Transfer,

including the name and address of the Transferee, is provided to the City. The City may rely conclusively on any written notice of a Transfer provided by Owner without any obligation to investigate or confirm the Transfer.

(e) The City acknowledges and agrees that until Improvement Area #1 Parity Bonds are issued, the obligation of the City to use the Landowner Pledged Revenue Account to pay any unreimbursed Actual Costs to Owner is absolute and unconditional and that the City does not have, and will not assert, any defenses to such obligation.

(f) Provided (i) the issuance of Improvement Area #1 Parity Bonds is considered financially feasible by the City and an underwriter experienced in the issuance of such bonds and (ii) all appropriate tests have been met, including the additional bond test set forth in the Indenture, the City hereby agrees to use reasonable efforts to issue Improvement Area #1 Parity Bonds to pay the unreimbursed Actual Costs to Owner when requested by Owner in writing. If the net proceeds from the Improvement Area #1 Parity Bonds plus the balance in the Project Fund will be insufficient to pay the unreimbursed Actual Costs, Owner shall continue to receive money from the Landowner Pledged Revenue Account until the unreimbursed Actual Costs eligible to be paid from Special Assessments have been reimbursed to the Owner.

ARTICLE III. CONSTRUCTION AND ACQUISITION

Section 3.01. Acquisition of Public Improvements

The Public Improvements are intended to be acquired by the City and/or the County, although some Public Improvements may be dedicated to the City and/or the County by easement and maintained by an Owner's Association. The Public Improvements to be acquired by the City shall be determined through mutual agreement of the Parties; provided, however it is hereby acknowledged and agreed to by the City and Owner that some of the Public Improvements may have been previously approved or constructed as more particularly described in Section 4.02 (e). Except as set forth in Section 4.02 (e.g. Public Improvements funded by PID Bond Draws), each acquisition of Public Improvements not paid for simultaneously with conveyance of said Public Improvements (e.g., a portion of the price is being paid over time) shall be evidenced by an Acquisition Agreement, if required by applicable law.

Section 3.02. Designation of Construction Manager, Construction Engineers

(a) The City hereby designates the Owner as the Construction Manager with full responsibility for the design, the designation of easement locations, facilities site designations and acquisitions, supervision of construction, and the bidding and letting of construction contracts for the construction of the Public Improvements in accordance with the provisions of this Article III.

(b) Inspection of the construction of all Public Improvements shall be by City inspectors. If the PID Bonds have not been issued, the Owner shall pay the inspection fee which shall be included in the Actual Cost and may later be reimbursed to Owner when PID Bonds are

issued. If the PID Bonds have been issued, the Owner may pay the inspection fee out of PID Bond proceeds.

(c) The Owner shall be entitled to a separate Construction Management Fee for the construction of each Segment.

(d) The City shall cooperate with the Owner in connection with its services as Construction Manager.

(e) The Owner shall designate the consulting engineers for the Public Improvements for the compensation specified by the Owner.

Section 3.03. Designation of Construction Manager Subcontractor

(a) The City acknowledges and agrees that (i) Owner may subcontract out all or some of the duties of Construction Manager to a third party and (ii) the hiring of a subcontractor to serve as the Construction Manager shall not be deemed a change in the Construction Manager pursuant to the terms and conditions of Section 3.03. Owner may designate an individual, company, or partnership or other entity as a subcontractor for construction management services for one or more Public Improvements or distinct Segments thereof.

(b) Owner may designate an individual, company, or partnership or other entity to serve as the Construction Manager for one or more Public Improvements or Segments thereof upon written notification to and approval by the City, which approval shall not be unreasonably withheld; provided, however the Owner may not change its designated Construction Manager during the first six (6) months of this Agreement, except for cause. Thereafter, Owner may remove a designated "Construction Manger" at any time. Owner will not be responsible as the Construction Manager when a third party is designated as the Construction Manager.

(c) Only the designated Construction Manager may receive a construction management fee, but only for the period of time during that designation and the performance of the Construction Manager duties. Further, the total construction management fee shall not exceed the amount provided for in the definition of "Actual Costs" in this Agreement.

Section 3.04. Performance Bonds

If at the time of release of the site development permit (or other applicable permit), there are funds within the Project Fund of the Indenture sufficient both to pay for completion of a Public Improvement and to meet all other obligations of the Public Improvement, it is intended that the Owner not be required to post fiscal security for the applicable Public Improvement. The City acknowledges that it will accept fiscal security, if required, for the Public Improvements in the form of an irrevocable letter of credit, surety bond, cash deposit, or other security acceptable to the City. If no such account exists or such account is not appropriately funded, then the Owner shall be required to post fiscal security for Public Improvements in accordance with Section 3.08 below.

Section 3.05. Maintenance of Project, Warranties

Unless otherwise provided for, the Owner shall maintain each Public Improvement (or Segment thereof) in good and safe condition until such Public Improvement (or Segment thereof) is accepted by the City or County. The City's acceptance of Public Improvements shall be in accordance with the City standard rules and procedures for the type of improvements being constructed. Prior to such acceptance, the Owner shall be responsible for performing any required maintenance on such Public Improvement. On or before the acceptance by the City or County of a Public Improvement (or Segment thereof), the Owner shall assign to the City or County (as applicable) all of the Owner's rights in any warranties, guarantees, maintenance obligations or other evidences of contingent obligations of third persons with respect to such Public Improvement (or Segment thereof).

Section 3.06. Sales and Use Tax Exemptions.

(a) The parties agree that, as municipally and publicly owned and acquired properties, all costs of materials, other properties and services used in constructing the Public Improvements to be acquired by the City are exempt under the Tax Code from sales and use taxes levied by the State of Texas, or by any city, county, special district, or other political subdivision of the State, as set forth in 34 Tex. Admin. Code, sec. 3.291.

(b) The City will provide such certifications to the Owner and/or to suppliers and contractors as may be required to assure the exemptions claimed herein.

(c) The City and the Owner shall cooperate in structuring the construction contracts for the Public Improvements to comply with requirements (including those set forth in 34. Tex. Admin. Code, sec. 3.291) for exemption from sales and use taxes.

Section 3.07. Regulatory Requirements

(a) The Public Improvements shall be designed, constructed and installed, using the City's construction, bidding, and contract documents, in accordance with and subject to compliance with commercially accepted construction practices, applicable City policies, rules and ordinances, and any other Regulatory Requirements, including valid requirements that are uniformly applicable within the City and promulgated by the City, except as otherwise provided in the Development Agreement; provided, however the Parties hereby agree that the Owner shall not be required to (i) issue solicitations for Professional Services (as defined by state procurement law), or (ii) solicit and publish invitations for bids for the construction of the Public Improvements that would require the minority-owned and women-owned business enterprise procurement program found in Chapter 2-9, City Code, as amended, and Chapters 212 and 252, Texas Local Government Code (as amended) to be followed for Public Improvements in which a bid solicitation packet has already been issued and advertised, or already retained by the Owner and under contract prior to the Effective Date. For those Public Improvements (if any) for which the City does not have bid specifications, Owner and the City shall work together in good faith to develop bid specifications.

(b) The Director agrees to cooperate with the Owner to the extent reasonably possible

without detriment to proper engineering review, comment, and revision on the review and approval of the engineering, design, plans, and specifications of all Public Improvements submitted by the Owner.

Section 3.08. Additional Requirements for Public Improvements Funded with Progress Payments

The following additional requirements shall be applicable to Public Improvements funded in accordance with the procedures set forth in Section 4.02:

(a) Prior to the later to occur of (i) the Effective Date, or (ii) commencing construction of any such Public Improvements, the Project Engineer shall review all plans and specifications, construction contract and related materials for the applicable Public Improvement, and shall certify to the Owner, City, Underwriter, Financial Advisor and Trustee that the amount of funding under the PID Bonds (as specified in the Assessment Plan and Indenture) together with funds contributed by Owner, including but not limited to the Initial Owner Contribution and/or fiscal security referenced in Section 3.04 above (or a combination of both) is sufficient to fund the full cost of design and construction of the applicable Public Improvements (but excluding any Construction Management Fees or contingencies as set forth in the Assessment Plan).

(b) The Construction Manager will maintain an ongoing monthly updated accounting of funds disbursed, work progress and remaining funding needed to complete each applicable Public Improvement. Such accounting to include a reconciliation of any unadvanced amounts out of the segregated accounts in the Project Fund under the applicable Indenture as compared to the remaining costs to complete each applicable Public Improvement. The Construction Manager will provide such monthly reports to the Owner, the City's Director, the Underwriter, the Financial Advisor and the Trustee.

(c) All change orders or costs increases for applicable Public Improvements must be approved by the Owner, Construction Manager and the Director, to the extent any such change order is in excess of \$100,000.00. The Construction Manager shall provide copies of all approved change orders to the Financial Advisor, Underwriter and Trustee within ten (10) days after approval.

(d) Each construction contract for applicable Public Improvements shall include a provision requiring 10% retainage to be disbursed only upon completion and acceptance by the City of applicable Public Improvement, subject however to early disbursement for subcontractors whose work has been completed.

Section 3.09. Redemption Agreement

Concurrent with the closing on the initial PID Bonds for Improvement Area #1 and thereafter concurrently with any future issuances of PID Bonds, the Owners will execute an Agreement Regarding Conveyance of Right of Redemption (the "**Redemption Agreement**") in substantially the same form as Exhibit "I" attached hereto with the City and the Trustee pursuant to which Owner will convey to the Trustee, for the benefit of the owner of the PID Bonds, the right to

redeem any Assessed Parcel subject to the applicable PID Bonds with an agricultural valuation and require any subsequent purchaser to execute a similar conveyance.

ARTICLE IV. PAYMENT FOR PUBLIC IMPROVEMENTS

Section 4.01. Overall Requirements

(a) The City shall not be obligated to provide funds for any Public Improvement except from the proceeds of the PID Bonds and Special Assessment Revenues. The City makes no warranty, either express or implied, that the proceeds of the PID Bonds available for the payment of the Actual Cost of the Public Improvements to be constructed for or acquired by the City or County will be sufficient for the construction or acquisition of all of those particular Public Improvements. The Parties anticipate that the cost to construct the Public Improvements may be greater than the proceeds of the PID Bonds available for Public Improvements.

(b) Owner may enter into agreements with one or more real estate owners or builders (commercial or residential) to sell or develop a portion of the Property and/or to construct certain Public Improvements (each such Owner, a "Co-Owner"). The Owner may submit Actual Costs paid for by a Co-Owner and obtain reimbursement of such Actual Costs on behalf of and to be paid to such Co-Owner. Costs owed to subcontractors (for which no evidence of payment exists) shall be paid by Trustee to the subcontractors.

(c) Upon written acceptance of a Public Improvement, and subject to any applicable maintenance-bond period, the City or County (as applicable) shall be responsible for all operation and maintenance of such Public Improvement, including all costs thereof and relating thereto.

(d) The Parties hereby acknowledge and agree that Public Improvements that are intended to be funded by progress payments through PID Bonds (i.e. PID Bonds are sold and then Public Improvements are funded by draws out of PID Bond proceeds) will be governed by Section 4.02 of this Agreement. Public Improvements that have already been completed and paid for by the Owner prior to the issuance of PID Bonds will be governed by Section 4.03 of this Agreement.

(e) The procedures set forth in Section 4.02 and 4.03 below shall apply to all Certifications for Payment regardless of which account within the Project Fund the actual funds are being paid from.

Section 4.02. Progress Payments for Public Improvements

(a) With respect to those Public Improvements not funded pursuant to Section 4.03 below, Owner shall deliver and the City shall accept the given Public Improvements in accordance with the terms hereafter. The net PID Bond Proceeds from the issuance of the PID Bonds and the Initial Owner Contribution will be held by the Trustee in various segregated accounts under the Project Fund. Those sums held in the various segregated accounts will be advanced to the Owner by the Trustee to fund the costs of design, construction, City inspection and administrative costs, and other soft costs (as more particularly specified herein and in the

Assessment Plan) upon receipt of a completed Certification for Payment. Payments will be made to Owner, or subcontractor (as provided in Section 4.01(b)) periodically as design and construction progresses. Reimbursement from PID Bond proceeds for Owner Expended Funds (defined below in this section) expended by Owner for Public Improvements between September 30, 2009 and June 20, 2013 will be included within the first bond draw under the PID Bonds issued for Improvement Area # 1 and shall include the costs described in the Initial Reimbursement Payment (defined below in this section). The procedures for such progress payments are contained in this Section 4.02 and the Initial Indenture. Such payments shall be made by Trustee on a monthly basis and within five (5) business days of the Trustee's receipt of the completed Certification for Payment from the City Treasurer. The Director or its designee shall deliver to the City Treasurer his/her concurrence to pay pursuant to a completed Certification for Payment within fifteen (15) calendar days after its receipt of the required submittal items pursuant to either subpart (b) or (c) below, as applicable and the Finance Director shall then have up to ten (10) calendar days to forward the executed Certification for Payment to the Trustee for payment. If the City disapproves any Certification for Payment, the City shall provide a written explanation of the reasons for such disapproval so that if the Certification for Payment is revised in accordance with City's comments, the Certification for Payment can be approved. Notwithstanding anything to the contrary contained herein, if the monthly reconciliation provided by the Construction Manager pursuant to Section 3.08(b) above for a particular Public Improvement shows there are not enough funds in the segregated account to fund the remaining design and construction costs of that Public Improvement after taking into consideration any contingencies, the Director shall not be obligated to authorize payments of funds exceeding the balance in the segregated account until such time as Owner provides evidence satisfactory to the Director that Owner has or will provide funds in an amount sufficient to fully fund the remaining design and construction costs of that Public Improvement.

(b) Payments shall be made by the Trustee based on the Actual Cost of the design and/or construction completed and the receipt of a completed Certification for Payment. The City is not obligated to authorize a construction payment until such time that the City (or County, as applicable) has approved the plans and specifications for the applicable Public Improvement (if such approval is required pursuant to this Agreement). The items required for a construction payment are as follows:

- (i) A Certification for Payment executed by the Project Engineer and Construction Manager specifying the amount of work that has been performed and the cost thereof;
- (ii) A Bills Paid Affidavit from the contractor;
- (iii) Copies of all supporting invoices with respect to such payment; and
- (iv) Waivers of liens for work on the applicable Public Improvements through the previous Certification for Payment and receipts for payment from the contractor and, if requested by the City, any subcontractors for the current Certification for Payment.

The City and the Owner hereby agree that as Payment Requests are made by Owner, processed by the City, and paid by the Trustee, any proceeds of PID Bonds for Improvement Area # 1 contained in the Bond Improvement Account within the Project Fund shall first be used to fund Payment Requests. Once funds in the Bond Improvement Account within the Project Fund have been depleted, then funds contained in the Landowner Improvement Account within the Project Fund shall be used to fund any additional Payment Requests. If any funds remain in the Landowner Improvement Account after the completion of the Public Improvements for Improvement Area #1, then the City shall promptly direct the Trustee to deliver to the Owner the remaining balance in the Landowner Improvement Account within thirty (30) days of the City's written direction.

(c) In addition to the submitted items required in 4.02(b) above, in order to obtain the final payment for a Public Improvement funded by the PID Bonds pursuant to this Section 4.02, the following are required:

(i) The Owner shall have provided to the City an assignment of the warranties and guaranties, if applicable, for such Public Improvement;

(ii) Before the final Certification for Payment is submitted to the City, the Project Engineer shall conduct a review for the City to confirm that such Public Improvement was constructed in accordance with the plans therefor and the Project Engineer will verify and approve the Actual Cost of such Public Improvement specified in such Certification for Payment. Upon confirmation by the Project Engineer to the Director and the submission of the final Certification for Payment indicating that such Public Improvement has been constructed in accordance with the plans therefor, and verification and approval of the Actual Cost of such Public Improvement, the Director shall within fifteen (15) calendar days thereafter accept such Public Improvement and the Director shall sign the Certification for Payment and forward the same to the City Treasurer. The City Treasurer shall then have up to ten (10) calendar days to forward the executed Certification for Payment to the Trustee for payment.

(d) It is hereby acknowledged by the City and Owner, that the following categories of Public Improvements are intended to be accepted by the City: water, wastewater and water quality infrastructure and all other categories of Public Improvements are intended to be accepted by the County. Therefore, with respect to Public Improvements that are to be accepted by the County, the terms, conditions and procedures set forth in Section 4.02(a) – (c) shall apply except as set forth below:

(i) The County (not the City) will be accepting such Public Improvements;

(ii) The County (not the City) will be approving the plans and specifications for such Public Improvements; and

(iii) In order to obtain the final payment for such Public Improvements a written acknowledgement from the County that all requirements for acceptance of such Public Improvements (save any except any applicable maintenance-bond period) have been complied with shall be provided to the City. Upon receipt of such written acknowledgment from the County,

the Director, within fifteen (15) days thereafter, shall sign the Certification for Payment and forward the same to the City Treasurer. The City Treasurer shall then have up to ten (10) calendar days to forward the executed Certification for Payment to the Trustee for payment.

(e) The Owner has determined that prior to the Effective Date, it has expended funds for costs reimbursable under the PID Act, including: (i) the design of the Public Improvements within Improvement Area #1, (ii) costs of construction of the Public Improvements within Improvement Area # 1, (iii) costs in obtaining permits required for the construction of the Public Improvements in Improvement Area #1, and (iv) other costs associated with the formation of the District ("**Owner Expended Funds**"). Prior to the Effective Date, Owner has submitted to the City information documenting the amount of Owner Expended Funds paid by Owner between September 30, 2009 and June 20, 2013. The total amount of Owner Expended Funds approved by the City pursuant to this Section shall be referred to herein as the "**Initial Reimbursement Payment.**" Prior to disbursement of proceeds of initial PID Bonds for Improvement Area #1, Owner shall submit to the City a Certification for Payment satisfactory to the City and the Trustee for the Initial Reimbursement Payment and the City will sign the Certification for Payment and deliver said Certification for Payment to the Trustee. At the closing of the initial PID Bonds for Improvement Area #1, Owner shall be reimbursed an amount equal to the Initial Reimbursement Payment and such amount shall be transferred to the Trustee for distribution to the Owner or the Owner's designee. Prior to the date proceeds of PID Bonds for Improvement Area # 1 are disbursed, Owner shall deposit an amount equal to \$3,403,611 (the "**Initial Owner Contribution**") with the Trustee and shall thereafter cause the City to direct the Trustee to place the Initial Owner Contribution in the Landowner Improvement Account within the Project Fund. The funds held in the Landowner Improvement Account will not constitute public funds for any purpose and may not be used for any purpose other than the payment of Actual Costs of a Public Improvement for Improvement Area #1 or, if not needed to pay Actual Costs, returned to the Owner upon completion of the Public Improvements for Improvement Area #1. To the extent that money in the Landowner Improvement Account of the Project Fund is used to pay Actual Costs, the Owner shall be entitled to be reimbursed from the Special Assessments, as well as reimbursed from Special Assessments for any unreimbursed Actual Costs.

(f) At the closing of the PID Bonds for Improvement Area #1 (and thereafter at the closing for each subsequent PID Bond issuance), Owner may be reimbursed Bond Issuance Costs for the PID Bonds paid by the Owner, as described in the Assessment Plan and approved by the City. Such Bond Issuance Costs paid at closing shall be set forth in a closing memorandum issued by the City's Financial Advisor and included in the Certification for Payment. Additional Bond Issuance Costs for the PID Bonds will be paid after the closing of the applicable PID Bonds upon submittal of proper documentation so long as such Bond Issuance Costs are described in the Service Assessment Plan and funds remain in the respective Costs of Issuance Account described in the Initial Indentures.

(g) With respect to Improvement Areas developed subsequent to Improvement Area # 1, at the time of the closing of PID Bonds for those certain Improvement Areas, Owner may have pre-funded certain costs reimbursable under the PID Act, including: (i) the design of the Public Improvements within the applicable Improvement Area, (ii) costs of constructing Public Improvements within the applicable Improvement Area, and (iii) costs for obtaining permits

required for the construction of the Public Improvements in the applicable Improvement Area. In this case and with concurrence by the City, Owner may be reimbursed for said amounts concurrently with the initial draw from the applicable PID Bonds under substantially the same procedures as set forth in subsection (e) above.

Section 4.03. Payments for Completed Public Improvements

(a) The Owner shall convey, and the City (or County, where applicable) shall acquire the given Public Improvement for the Actual Cost, when such Public Improvement is completed and has been accepted by the City (or County, where applicable).

(b) To receive from the proceeds of the PID Bond funds to pay the Actual Cost, the Owner shall deliver to the City and the Project Engineer (x) documentation evidencing the Actual Cost, (y) an assignment of the warranties and guaranties, if applicable, for such Public Improvement, in form reasonably acceptable to the City (if the City is the entity accepting such Public Improvements). Nothing herein or in subparagraph (c) below shall prohibit Owner from being reimbursed for design costs associated with a Public Improvement (provided that the plans and specifications for such applicable Public Improvement have been accepted by the City or County, as applicable) prior to the completion of construction of said Public Improvement or for other costs that are otherwise eligible to be paid under the PID Act.

(c) Upon receipt of a Payment Request (and accompanying documentation) for a Segment, the City shall instruct the Project Engineer to conduct a review in order to confirm that such Segment was constructed in accordance with the Plans therefore and to verify and approve the Actual Cost of such Segment specified in such Payment Request. The City agrees to instruct the Project Engineer to conduct each such review in an expeditious manner not to exceed 30 calendar days and the Owner agrees to cooperate with the Project Engineer in conducting each such review and to provide the Project Engineer with such additional information and documentation as is reasonably necessary for the Project Engineer to conclude each such review. Upon confirmation that such Segment has been constructed in accordance with the Plans therefore, and verification and approval of the Actual Cost of such Segment, the City shall, within thirty (30) days thereafter accept such Segment and the Project Engineer and Director of the City shall sign the Payment Request and forward the same to the City Treasurer and payments will be made to Owner, or other person as applicable, within thirty (30) days after receipt by the City Treasurer.

ARTICLE V. PID BONDS

Section 5.01. Issuance of PID Bonds.

(a) Subject to the terms and conditions set forth in this Section V, the City intends to pay for the Public Improvements, by issuing PID Bonds in one or more series. The City will use reasonable and good faith efforts to sell PID Bonds after receiving a PID Bond Issuance Request from the Owner, provided that the Owner can reasonably demonstrate to the City and its financial advisors via a Feasibility and Market Study Analysis (or such other similar documentation) that there is sufficient security for the PID Bonds, based upon the bond market existing at the time of such proposed sale. Notwithstanding the foregoing, the City intends to

authorize the issuance of the initial PID Bonds for Improvement Area #1 contemporaneously with authorizing the execution of this Agreement and in connection with such PID Bonds for Improvement Area #1, no PID Bond Issuance Request is required. The Public Improvements to be constructed and funded in connection with the PID Bonds for Improvement Area #1 are detailed on the chart attached hereto as Exhibit "D". Additional PID Bonds will be issued in the future subject to the terms hereof and the Assessment Plan (as the same is amended and updated).

(b) The aggregate principal amount of PID Bonds required to be issued hereunder shall not exceed an amount sufficient to fund: (i) the Actual Costs of the Public Improvements, (ii) required reserves and capitalized interest during the period of construction and not more than 12 months after the completion of construction of all Public Improvements covered by the PID Bond issue in question and in no event for a period greater than 3 years from the date of the initial delivery of the PID Bonds and (iii) any costs of issuance for the PID Bonds and the Improvement Area #1 Parity Bonds. Provided, however that to the extent the law(s) which limit the period of capitalized interest to 12 months after completion of construction change, the foregoing limitation may be adjusted to reflect the law(s) in effect at the time of future PID Bond issuances.

(c) The final maturity for each series of PID Bonds shall occur no later than 15 years from the issuance date of said PID Bonds.

(d) PID Bonds are not required to be issued under this Article V unless (1) the statutory requirements set forth in Chapter 372 of the Texas Local Government Code have been satisfied; (ii) the City shall receive at the time of issuance an opinion of counsel selected by the City stating in effect that the PID Bonds are legal and valid under Texas law and that all preconditions to their issuance under State law have been satisfied; and (iii) the approving opinion of the Attorney General of the State of Texas as required by the PID Act.

(e) If proceeds from PID Bonds for a certain Improvement Area are still available after all the Public Improvements within that particular Improvement Area are accepted by the City and Owner has been reimbursed for all unreimbursed Actual Costs incurred in connection therewith, the proceeds may be utilized to finance other Public Improvements within that particular Improvement Area.

Section 5.02. Project Fund

(a) The City hereby covenants and agrees that if PID Bonds are issued, the applicable Indenture will establish a Project Fund as a separate fund to be held by the Trustee under the Indenture. The portion of the proceeds of the Bonds issued to pay Actual Costs of Public Improvements and Bond Issuance Costs shall be deposited upon issuance into separate accounts within the Project Fund.

(b) As described in subparagraph (a) above, proceeds from the PID Bonds for Improvement Area #1 will be placed in the Bond Improvement Account within Project Fund which will be held by the Trustee under the Indenture. Furthermore, as more particularly described in Section 4.02(e), the Initial Owner Contribution will be placed in the Landowner

Improvement Account within the Project Fund.

Section 5.03. Denomination, Maturity, Interest, and Security for Bonds

(a) Each series of PID Bonds shall be finally authorized by the City Council and shall be issued in the denominations, shall mature and be prepaid, shall bear interest, and shall be secured by and payable solely from the PID Bond Security, all to be as described and provided in the PID Bond Ordinance or Indenture, as applicable.

(b) The final and adopted versions of the PID Bond Ordinance and the Indenture (and all documents incorporated or approved therein) shall contain provisions relating to the withdrawal, application, and uses of the proceeds of the PID Bonds when and as issued and delivered and otherwise contain such terms and provisions as are mutually approved by the City and the Owner.

Section 5.04. Sale of PID Bonds.

The PID Bonds shall be issued by the City and shall be marketed and sold through negotiated sale to an approved third party with the cooperation and assistance of the Owner in all respects with respect to the preparation of marketing documents, such as preliminary and final official statements or in such other marketing and/or sales method mutually agreed upon by the City and the Owner.

ARTICLE VI. REPRESENTATIONS AND WARRANTIES

Section 6.01. Representations and Warranties of City

The City makes the following representation and warranty for the benefit of the Owner: (a) that the City is a municipal corporation and political subdivision of the State of Texas, duly incorporated, organized and existing under the Constitution and general laws of the State, and has full legal right, power and authority under the PID Act and other applicable law (i) to enter into, execute and deliver this Agreement, (ii) to adopt the Assessment Ordinance, and (iii) to carry out and consummate the transactions contemplated by this Agreement.

Section 6.02. Representation and Warranties of Owner

The Owner makes the following representations, warranties and covenants for the benefit of the City:

(a) The Owner represents and warrants that the Owner is a limited partnership duly organized and validly existing under the laws of the State of Texas, is in compliance with the laws of the State of Texas, and has the power and authority to own its properties and assets and to carry on its business as now being conducted and as now contemplated.

(b) The Owner represents and warrants that the Owner has the power and authority to enter into this Agreement, and has taken all action necessary to cause this Agreement to be

executed and delivered, and this Agreement has been duly and validly executed and delivered on behalf of the Owner.

(c) The Owner represents and warrants that this Agreement is valid and enforceable obligation of the Owner and is enforceable against the Owner in accordance with its terms, subject to bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights in general and by general equity principles.

(d) The Owner covenants that once it commences construction of a Segment it will use its reasonable and diligent efforts to do all things which may be lawfully required of it in order to cause such Segment of the Public Improvements to be completed in accordance with this Agreement.

(e) The Owner covenants that it will not commit any act in, upon or to the Property or the Project in violation of any law, ordinance, rule, regulation, or order of any governmental authority or any covenant, condition or restriction now or hereafter affecting the Property or the Project.

(f) The Owner represents and warrants that (i) it will not request payment from the City for the acquisition of any Public Improvements that are not part of the Project, and (ii) it will diligently follow all procedures set forth in this Agreement with respect to Payment Requests.

(g) Until the final Acceptance Date of all Segments, the Owner covenants to maintain proper books of record and account for the Public Improvements and all costs related thereto. The Owner covenants that such accounting books will be maintained in accordance with sound accounting practices, and will be available for inspection by the City or its agent at any reasonable time during regular business hours upon at least 72 hours notice.

ARTICLE VII. DEFAULT AND REMEDIES

(a) A Party shall be deemed in default under this Agreement (which shall be deemed a breach hereunder) if such Party fails to materially perform, observe or comply with any of its covenants, agreements or obligations hereunder or breaches or violates any of its representations contained in this Agreement.

(b) Before any failure of any Party to perform its obligations under this Agreement shall be deemed to be a breach of this Agreement, the Party claiming such failure shall notify, in writing, the Party alleged to have failed to perform of the alleged failure and shall demand performance. No breach of this Agreement may be found to have occurred if performance has commenced to the reasonable satisfaction of the complaining Party within thirty (30) days of the receipt of such notice (or five (5) days in the case of a monetary default), subject, however, in the case of non-monetary default, to the terms and provisions of subparagraph (c). Upon a breach of this Agreement, the non-defaulting Party in any court of competent jurisdiction, by an action or proceeding at law or in equity, may secure the specific performance of the covenants and agreements herein contained (and/or an action for mandamus as and if appropriate). Except as otherwise set forth herein, no action taken by a Party pursuant to the provisions of this Article

VII or pursuant to the provisions of any other Section of this Agreement shall be deemed to constitute an election of remedies and all remedies set forth in this Agreement shall be cumulative and non-exclusive of any other remedy either set forth herein or available to any Party at law or in equity. Each of the Parties shall have the affirmative obligation to mitigate its damages in the event of a default by the other Party. Notwithstanding any provision contained herein to the contrary, the Owner shall not be required to construct any portion of the Public Improvements (or take any other action related to or in furtherance of same) while the City is in default under this Agreement).

(c) Notwithstanding any provision in this Agreement to the contrary, if the performance of any covenant or obligation to be performed hereunder by any Party is delayed as a result of circumstances which are beyond the reasonable control of such Party (which circumstances may include, without limitation, pending litigation, acts of God, war, acts of civil disobedience, widespread pestilence, fire or other casualty, shortage of materials, adverse weather conditions such as, by way of illustration and not limitation, severe rain storms or tornadoes, labor action, strikes, changes in the law affecting the obligations of the Parties hereunder, or similar acts), the time for such performance shall be extended by the amount of time of the delay directly caused by and relating to such uncontrolled circumstances. The Party claiming delay of performance as a result of any of the foregoing "force majeure" events shall deliver written notice of the commencement of any such delay resulting from such force majeure event not later than seven (7) days after the claiming Party becomes aware of the same, and if the claiming Party fails to so notify the other Party of the occurrence of a "force majeure" event causing such delay, the claiming Party shall not be entitled to avail itself of the provisions for the extension of performance contained in this Article.

ARTICLE VIII. GENERAL PROVISIONS

Section 8.01. Notices.

Any notice, communication or disbursement required to be given or made hereunder shall be in writing and shall be given or made by facsimile, hand delivery, overnight courier, or by United States mail, certified or registered mail, return receipt requested, postage prepaid, at the addresses set forth below or at such other addresses as any be specified in writing by any Party hereto to the other parties hereto. Each notice which shall be mailed or delivered in the manner described above shall be deemed sufficiently given, served, sent and received for all purpose at such time as it is received by the addressee (with return receipt, the delivery receipt or the affidavit of messenger being deemed conclusive evidence of such receipt) at the following addresses:

If to City: City of Austin
 PO Box 2106
 Austin, Texas 78768
 Attn: City Treasurer
 Facsimile: 512.370.3838

With copies to: Director of Public Works
 City of Austin

505 Barton Springs Road, Suite 1300
Austin, TX 78704
Facsimile: 512.974.7084

Director of Austin Water Utility
PO Box 1088
Austin, Texas 78767
Facsimile: 512.972.0111

If to Owner: SLF III – ONION CREEK, L.P.
c/o Stratford Land
Attn: Asset Manager
5949 Sherry Lane, Suite 1750
Dallas, Texas 75225

With a copy to: Metcalfe Wolff Stuart & Williams, LLP
Attn: Steven C. Metcalfe
221 W. 6th, Suite 1300
Austin, Texas 78701
Facsimile: 512.404.2244

Section 8.02. Fee Arrangement

The Owner agrees that it will pay all of the City's costs and expenses (including legal fees and financial advisory fees) related to the creation and administration of the District as reflected on the Schedule attached as Exhibit "G", as such Exhibit may be amended from time to time. The City's advisors shall submit to the City their fees relating to the establishment and administration of the District, including legal fees relating to the development and review of the Assessment Plan and the Owner will pay these fees on behalf of the City in accordance with the terms of those certain City of Austin, Texas Deposit and Reimbursement Agreement Proposed Public Improvement District Agreement dated March 6, 2013 or such additional agreements subsequently entered into by the City and Owner. In addition to any fees paid by the Owner pursuant to the preceding sentence, all fees of legal counsel related to the issuance of the PID Bonds, including fees for the preparation of customary bond documents and the obtaining of Attorney General approval for the PID Bonds, will be paid at closing as mutually agreed to by the City and the Owner.

Section 8.03. Assignment

(a) Subject to subparagraph (b) below, Owner may, in its sole and absolute discretion, assign this Agreement with respect to all or part of the Project from time to time 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 and so long as the assigned rights and obligations are assumed without modifications to this Agreement. Owner shall provide the City thirty (30) days prior written notice of any such assignment. Upon such assignment or partial assignment, Owner shall

be fully released from any and all obligations under this Agreement and shall have no further liability with respect to this Agreement for the part of the Project so assigned.

(b) Any sale of a portion of the Property or assignment of any right hereunder shall not be deemed a sale or assignment to a Designated Successor or Assign unless the conveyance or transfer instrument effecting such sale or assignment expressly states that the sale or assignment is to a Designated Successor or Assign.

(c) Any sale of a portion of the Property or assignment of any right hereunder shall not be deemed a Transfer unless the conveyance or transfer instrument effecting such sale or assignment expressly states that the sale or assignment is deemed to be a Transfer.

Section 8.04. Term of Agreement

This Agreement shall terminate on the date on which the City and Owner discharge all of their obligations hereunder; provided, that this Agreement shall automatically terminate on December 31, 2013, if the first series of PID Bonds is not issued by such date. In the case of any termination of this Agreement and/or dissolution of the District, the obligation of any Party to pay any Project Costs expended prior to the termination of this Agreement and/or dissolution of the District and remaining unpaid shall survive such termination and/or dissolution.

Section 8.05. Construction of Certain Terms

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following rules of construction shall apply:

(a) Words importing a gender include either gender.

(b) Words importing the singular include the plural and vice versa.

(c) A reference to a document includes an amendment, supplement, or addition to, or replacement, substitution, or novation of, that document but, if applicable, only if such amendment, supplement, addition, replacement, substitution, or novation is permitted by and in accordance with that applicable document.

(d) Any term defined herein by reference to another instrument or document shall continue to have the meaning ascribed thereto whether or not such other instrument or document remains in effect.

(e) A reference to any Party includes, with respect to Owner, its Designated Successors and Assigns, and reference to any Party in a particular capacity excludes such Party in any other capacity or individually.

(f) All references in this Agreement to designated "Articles," "Sections," and other subdivisions are to the designated Articles, Sections, and other subdivisions of this Agreement. All references in this Agreement to "Exhibits" are to the designated Exhibits to this Agreement.

(g) The words "herein," "hereof," "hereto," "hereby," "hereunder," and other words of similar import refer to this Agreement as a whole and not to the specific Section or provision where such word appears.

(h) The words "including" and "includes," and words of similar import, are deemed to be followed by the phrase "without limitation."

(i) Unless the context otherwise requires, a reference to the "Property," the "Public Improvements," or the "District" is deemed to be followed by the phrase "or a portion thereof."

(j) Every "request," "order," "demand," "direction," "application," "appointment," "notice," "statement," "certificate," "consent," "approval," "waiver," "identification," or similar action under this Agreement by any Party shall, unless the form of such instrument is specifically provided, be in writing duly signed by a duly authorized representative of such Party.

(k) The Parties hereto acknowledge that each such party and their respective counsel have participated in the drafting and revision of this Agreement. Accordingly, the Parties agree that any rule of construction that disfavors the drafting party shall not apply in the interpretation of this Agreement.

Section 8.06. Table of Contents; Titles and Headings

The titles of the articles, and the headings of the sections of this Agreement are solely for convenience of reference, are not a part of this Agreement, and shall not be deemed to affect the meaning, construction, or effect of any of its provisions.

Section 8.07. Amendments.

This Agreement may be amended, modified, revised or changed by written instrument executed by the Parties.

Section 8.08. Time

In computing the number of days for purposes of this Agreement, all days will be counted, including Saturdays, Sundays, and legal holidays; however, if the final day of any time period falls on a Saturday, Sunday, or legal holiday, then the final day will be deemed to be the next day that is not a Saturday, Sunday, or legal holiday.

Section 8.09. Counterparts

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original, and all of which will together constitute the same instrument.

Section 8.10. Entire Agreement

This Agreement contains the entire agreement of the Parties.

Section 8.11. Severability; Waiver

If any provision of this Agreement is illegal, invalid, or unenforceable, under present or future laws, it is the intention of the parties that the remainder of this Agreement not be affected and, in lieu of each illegal, invalid, or unenforceable provision, a provision be added to this Agreement which is legal, valid, and enforceable and is as similar in terms to the illegal, invalid, or enforceable provision as is possible.

Any failure by a Party to insist upon strict performance by the other party of any material provision of this Agreement will not be deemed a waiver or of any other provision, and such Party may at any time thereafter insist upon strict performance of any and all of the provisions of this Agreement.

Section 8.12. Owner. It is hereby acknowledged that there are a number of affiliates of Owner that also own small portions of the Property. Such Consenting Owners (herein so called) are listed on the Acknowledgment of Consenting Owners attached hereto as Exhibit "H". Since each of the Consenting Owners has the same ownership structure (and signature) as Owner, and Owner is the majority owner of the Property, the Parties hereto hereby agree that Owner is executing this Agreement and acting on behalf of all the Consenting Owners in the administration of this Agreement pursuant to the attached Acknowledgment of Consenting Owners.

Section 8.13. Owner as Independent Contractor

In performing under this Agreement, it is mutually understood that the Owner is acting as an independent contractor, and not an agent of the City.

Section 8.14. Supplemental Agreements

Other agreements and details concerning the obligations of the Parties under and with respect to this Agreement are included in the Assessment Plan, the Assessment Ordinances, PID Bond Ordinances and Indentures.

Section 8.15. Exhibits

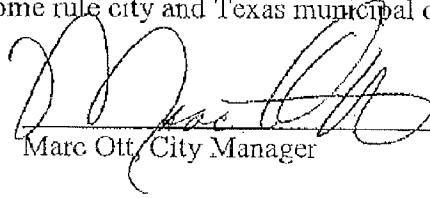
The following exhibits are attached to and incorporated into this Agreement for all purposes:

- Exhibit A - Definitions
- Exhibit B - Property
- Exhibit C - Assessment Plan
- Exhibit D - PID Bond Chart (Improvement Area #1)
- Exhibit E - Form of Certification for Payment

- Exhibit F - Improvement Area #1
- Exhibit G - Fee Schedule
- Exhibit H - Acknowledgement of Consenting Owners
- Exhibit I - Form of Redemption Agreement

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

By:



Marc Ott, City Manager

[Signatures Continue on Next Page]

SLF III – ONION CREEK, L.P.,
a Texas limited partnership

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: Phillip F. Wiggins
Title: Manager

Exhibit "A"

DEFINITIONS

Section 8.15. Defined Terms

Unless the context requires otherwise, and in addition to the terms defined above, each of the following terms and phrases used in this Agreement has the meaning ascribed thereto below:

"Acceptance Date" means, with respect to a Segment, the date that the Actual Cost thereof is paid to the Owner pursuant to the terms hereof.

"Acquisition Agreement" means (whether one or more) an agreement that provides for dedication of a Public Improvement (or Segment) to the City prior to the Owner being paid in full out of the applicable PID Bond proceeds, whereby all or a portion of the Actual Costs will be paid to Owner from future PID Bond issuances and/or Special Assessment Revenues to reimburse the Owner for actual costs paid by the Owner that are eligible to be paid with PID Bond proceeds. The form of Acquisition Agreement shall be reasonably acceptable to both City and Owner.

"Actual Cost(s)" means, with respect to a Segment, the Owner's demonstrated, reasonable, allocable, and allowable costs of constructing such Segment, as specified in a Payment Request that has been reviewed and approved by the City and the Project Engineer and in an amount not to exceed the amount for each Segment as set forth in the Assessment Plan (subject to cost overruns in Section 5.02). Actual Cost may include (a) the costs incurred by or on behalf of the Owner (either directly or through affiliates) for the design, planning, financing, administration/management, acquisition, installation, construction and/or implementation of such Segment, (b) if the Owner has acted as general contractor with respect to such Segment, or a portion thereof, a contractor's fee of 5.5% of the costs incurred by or on behalf of the Owner for the construction of such Segment or portion thereof, (c) the costs incurred by or on behalf of the Owner in preparing the Plans for such Segment, (d) the fees paid for obtaining permits, licenses or other governmental approvals for such Segment, (e) a construction management fee of 4% of the costs incurred by or on behalf of the Owner for the construction of such Segment if the Owner is serving as the Construction Manager, (f) the costs incurred by or on behalf of the Owner for external professional costs, such as engineering, geotechnical, surveying, land planning, architectural landscapers, advertising, marketing and research studies, appraisals, legal, accounting and similar professional services, taxes (property and franchise) related to the Segment receiving the benefits of the assessments and the Public Improvements (g) all labor, bonds and materials, including equipment and fixtures, by contractors, builders and materialmen in connection with the acquisition, construction or implementation of the Public Improvements, (h) all related permitting, zoning and public approval expenses, architectural, engineering, and consulting fees, financing charges, taxes, governmental fees and charges, insurance premiums, and miscellaneous expenses, and all payments for Administrative Expenses after the date of a resolution authorizing such reimbursement, plus Interest, if any, calculated from the respective dates of the expenditures until the date of reimbursement therefore.

Actual Costs shall not include general contractor's fees in an amount that exceeds a percentage equal to the percentage of work completed and accepted or construction management fees in an amount that exceeds an amount equal to the construction management fee amortized in equal monthly installments over the term of the appropriate construction management agreement. The amounts expended on legal costs, taxes, governmental fees, insurance premiums, permits, financing costs, and appraisals shall be excluded from the base upon which the general contractor and construction management fees are calculated. Actual Costs also may be paid to the Owner only in the capacity of construction manager or only in the capacity of general contractor but not both.

"Administrator" means employee or designee of the City who shall have the responsibilities provided for herein and in the Assessment Plan.

"Administrative Expenses" means the administrative, organization, maintenance and operation costs and expenses associated with, or incident to, the administration, organization, maintenance and operation of the District, including, but not limited to, the costs of (i) legal counsel, engineers, accountants, financial advisors, investment bankers or other consultants and advisors, (ii) creating and organizing the District and preparing the assessment roll, (iii) computing, levying, collecting and transmitting the Special Assessments or the installments thereof, (iv) maintaining the record of installments, payments and reallocations and/or cancellations of the Special Assessments, (v) issuing, paying and redeeming the PID Bonds, (vi) investing or depositing the Special Assessments, (vii) complying with the PID Act with respect to the PID Bonds, (viii) paying the paying agent/registrar's and trustee's fees and expenses (including the fees and expenses of its legal counsel), and (ix) administering the construction of the Public Improvements, in accordance with the terms of this Agreement.

"Agreement" has the meaning given in the recitals to this Agreement.

"Appraisal" means the Appraisal of Estancia Hill Country Phase I dated effective March 16, 2013 prepared by Paul Hornsby & Company.

"Assessed Property" means for any year, Parcels within the District other than Non-Benefited Property.

"Assessment Ordinance" means each ordinance adopted by the City Council approving the Assessment Plan (or such amendments to the Assessment Plan) and levying the Special Assessments, as required by Article II of this Agreement. The Parties hereby acknowledge that the Assessment Plan will be amended from time to time as additional PID Bonds are sold and Improvement Areas are developed.

"Assessment Plan" means the Estancia Hill Country Public Improvement District Service and Assessment Plan (as such plan is amended from time to time), to be initially adopted by the City Council in the first Assessment Ordinance for the purpose of assessing allocated costs against property located within the boundaries of the District having terms, provisions and findings approved and agreed to by the Owner, as required by Article II of this Agreement. The Parties hereby acknowledge that the Assessment Plan will be amended from time to time as (i)

additional PID Bonds are sold for additional Improvement Areas or (ii) Improvement Area #1 Parity Bonds are sold for Improvement Area #1.

“Attorney General” means the Texas Attorney General’s Office.

“Bond Issuance Costs” means costs relating to the authorization, sale and issuance of the PID Bonds including, printing costs, costs of reproducing and binding documents, closing costs, filing and recording fees, initial fees, expenses and charges of the Trustee, including its first annual administration fee, expenses incurred by the City or Owners in connection with the issuance of the PID Bonds, Financial Advisor fees, bond (underwriter’s) discount or underwriting fee, legal fees and charges, including Bond Counsel, charges for execution, transportation and safekeeping of the PID Bonds and other costs, charges and fees in connection with the issuance of the PID Bonds.

“Bond Pledged Revenue Account” means the separate and unique fund established by the City under such name pursuant to the Indenture where the portion of the Special Assessment Revenue allocated to the payment of debt service on the PID Bonds shall be deposited as set forth in Section 2.05 hereof.

“Certification for Payment” means the certificate so defined in the Initial Indentures.

“City” has the meaning given in the recitals to this Agreement.

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

“City Manager” means the City Manager of the City or his designee(s).

“Co-Owner” has the meaning given in Section 4.01 of this Agreement.

“Construction Manager” means initially the Owner, and thereafter subject to change in accordance with Section 3.03 of this Agreement. The City acknowledges and agrees that (i) the Owner intends to subcontract out the duties of Construction Manager to a third party and (ii) Owner’s hiring of the initial subcontractor to serve as the Construction Manager shall not be deemed a change in the Construction Manager pursuant to the terms and conditions of Section 3.03.

“Construction Management Fee” means 4% of the costs incurred by or on behalf of Owner for the construction of each Segment.

“County” means Travis County, Texas.

“Debt” means any bond, note, or other evidence of indebtedness incurred, entered into, or issued by the City related exclusively to the District.

“Designated Successors and Assigns” shall mean (i) an entity to which Owner assigns (in writing) its rights and obligations contained in this Agreement pursuant to Section 8.03 related to all or a portion of the Property, (ii) any entity which is the successor by merger or otherwise to all or substantially all of Owner’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 assets of Owner.

“Director” means (i) the Director of Austin Water for water and wastewater related infrastructure and (ii) the Director of Public Works for all other infrastructure, or the designee of such applicable Director.

“District” has the meaning given in the recitals to this Agreement.

“Effective Date” has the meaning given in the recitals to this Agreement.

“Feasibility and Market Study Analysis” means a new study or update to a prior study that is prepared by a third party consultant acceptable to the City prior to each PID Bond issuance that analyzes the pricing and absorption assumptions included in the Assessment Plan for a particular Improvement Area in order to determine that such assumptions are consistent with the proposed assessments that will be levied against the property located within that particular Improvement Area. It is hereby agreed that the Appraisal shall serve as the “Feasibility and Market Study Analysis” for the PID Bonds for Improvement Area #1.

“Finance Director” means the Chief Financial Officer of the City.

“Financial Advisor” means PFM Group.

“Improvement Area” means one or more Parcels that are anticipated to be developed in the same general time period. The Parcels within an Improvement Area will be assessed in connection with the issuance of PID Bonds for the Public Improvements (or the portion thereof) designated in an update to the Assessment Plan that specially benefit the Assessed Property within said Improvement Area, but any Parcels outside of the Improvement Area will not be assessed.

“Improvement Area #1” means the land within the Project more particularly described on Exhibit “F” attached hereto and generally shown on Table II-B of the Assessment Plan.

“Improvement Area #1 Parity Bonds” any special assessment revenue bonds secured by Special Assessments levied on Assessed Property within Improvement Area # 1 other than the initial PID Bonds for Improvement Area #1.

“Indenture” means collectively, the Initial Indenture and any other trust indenture by and between the City and Trustee related to the Property, as it may be amended from time to time.

“Initial Indenture” means that certain Indenture of Trust dated as of June 1, 2013 between the City and Trustee covering the initial PID Bonds for Improvement Area #1, as it may be amended from time to time.

“Initial Owner Contribution” has the meaning given in Section 4.02(e) of this Agreement.

“Initial Reimbursement Payment” has the meaning given in Section 4.02 of this Agreement.

“Interest” shall mean the interest rate charged for the PID Bonds or such other interest rate as may be required by applicable law.

“Issue Date” means the date of the initial delivery of the PID Bonds.

“Landowner Improvement Account” means the separate and unique fund established by the City under such name pursuant to the Indenture wherein the Initial Owner Contribution will be deposited as described in Section 5.02 hereof.

“Landowner Pledged Revenue Account” means the separate and unique fund established by the City under such name pursuant to the Indenture where the portion of the Special Assessment Revenue allocated to the repayment of Actual Costs not reimbursed with PID Bond proceeds shall be deposited as set forth in Section 2.05 hereof.

“Maximum Annual Assessment” means for the first year assessments are levied for any particular Parcel within the Project, an amount that does not exceed 125% of such Parcel’s anticipated buildout value (as determined by the Feasibility and Market Study Analysis) times the City’s tax rate in the fiscal year the assessment is determined. For each year after the first year assessments are levied for any particular Parcel, the Maximum Annual Assessment for that particular Parcel cannot increase by more than two percent (2%) annually.

“Non-Benefitted Property” means Parcels within the boundaries of the District that accrue no special benefit from Public Improvements, as determined by the City Council, including Parcels owned by an Owner’s Association or a public entity. A Parcel is not assessed if the Parcel is identified as Non-Benefitted Property at the time the Special Assessments (i) are levied or (ii) are reallocated pursuant to an amendment to the Service and Assessment Plan.

“Notice” means any notice, writing, or other communication given under this Agreement.

“Owner” has the meaning given in the recitals to this Agreement.

“Owner’s Association” means a homeowner’s association or property owner’s association.

“Parcel” means a property identified by either a tax map identification number assigned by the Travis County Appraisal District for real property tax purpose, by metes and bounds description, by lot and block number in a final subdivision plat recorded in the Official Public Records of Travis County, or by any other means determined by the City.

“Party” means the Owner or the City, as parties to this Agreement, and **“Parties”** means collectively, the Owner and the City.

“Payment Request” means the document to be provided by the Owner to substantiate the Actual Cost of one or more Segments.

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

“PID Bond Issuance Request” means written request made by Owner to the City Manager and City’s Chief Financial Officer in good faith as evidenced by the Owner’s expenditure of necessary amounts for market studies, financial analysis, legal counsel, and other professional services and due diligence necessary to support the request.

“PID Bond Ordinance” means and refers to the ordinance or ordinances of the City Council that will authorize and approve the issuance and sale of the PID Bonds and provide for their security and payment, either under the terms of the Bond Ordinance or a trust indenture related to the PID Bonds.

“PID Bond Security” means the funds that are to be pledged in or pursuant to the PID Bond Ordinance or the Indentures to the payment of the debt service requirements on the PID Bonds, consisting of the Special Assessments, including earnings and income derived from the investment or deposit of Special Assessments in the special funds or accounts created and established for the payment and security of the PID Bonds, unless such earnings are required to be deposited into a rebate fund for payment to the federal government.

“PID Bonds” means the bonds to be issued by the City, in one or more series, 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 PID Bond Security pursuant to the authority granted in the PID Act, and as required by this Agreement for the purposes of (i) financing the costs of the Public Improvements and related costs, and (ii) reimbursing the Owner for Actual Costs paid prior to the issuance of and payment for the PID Bonds. The term “PID Bonds” shall also be deemed to include Improvement Area #1 Parity Bonds, if issued.

“PID Maintenance and Operation Assessment” means an assessment levied against properties in the District for maintenance and operation costs within the District, as provided for in the applicable Assessment Ordinance.

“PID Policy” has the meaning given in the recitals to this Agreement.

“Pledged Revenue Fund” means the separate and unique fund established by the City under such name pursuant to the Indenture wherein the Special Assessment Revenues are deposited.

“Prepayment” means the payment of all or a portion of a Special Assessment before the due date thereof. Amounts received at the time of a Prepayment which represent a payment of principal, interest or penalties on a delinquent installment of a Special Assessment are not to be considered a Prepayment, but rather are to be treated as the payment of the regularly scheduled Special Assessment.

“Prime” means the prime rate as reported by *The Wall Street Journal*.

“Project” has the meaning given in the recitals to this Agreement.

“Project Costs” means the total of all Actual Costs.

“Project Engineer” means the civil engineer or firm of civil engineers selected by the Owner to perform the duties set forth herein, which is currently Bury + Partners.

“Project Fund” means the separate and unique fund established by the City under such name pursuant to the Indenture as described in Section 5.02 hereof.

“Property” has the meaning given in the recitals to this Agreement.

“Public Improvements” means collectively any and all improvements which are included in the Assessment Plan as such plan is amended and updated from time to time.

“Redemption Agreement” has the meaning given in Section 3.09 of this Agreement.

“Regulatory Requirements” means the requirements and provisions of any state or federal law, and any permits, rules, orders or regulations issued or adopted from time to time by any regulatory authority, state, federal or other, having jurisdiction over the Public Improvements, as adjusted by the Development Agreement.

“Segment” or Segments” means the discrete portions of the Public Improvements identified as such.

“Special Assessments” means the assessments levied against properties in the District, as provided for in the applicable Assessment Ordinance and in the Assessment Plan, including any supplemental assessments or reallocation of assessments levied in accordance with Sections 372.019 and 372.020 of the PID Act.

“Special Assessment Revenues” means the monies collected from Special Assessments, including supplemental assessments and reassessments, interest, expenses, or penalties on Special Assessments, prepayments, foreclosure proceeds, and proceeds from a guarantor, if any, of the Special Assessments.

“State” means the State of Texas.

“Trustee” means the trustee under the Initial Indentures, and any successor thereto permitted under the Initial Indentures and any other Trustee under a future Indenture.

“Underwriter” means Jefferies, LLC.

Exhibit "B"

PROPERTY DESCRIPTION FOR PROJECT

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 "C"

ASSESSMENT PLAN

[See Attached]

Estancia Hill Country Public Improvement District

Service and Assessment Plan

6/20/13

Section I

PLAN DESCRIPTION AND DEFINED TERMS

A. Introduction

On June 6, 2013, (the "Creation Date") the Austin 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 "PID") to finance the Actual Costs for the benefit of certain property in the PID, 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.

Upon application of the current property owners, the property within the PID was zoned by Ordinance No. ~~20130620-077~~ (the "Planned Unit Development Ordinance") adopted by the City of Austin on June 20, 2013. The Planned Unit Development Ordinance designates the type of land uses that are permitted within the project and includes development standards for each land use type.

Chapter 372 of the Texas Local Government Code, Improvement Districts in Municipalities and Counties (as amended, the "PID Act"), governs the creation of public improvement districts within the State of Texas. This Assessment Plan has been prepared pursuant to the PID Act. According to the PID Act, a service plan "must cover a period of five years and must also define the annual indebtedness and the projected costs for improvements. The plan shall be reviewed and updated annually for the purpose of determining the annual budget for improvements." The service plan is described in Section V of this Service and Assessment Plan ("Assessment Plan").

The Assessment Roll for Improvement Area #1 is attached hereto as Appendix A, and is addressed in Section VII of this Assessment Plan. The Assessments as shown on the Assessment Roll are based on the method of assessment described in Sections IV and VI of this Assessment Plan.

B. Definitions

Capitalized terms shall have the meanings ascribed to them as follows:

"Actual Cost(s)" means, with respect to a Segment, the Owner's demonstrated, reasonable, allocable, and allowable costs of constructing such Segment, as specified in a Payment Request that has been reviewed and approved by the City and the Project Engineer and in an amount not to exceed the amount for each Segment as set forth in the Assessment Plan (subject to cost overruns in Section 5.02). Actual Cost may include (a) the costs incurred by or on behalf of the Owner (either directly or through affiliates) for the design, planning, financing, administration/management, acquisition, installation, construction and/or implementation of such Segment, (b) if the Owner has acted as general contractor with respect to such Segment, or a portion thereof, a contractor's fee of 5.5% of the costs incurred by or on behalf of the Owner for the construction of such Segment or portion thereof, (c) the costs incurred by or on behalf of the Owner in preparing the Plans for such

Segment, (d) the fees paid for obtaining permits, licenses or other governmental approvals for such Segment, (e) a construction management fee of 4% of the costs incurred by or on behalf of the Owner for the construction of such Segment if the Owner is serving as the Construction Manager, (f) the costs incurred by or on behalf of the Owner for external professional costs, such as engineering, geotechnical, surveying, land planning, architectural landscapers, advertising, marketing and research studies, appraisals, legal, accounting and similar professional services, taxes (property and franchise) related to the Segment receiving the benefits of the assessments and the Public Improvements (g) all labor, bonds and materials, including equipment and fixtures, by contractors, builders and materialmen in connection with the acquisition, construction or implementation of the Public Improvements, (h) all related permitting, zoning and public approval expenses, architectural, engineering, and consulting fees, financing charges, taxes, governmental fees and charges, insurance premiums, and miscellaneous expenses, and all payments for Administrative Expenses after the date of a resolution authorizing such reimbursement, plus Interest, if any, calculated from the respective dates of the expenditures until the date of reimbursement therefore.

Actual Costs shall not include general contractor's fees in an amount that exceeds a percentage equal to the percentage of work completed and accepted or construction management fees in an amount that exceeds an amount equal to the construction management fee amortized in equal monthly installments over the term of the appropriate construction management agreement. The amounts expended on legal costs, taxes, governmental fees, insurance premiums, permits, financing costs, and appraisals shall be excluded from the base upon which the general contractor and construction management fees are calculated. Actual Costs also may be paid to the Owner only in the capacity of construction manager or only in the capacity of general contractor but not both.

"Administrator" means employee or designee of the City who shall have the responsibilities provided for herein and in the PID Finance Agreement.

"Administrative Expenses" means the administrative, organization, maintenance and operation costs and expenses associated with, or incident to, the administration, organization, maintenance and operation of the District, including, but not limited to, the costs of (i) legal counsel, engineers, accountants, financial advisors, investment bankers or other consultants and advisors, (ii) creating and organizing the District and preparing the assessment roll, (iii) computing, levying, collecting and transmitting the Special Assessments or the installments thereof, (iv) maintaining the record of installments, payments and reallocations and/or cancellations of the Special Assessments, (v) issuing, paying and redeeming the PID Bonds, (vi) investing or depositing the Special Assessments, (vii) complying with the PID Act with respect to the PID Bonds, (viii) paying the paying agent/registrar's and trustee's fees and expenses (including the fees and expenses of its legal counsel), and (ix) administering the construction of the Public Improvements, in accordance with the terms of this Agreement.

"Annual Installment" means, with respect to each Assessed Property, each annual payment of: (i) the Special Assessment, as shown on the Assessment Roll attached hereto as Appendix A, or in an Annual Service Plan Update, and calculated as provided in Section VI of this Assessment Plan, (ii) Administrative Expenses, (iii) the prepayment reserve

described in Section IV of this Assessment Plan, and (iv) the delinquency reserve described in Section IV of this Assessment Plan.

“Annual Service Plan Update” has the meaning set forth in Section V of this Assessment Plan.

“Assessed Property” means for any year, Parcels within the PID other than Non-Benefited Property.

“Assessment Ordinance” means each ordinance adopted by the City Council approving the Assessment Plan (or such amendments to the Assessment Plan) and levying the Special Assessments, as required by Article II of the PID Finance Agreement.

“Assessment Plan” means this Estancia Hill Country Public Improvement District Service and Assessment Plan (as such plan is amended from time to time), to be initially adopted by the City Council in the first Assessment Ordinance for the purpose of assessing allocated costs against property located within the boundaries of the PID.

“Assessment Roll” means, the Improvement Area #1 Assessment Roll or any other Assessment Roll in an amendment or supplement to this Assessment Plan or in an Annual Service Plan Update.

“Authorized Improvements” mean those public improvements described in Section 372.003 of the PID Act designed, constructed, and installed in accordance with this Assessment Plan, and any future amendments.

“Bond Issuance Costs” means costs relating to the authorization, sale and issuance of the PID Bonds including, printing costs, costs of reproducing and binding documents, closing costs, filing and recording fees, initial fees, expenses and charges of the Trustee, including its first annual administration fee, expenses incurred by the City or Owners in connection with the issuance of the PID Bonds, financial advisor fees, bond (underwriter’s) discount or underwriting fee, legal fees and charges, including bond counsel, charges for execution, transportation and safekeeping of the PID Bonds and other costs, charges and fees in connection with the issuance of the 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.

“Delinquent Collection Costs” mean interest, penalties and expenses incurred or imposed with respect to any delinquent installment of a Special Assessment in accordance with the PID Act and the costs related to pursuing collection of a delinquent Special Assessment and foreclosing the lien against the Assessed Property, including attorney’s fees.

“Estancia Hill Country” or **“Project”** means the approximately 600 acres of land located in Travis County, Texas, contained within the area described on Table II-A. Estancia Hill

Country is located in the City's extraterritorial jurisdiction and has been annexed by the City for limited purposes.

"Future Improvement Area" means Improvement Areas that are developed after Improvement Area #1, as such areas are generally shown on Table II-C. The Future Improvement Areas are subject to adjustment and are shown for example only.

"Improvement Area #1" means the land within the Project more particularly described on Appendix "E" attached hereto and generally shown on Table II-B.

"Improvement Area #1 Assessed Property" means all Parcels within Improvement Area #1 other than Non-Benefited Property.

"Improvement Area #1 Assessment Roll" means the document included in this Assessment Plan as Appendix A, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of PID Bonds or in connection with any Annual Service Plan Update.

"Improvement Area #1 Parity Bonds" means any special assessment revenue bond that is secured by Special Assessments levied on Improvement Area #1 Assessed Property, other than the Initial Improvement Area #1 PID Bonds.

"Improvement Area #1 Public Improvements" means Authorized Improvements which benefit Improvement Area #1 Assessed Property and are described in Section III.B.

"Initial Improvement Area #1 PID Bonds" means those certain City of Austin, Texas Special Assessment Revenue Bonds, Series 2013 (Estancia Hill Country Public Improvement District) that are secured by Special Assessments levied on Improvement Area #1 Assessed Property.

"Initial Indenture" means that certain Indenture of Trust dated as of June 1, 2013 between the City and Trustee covering the Initial Improvement Area #1 PID Bonds, as it may be amended from time to time.

"Initial Owner Contribution" has the meaning given in Section 4.02(e) of the PID Finance Agreement.

"Landowner's Agreement" means that certain Estancia Hill Country PID Landowner Agreement dated as of June 1, 2013 by and between the City and the Owners.

"Lot" means a tract of land described as a "lot" in a subdivision plat recorded in the Official Public Records of Travis County, Texas.

"Lot Type" means a classification of final building lots with similar characteristics (e.g. commercial, light industrial, multifamily residential, single family residential, etc.), as zoned pursuant to the City Code. In the case of single family residential Lots, the Lot Type shall be further defined by classifying the residential lots by the estimated final buildout value for each lot as of the date of the recorded subdivision plat, considering factors such as density,

lot size, proximity to amenities, view premiums, location, and any other factors that may impact each Lot's buildout value.

Prior to the recording of a subdivision plat, 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 a Lot's buildout value. The calculation of the estimated average Lot buildout value for a Lot shall be confirmed by the Administrator based on information provided by the Owner, homebuilders, developers, third party consultants retained by the Owner, City, or Administrator, the Official Public Records of Travis County, Texas, and/or any other information regarding the Lot.

"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 Finance 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 related to the PID.

"Owner Association Property" means property within the boundaries of the PID that is owned by or irrevocably offered for dedication to, whether in fee simple or through an exclusive use easement, an Owner's Association established or to be established for the benefit of a group of homeowners or property owners within the PID.

"Parcel" means a property identified by either a tax map identification number assigned by the Travis County Appraisal District for real property tax purpose, by metes and bounds description, by lot and block number in a final subdivision plat recorded in the Official Public Records of Travis County, or by any other means determined by the City.

"Phased PID Bonds" means PID Bonds to be secured by Future Improvement Area Assessed Property.

"PID" means the Estancia Hill Country Public Improvement District created by the City pursuant to Ordinance No. 2013-0606-054.

"PID Act" means Chapter 372, Local Government Code, as amended.

"PID Bonds" means the bonds to be issued by the City, in one or more series, 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 PID Bond Security pursuant to the authority granted in the PID Act, and as required by the PID Finance Agreement for the purposes of (i) financing the costs of the Authorized Improvements and related costs, and (ii) reimbursing the Owner for Actual Costs paid prior to the issuance of the PID Bonds.

"PID Finance 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 1, 2013.

"Planned Unit Development Ordinance" has the meaning set forth in Section I.A of this Assessment Plan.

"Prepayment Costs" mean interest and expenses to the date of prepayment, plus any additional amounts due pursuant to the Indenture related to the PID Bonds and allowed by law, if any, reasonably expected to be incurred by or imposed upon the City as a result of any prepayment of an Assessment and the Bonds secured by such Assessment.

"Project Fund" means the separate and unique fund established by the City under such name pursuant to the Indenture as described in Section 5.02 of the PID Finance Agreement.

"Public Property" means property, real property, right of way and easements located within the boundaries of the PID that is owned by or irrevocably offered for dedication to the federal government, the State of Texas, Travis County, the City, a school district, a public utility provider or any other political subdivision or public agency, whether in fee simple, through an exclusive use easement, or through a public utility easement.

"Special Assessment Revenues" means the monies collected from Special Assessments, including supplemental assessments and reassessments, interest, expenses, or penalties on Special Assessments, prepayments, foreclosure proceeds, and proceeds from a guarantor, if any, of the Special Assessments.

"Special Assessments" means the assessments levied against properties in the District, as provided for in the Assessment Ordinance and in the Assessment Plan, including any supplemental assessments or reassessments levied in accordance with Sections 372.019 and 372.020 of the PID Act.

"Trustee" means the trustee under the Initial Indentures, and any successor thereto permitted under the Initial Indentures and any other Trustee under a future Indenture.

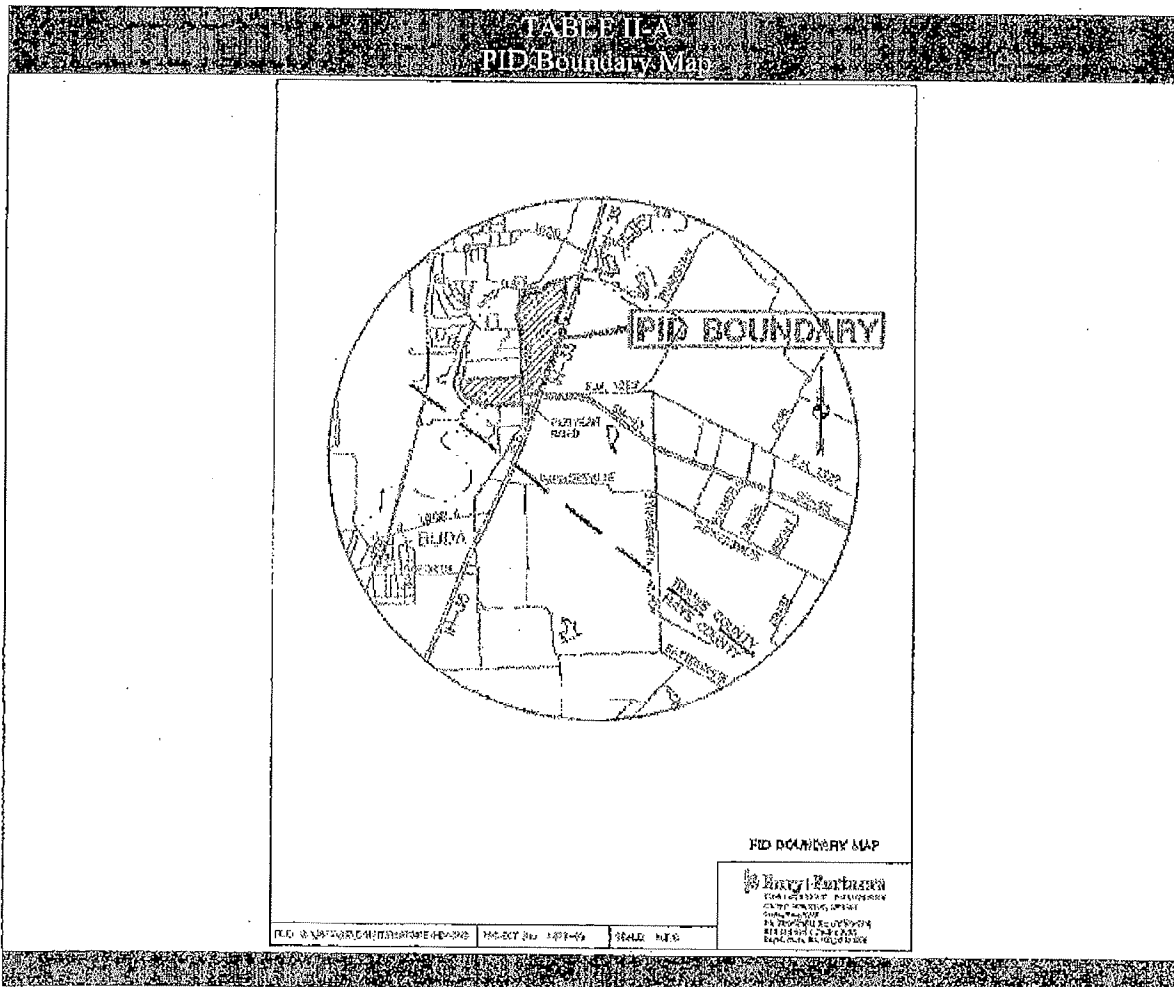
Section II

PROPERTY INCLUDED IN THE PID

A. Property Included in the PID

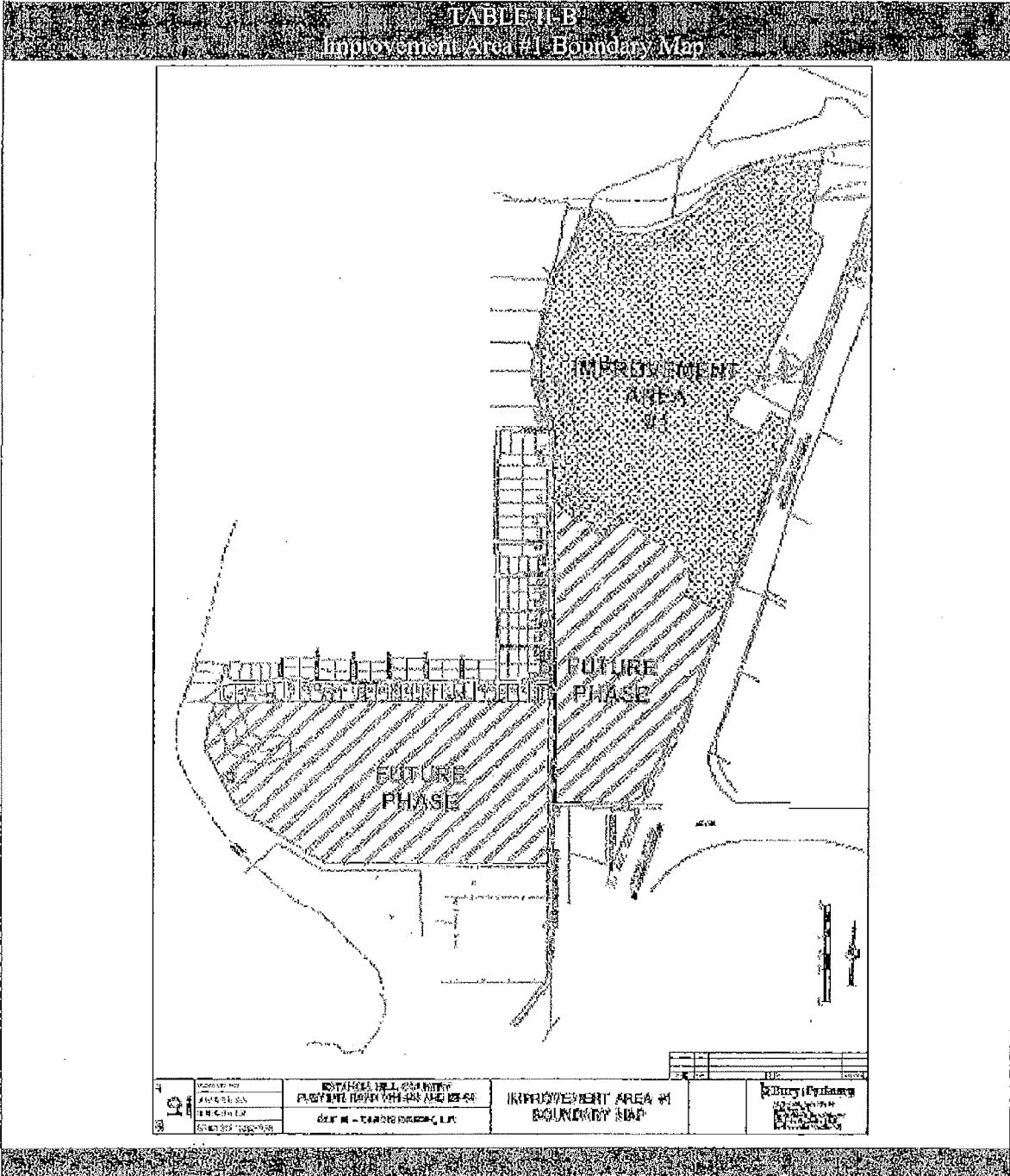
The area constituting the PID is depicted and described by metes and bounds on Exhibit A to Ordinance No. 2013-0606-054 adopted by the City Council. The Property is located in the City's extraterritorial jurisdiction and has been annexed by the City for limited purposes. The PID contains approximately 600 acres. A map of the property within the PID is shown in Table II-A. Descriptions for all Parcels within the PID are included in Appendix D.

At completion, the PID is expected be developed to include single-family and multifamily residential, office, light industrial, retail and other uses, as well as parks, entry monuments, and associated rights-or-way, landscaping, and infrastructure necessary to provide roadways, drainage, and utilities to the PID.



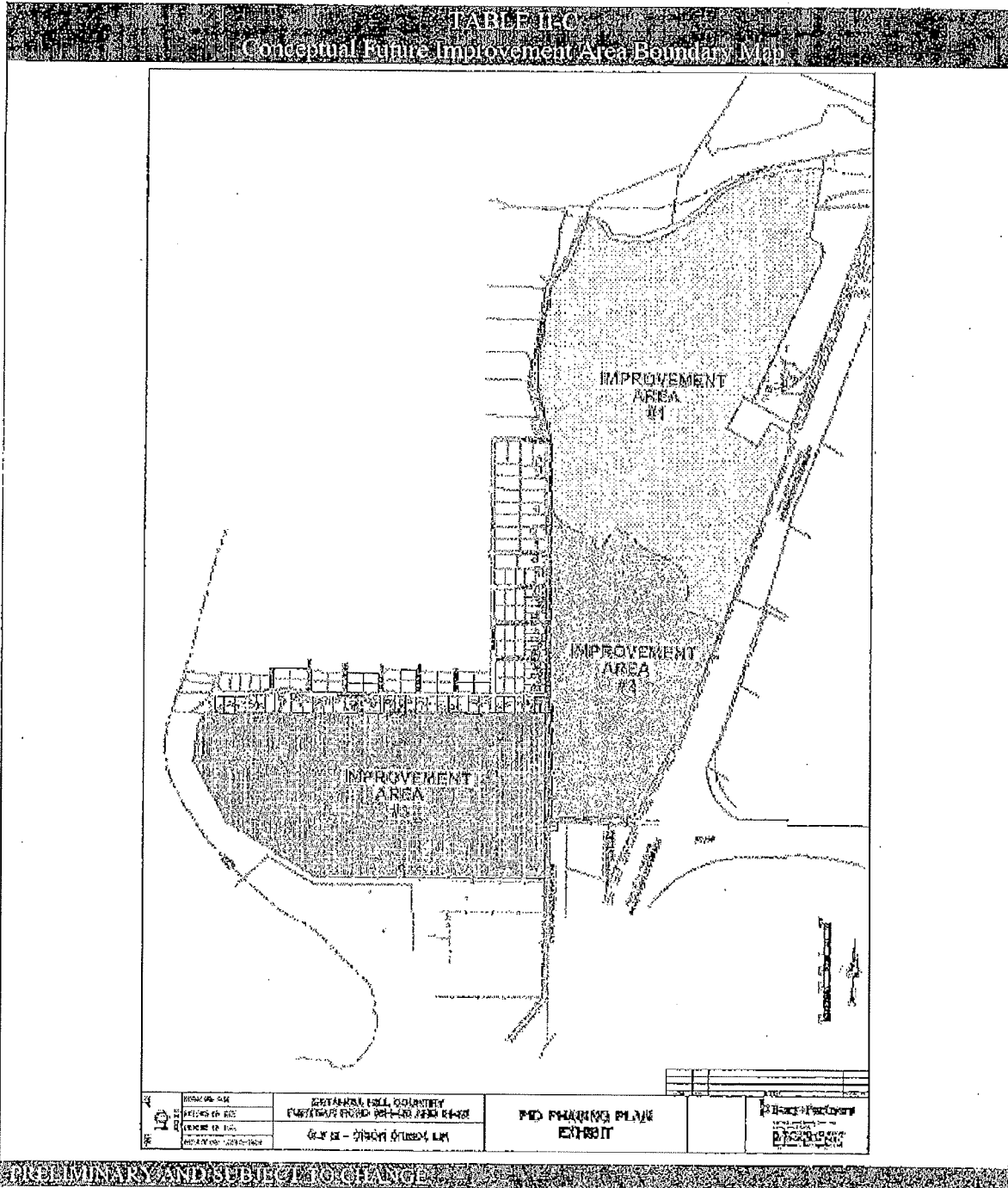
B. Property Included in Improvement Area #1

Improvement Area #1 consists of approximately 215.96 acres of assessed property projected to consist of 386 single family residential units, 26.6 acres of multifamily residential units, and 82.6 acres of office/commercial development. A map of the property within Improvement Area #1 is shown in Table II-B. Legal descriptions for all Improvement Area #1 Assessed Property are included in Appendix E.



C. Property Included in Future Improvement Areas

As Improvement Areas are developed, then in connection with the issuance of future PID Bonds, this Assessment Plan will be amended to revise the table shown in Section II.B (e.g. Table II-B will be revised to show the addition of Future Improvement Areas). A map of the projected property within each Future Improvement Area is shown in Table II-C. The Future Improvement Areas are shown for illustrative purposes only and are subject to adjustment.



Section III

DESCRIPTION OF THE AUTHORIZED IMPROVEMENTS

A. Authorized Improvement Overview

Section 372.003 of the PID Act defines the Authorized Improvements that may be undertaken by a municipality or county through the establishment of a public improvement district. Authorized Improvements that may be undertaken pursuant to the PID Act include the following:

- (i) landscaping;
- (ii) erection of fountains, distinctive lighting, and signs;
- (iii) acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks or of streets, any other roadways, or their rights-of way;
- (iv) construction or improvement of pedestrian mall;
- (v) acquisition and installment of pieces of art;
- (vi) acquisition, construction or improvement of libraries;
- (vii) acquisition, construction or improvement of off-street parking facilities;
- (viii) acquisition, construction or improvement of rerouting of mass transportation facilities;
- (ix) acquisition, construction or improvement of water, wastewater, or drainage facilities or improvements;
- (x) the establishment or improvement of parks;
- (xi) projects similar to those listed in Subdivisions (i)-(x)
- (xii) acquisition, by purchase or otherwise, of real property in connection with an authorized improvement;
- (xiii) special supplemental services for improvement and promotion of the district, including services relating to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development recreation and cultural enhancement;
- (xiv) payment of expenses incurred in the establishment, administration and operation of the district; and
- (xv) the development, rehabilitation, or expansion of affordable housing.

After analyzing the public improvement projects authorized by the PID Act, the City has determined that the Authorized Improvements described in Section III.B and Section III.C of this Assessment Plan should be undertaken by the City.

B. Descriptions and Estimated Costs of Improvement Area #1 Public Improvements

The Improvement Area #1 Public Improvements are described below. The costs of the Improvement Area #1 Public Improvements are shown in Table III-A. The costs shown in Table III-A are estimates and may be revised in Annual Service Plan Updates.

- Wastewater Line #1
Wastewater Line #1 consists of ±6,900 linear feet (LF) of 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 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. The Wastewater Line #1 will benefit Improvement Area # 1. The Wastewater Line will be constructed to City and County standards and specifications and owned and operated by the City.
- Wastewater Line #2
Wastewater Line #2 consists of ±2200 linear feet (LF) of 8" 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 will be constructed to City standards and specifications and owned and operated by the City.
- Water Line
The Water Line consists of ±8,900 linear feet (LF) of 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 will be constructed to City standards and specifications and owned and operated by the City.
- Estancia Parkway (Phase I)
Estancia Parkway (Phase I) is a 90 foot parkway consisting of ±3,900 LF 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 Project out to Puryear Parkway in Phase II. The roadway will be constructed to City and County standards and specifications and owned and operated by the County.
- Camino Vaquero Parkway
Camino Vaquero Parkway is a 90 foot parkway consisting of ±1,300 LF 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 Project. The roadway will be constructed to City and County standards and specifications and owned and operated 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 will be constructed to City and County standards and

specifications and owned and operated by the County, but maintained by the Property Owners 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 dissipators 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 will be constructed to City and County standards and specifications and owned and operated by the County, but maintained by a Property Owners 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 dissipators 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 will be constructed to City and County standards and specifications and owned and operated by the County, but maintained by a Property Owners Association.

- TxDOT Ramp Relocations

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 will be prepared by Owner to assist TxDOT with the design and construction of the ramps. The ramps will be designed to TxDOT standards and specifications and once constructed, will be owned and operated 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 will be constructed to City and County standards and specifications and owned and operated by the County.

- Entry Monumentation
This shall consist of the construction of an entrance monument at the intersection of IH-35 and Camino Vaquero Parkway and an entrance monument at the intersection of Old San Antonio Road and Estancia Parkway. The entry monumentation will be located either within the County right-of-way or within an easement granted to the County and will be maintained by a Property Owners 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 will be located either within the County right-of-way or within an easement granted to the County and will be maintained by a Property Owners 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 will be located either within the County right-of-way or within an easement granted to the County and will be maintained by a Property Owners Association.
- Hike & Bike Trail System
The Hike & 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 & 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 owned by a Property Owners 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 of Austin, County, Texas Commission on Environmental Quality, and the 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 BPA 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 of Austin and Travis 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.

**TABLE III-A
Improvement Area #1 Estimated Costs**

Authorized Improvement	Costs Funded with Initial Improvement Area #1 PID Bond and Initial Owner Contribution (a)		Costs Funded by Owner as Costs Are Incurred (b)		Total
	Hard Costs (c)	Soft Costs (c)	Construction Management (d)	Contingency (e)	
Wastewater Line #1	\$ 1,439,434	\$ 279,000	\$ 57,577	\$ 143,943	\$ 1,919,955
Wastewater Line #2	174,745	60,000	6,890	17,475	259,209
Water Line	1,150,025	60,000	46,001	115,003	1,371,029
Estancia Parkway (Phase 1)	1,569,696	110,000	62,788	156,970	1,899,453
Camino Vaquero Parkway	392,424	60,000	15,697	39,242	507,363
Existing Central Pond Improvements	122,000	40,000	4,880	12,200	179,080
Wet Pond North	250,000	40,000	10,000	25,000	325,000
Wet Pond West	308,000	40,000	12,320	30,800	391,120
TxDOT Ramp Flip	-	200,000	-	-	200,000
Drainage	1,861,886	110,000	74,475	186,189	2,232,550
Monumentation	700,000	55,000	28,000	70,000	853,000
Hardscape	442,215	110,000	17,689	44,222	614,125
Landscape	970,206	110,000	38,808	97,021	1,216,035
Hike & Bike Trail System	345,799	45,000	13,832	34,580	439,211
Erosion Control and Misc. Bond Costs	840,667	20,000	33,627	84,067	978,360
Misc Soft Costs (fees, fiscals, etc)	-	1,144,109	-	-	1,144,109
Total Authorized Improvements	\$ 10,567,097	\$ 2,483,109	\$ 422,684	\$ 1,056,710	\$ 14,529,600
Total by Funding Source	\$13,050,206		\$1,479,394		\$ 14,529,600

- (a) The \$13,050,206 in hard costs and soft costs shown above will be funded with a combination of Initial Improvement Area #1 PID Bond proceeds and the Initial Owner Contribution. The Initial Improvement Area #1 PID Bond proceeds will be used to fund 100% of the hard costs and soft costs until Initial Improvement Area #1 PID Bond proceeds have been depleted, and the Initial Owner Contribution will fund the hard and soft costs thereafter. All costs funded by the Initial Owner Contribution will be eligible to be reimbursed to Owner through Special Assessment Revenues and/or Parity Bonds.
- (b) The \$1,479,394 in construction management and contingency costs shown above will be funded by the Owner as costs are incurred. All costs funded by the Owner will be eligible to be reimbursed to Owner through Special Assessment Revenues and/or Parity Bonds, to the extent sufficient PID funds are available.
- (c) Cost estimates provided by Bury Partners. The figures shown in Table III-A are estimates and may be revised in Annual Service Plan Updates. Some soft costs shown in Table III-A have been completed and will be reimbursed upon issuance of the Initial Improvement Area #1 PID Bonds pursuant to the PID Financing Agreement.
- (d) Construction Management equals 4% of estimated hard costs.
- (e) Contingency equals 10% of estimated hard costs.

D. Future Improvement Area Authorized Improvements

As Improvement Areas are developed, then in association with issuing PID Bonds this Assessment Plan will be amended to identify the Authorized Improvements for Future Improvement Areas that benefit each Improvement Area (e.g., a Table III-B will be added to show the estimated costs for Improvement Area #2, Authorized Improvements, etc.).

Section IV
ASSESSMENT PLAN

A. Introduction

The PID Act requires the City Council to apportion the Actual Cost of the Authorized Improvements on the basis of special benefits conferred upon the Parcel because of the Authorized Improvements. The PID Act provides that the Actual Costs may be assessed: (i) equally per front foot or square foot; (ii) according to the value of the property as determined by the governing body, with or without regard to improvements on the property; or (iii) in any other manner that results in imposing equal shares of the cost on property similarly benefited. The PID 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 or improvements.

Table IV-A provides the estimated allocation of costs of the Improvement Area #1 Public Improvements between Improvement Area #1 Assessed Property, Future Improvement Areas, and non-PID property.

At this time it is impossible to determine with absolute certainty the amount of special benefit each Parcel within Future Improvement Areas will receive from Phased PID Bond Authorized Improvements. Therefore, at this time only Improvement Area #1 Assessed Property will be assessed for the special benefits conferred upon the Parcel because of the Improvement Area #1 Public Improvements.

In connection with issuance of PID Bonds, this Assessment Plan will be updated to reflect the special benefit each Parcel of Assessed Property within a Future Improvement Area receives from the Authorized Improvements for Future Improvement Areas funded with those PID Bonds issued with respect to that Future Improvement Area. Prior to assessing Parcels located within Future Improvement Areas in connection with issuance of PID Bonds, each owner of the Parcels to be assessed must acknowledge that the Authorized Improvements for Future Improvement Areas confer a special benefit on their Parcel and must consent to the imposition of the Special Assessments to pay for the Actual Costs.

This section of this Assessment Plan currently describes the special benefit received by each Parcel within Improvement Area #1 as a result of the Improvement Area #1 Public Improvements, provides the basis and justification for the determination that this special benefit exceeds the amount of the Special Assessments, and establishes the methodologies by which the City Council allocates and reallocates the special benefit of the Improvement Area #1 Public Improvements to Parcels in a manner that results in equal share of the Actual Cost being apportioned to Parcels similarly benefited. 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 Owner and all future owners and developers of the Assessed Property.

As Future Improvement Areas are developed, then in connection with the issuance of future PID Bonds this Assessment Plan will be updated based on the City's determination of the assessment methodology for each Future Improvement Area.

B. Special Benefit

Assessed Property must receive a direct and special benefit from the Authorized Improvements, and this benefit must be equal to or greater than the amount of the Special Assessments. The Authorized Improvements are provided specifically for the benefit of the Assessed Property. The Authorized Improvements (more particularly described in line-item format on Table III-A to this Assessment Plan) and the costs of issuance and payment of costs incurred in the establishment of the PID shown in Table IV-A are authorized by the Act.

Each of the owners of the Assessed Property has acknowledged that the Authorized Improvements confer a special benefit on the Assessed Property and has consented to the imposition of the Special Assessments to pay for the Actual Costs associated therewith. Each of the owners is acting in its interest in consenting to this apportionment and levying of the Special Assessments because the special benefit conferred upon the Assessed Property by the Authorized Improvements exceeds the amount of the Special Assessments.

Pursuant to the Landowner's Agreement, the Owners have ratified, confirmed, accepted, agreed to and approved: (i) the determinations and finding by the City Council as to the special benefits described in this Assessment Plan and the Assessment Ordinance; (ii) the Assessment Plan and the Assessment Ordinance, and (iii) the levying of Special Assessments on the Assessed Property. Use of the Assessed Property as described in this Assessment Plan and as authorized by the Planned Unit Development Ordinance requires that Authorized Improvements be acquired, constructed, installed, and/or improved. Funding the Actual Costs through the PID has been determined by the City Council to be the most beneficial means of doing so. As a result, the Special Assessments result in a special benefit to the Assessed Property, and this special benefit exceeds the amount of the Special Assessment. This conclusion is based on and supported by the evidence, information, and testimony provided to the City Council.

C. Allocation of Actual Costs of Improvement Area #1 Authorized Improvements

The Improvement Area #1 Public Improvements will provide a special benefit to Improvement Area #1 Assessed Property only. Accordingly, the Actual Costs of the Improvement Area #1 Public Improvements are allocated entirely to Improvement Area #1 Assessed Property based on the special benefit it receives. Table IV-A summarizes the allocation of Actual Costs for each Improvement Area #1 Authorized Improvement. The costs shown in Table IV-A are estimates and may be revised in Annual Service Plan Updates, but may not result in increased Special Assessments without consent by each of the owners of the Parcels to the imposition of the increased Special Assessments to pay for the Actual Costs.

D. Allocation of Actual Costs of Authorized Improvements for Future Improvement Areas

As Future Improvement Areas are developed, then in connection with issuance of Phased PID Bonds this Assessment Plan will be amended to identify the Authorized Improvements that confer a special benefit to property inside the Future Improvement Area (e.g. Table IV-A will be amended to show the estimated allocation of Actual Costs for Improvement Area #2 Authorized Improvements, etc.).

Authorized Improvement	Total Cost (a)	Improvement Area #1 Assessed Property				Future Improvement Area Assessed Property and Non-PID Property	
		Initial Improvement Area #1 PID Bonds and Initial Owner Contribution		Costs Funded by Owner as Costs Are Incurred and/or Parity Bonds		% Allocation	Share of Costs
		% Allocation	Share of Costs	% Allocation	Share of Costs		
<i>Improvement Area #1 Authorized Improvements</i>							
Wastewater Line #1	\$ 1,019,955	90%	\$ 1,718,434	10%	\$ 201,521	0%	\$ -
Wastewater Line #2	259,209	91%	234,746	9%	24,464	0%	-
Water Line	1,371,029	88%	1,210,025	12%	161,004	0%	-
Estancia Parkway (Phase 1)	1,839,453	88%	1,679,696	12%	219,757	0%	-
Caminio Vaquero Parkway	507,363	89%	452,424	11%	54,939	0%	-
Existing Central Pond Improvements	179,060	90%	162,000	10%	17,060	0%	-
Wet Pond North	325,000	89%	290,300	11%	35,000	0%	-
Wet Pond West	391,120	89%	346,000	11%	43,120	0%	-
TxDOT Ramp Flip	200,000	100%	200,000	0%	-	0%	-
Drainage	2,232,550	88%	1,971,886	12%	260,664	0%	-
Monumentation	353,000	89%	755,000	11%	98,000	0%	-
Hardscape	614,125	90%	552,215	10%	81,910	0%	-
Landscape	1,216,035	89%	1,060,206	11%	135,029	0%	-
Hike & Bike Trail System	439,211	69%	390,799	11%	48,412	0%	-
Erosion Control and Misc. Bond Costs	978,360	88%	860,667	12%	117,693	0%	-
Misc Soft Costs (fees, fiscal's, etc)	1,144,109	100%	1,144,109	0%	-	0%	-
Total Improvement Area #1 Authorized Improvements	\$ 14,529,600		\$ 13,050,206		\$ 1,479,394		\$ -
<i>Initial Improvement Area #1 PID Bond Issuance Costs</i>							
Debt Service Reserve Fund (b)	\$ 1,259,000	100%	\$ 1,259,000	0%	\$ -	0%	\$ -
Capitalized Interest (b)	981,105	100%	981,105	0%	-	0%	-
Underwriter Discount (b)	251,800	100%	251,800	0%	-	0%	-
Cost to Establish PID and Issue Bonds (b)	451,500	100%	451,500	0%	-	0%	-
Total Initial Improvement Area #1 PID Bond Issuance Costs	\$ 2,943,405		\$ 2,943,405		\$ -		\$ -
Total (Without Parity Bond Issue)	\$ 17,473,005		\$ 15,993,611		\$ 1,479,394		\$ -
<i>Parity Bond Issuance Costs</i>							
Debt Service Reserve Fund (c)	\$ 464,500	0%	\$ -	100%	\$ 464,500	0%	\$ -
Capitalized Interest (c)	396,094	0%	-	100%	396,094	0%	-
Underwriter Discount (c)	162,575	0%	-	100%	162,575	0%	-
Cost to Establish PID and Issue Bonds (c)	200,000	0%	-	100%	200,000	0%	-
Total Parity Bond Issuance Costs	\$ 1,223,169		\$ -		\$ 1,223,169		\$ -
Total (With Parity Bond Issue)	\$ 18,696,174		\$ 15,993,611		\$ 2,702,563		\$ -

(a) See Table II-A for details. Any Authorized Improvement that is allocated 100% to Improvement Area #1 Assessed Property would be required to be built in Improvement Area #1 if developed on a stand-alone basis.

(b) See Table V-A for details.

(c) Preliminary estimate. If Improvement Area #1 Parity Bonds are not issued, the Improvement Area #1 Parity Bond Issuance Costs will be removed from Table IV-A in Annual Service Plan Updates.

E. Assessment Methodology

The Actual Costs may be assessed by the City Council against the Assessed Property so long as the special benefit conferred upon the Assessed Property by the Authorized Improvements equals or exceeds the amount of the Special Assessments. The Actual Costs may be assessed using any methodology that results in the imposition of equal shares of the Actual Costs on Assessed Property similarly benefited.

- **Assessment Methodology for Improvement Area #1**

For purpose of this Assessment Plan, the City Council has determined that the Actual Costs of the portion of the Improvement Area #1 Public Improvements to be financed with the PID Bonds for Improvement Area #1 shall be allocated to the Improvement Area #1 Assessed Property by spreading the entire Special Assessment 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. Table IV-B summarizes the allocation of the Special Assessment relating to Initial Improvement Area #1 PID Bonds among Improvement Area #1 Assessed Property.

Based on the cost estimates provided by Bury+Partners for the Improvement Area #1 Public Improvements, the City Council has determined that the benefit to Improvement Area #1 Assessed Property from the Improvement Area #1 Public Improvements is at least equal to the Special Assessments levied on the Improvement Area #1 Assessed Property.

Upon subsequent divisions of any Parcel, the Special Assessment applicable to it will then be apportioned pro rata based on the estimated buildout value of each newly created Parcel. For residential Lots, when final residential building sites are platted, Special Assessments will be apportioned proportionately among each Lot Type based on the ratio of the estimated average buildout value for the Lot Type at the time the residential Lots are platted to the total buildout value of residential Lots in the platted Parcel. The result of this approach is that each final residential Lot within a recorded subdivision plat with similar buildout values will have the same Assessment, with more valuable Lots having a proportionately larger share of the Assessments than less valuable Lots. As part of the determination as to the ability of different Lot Types to utilize and benefit from the Authorized Improvements, the City Council has taken into consideration that larger, more expensive homes, on average, will create more vehicle trips and greater demands for water and wastewater consumption and larger, more expensive homes are likely to be built on larger, more valuable lots.

Prior to the division of any Parcel or the recording of a subdivision plat, the Owner shall provide the City an estimated buildout as of the date of the recorded subdivision plat for each new subdivide Parcel or Lot created by a 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 the Parcel or Lot's buildout value. The calculation of the estimated average Parcel or Lot buildout value shall be confirmed by the Administrator based on information provided by the Owner,

homebuilders, developers, third party consultants retained by the Owner, City, or Administrator, the Official Public Records of Travis County, Texas, and/or any other information regarding the Parcel or Lot.

The Special Assessment and Annual Installments for each Parcel or Lot located within Improvement Area #1 is shown on the Improvement Area #1 Assessment Roll, attached as Appendix A, and no Special Assessment shall be changed except as authorized by this Assessment Plan or the PID Act. Table IV-B summarizes the initial allocation of the Special Assessment relating to Improvement Area #1 among Improvement Area #1 Assessed Property at the time the Assessment Ordinance was adopted by the City Council.

**TABLE IV-B
Initial Special Assessment Allocation for Improvement Area #1**

Parcel	Net Acres	Land Use	Estimated Units/SF (a)	Estimated Buildout Value Per Unit/SF (a)	Total Estimated Buildout Value	% of Improvement Area #1	Initial Special Assessment Allocation (b)
11/12	106.76	Single Family Residential	386 Units	\$ 279,016	\$ 107,700,000	33.19%	\$ 5,720,389
1	13.60	Multifamily Residential	231 Units	\$ 120,000	\$ 27,720,000	8.54%	\$ 1,472,323
9	13.00	Multifamily Residential	219 Units	\$ 120,000	\$ 26,280,000	8.10%	\$ 1,395,839
2	22.00	Commercial	181,319 SF	\$ 200	\$ 36,263,800	11.16%	\$ 1,926,119
3	8.30	Commercial	87,040 SF	\$ 200	\$ 17,408,000	5.36%	\$ 924,810
4	8.10	Commercial	85,978 SF	\$ 200	\$ 17,195,679	5.30%	\$ 913,333
5	7.80	Commercial	81,733 SF	\$ 200	\$ 16,346,509	5.04%	\$ 868,230
6	7.30	Commercial	77,487 SF	\$ 200	\$ 15,497,340	4.78%	\$ 823,127
7	8.80	Commercial	92,347 SF	\$ 200	\$ 18,469,432	5.69%	\$ 980,987
8	12.30	Commercial	125,252 SF	\$ 200	\$ 25,050,494	7.72%	\$ 1,330,536
10	8.00	Commercial	92,794 SF	\$ 200	\$ 18,558,801	5.10%	\$ 879,506
	109.20				\$ 216,790,055	66.81%	\$ 11,514,611
Total	121.56				\$ 321,490,055	100.00%	\$ 17,235,000

(a) Estimates based on information available as of 06/20/2013, the date the original Assessment Plan was adopted by the City Council. The residential lots contained within Parcel 11 are expected to have buildout values of \$240,000 for 50 lots and \$325,000 for 60 lots.

(b) Although the actual unit counts and buildout values may vary from the estimates shown above, the initial Special Assessment allocation for each Parcel will not change unless modified in a Service Plan Update approved by the City Council, subject to the terms of this Assessment Plan, the PID Act, and any other documents associated with Improvement Area #1 PID Bonds.

• Assessment Methodology for Future Improvement Areas

When any given Future Improvement Area is developed, and PID Bonds for that Future Improvement Area are to be issued, this Assessment Plan will be amended to determine the assessment methodology that results in the imposition of equal shares of the Actual Costs on Assessed Property similarly benefited within that Improvement Area (e.g. Table IV-B will be amended to show the initial allocation of Special Assessments among Improvement Area #2 Assessed Property, etc.).

F. Special Assessments and Annual Installments

The Special Assessments for Improvement Area #1 will be levied on each Parcel according to the Improvement Area #1 Assessment Roll, attached hereto as Appendix A. The Annual Installments for Improvement Area #1 will be collected on the dates and in the amounts shown on the Improvement Area #1 Assessment Roll, subject to any revisions made during an Annual Service Plan Update.

G. Administrative Expenses

The cost of administering the PID and collecting the Annual Installments shall be paid for on a pro rata basis by each Parcel based on the amount of Special Assessment levied against 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 Improvement Area #1 Assessment Roll, which may be revised based on actual costs incurred in Annual Service Plan Updates.

H. Prepayment Reserve

Pursuant to the PID Act, the interest rate for Special Assessments may exceed the actual interest rate per annum paid on the related PID Bonds by no more than one half of one percent (0.50%). The interest rate used to determine the Special Assessments is one half of one percent (0.50%) per annum higher than the actual rate paid on the PID Bonds, with 0.20% allocated to fund the associated interest charged between the date of prepayment of a Special Assessment and the date on which PID Bonds are actually prepaid, and 0.30% allocated to fund a delinquency reserve account as described below. The prepayment reserve shall be funded up to \$62,950, but in no event will the annual collection be more than 0.20% higher than the actual interest rate paid on the PID Bonds. If the PID Act is subsequently amended to require a prepayment of a Special Assessment to include all applicable interest from the date of prepayment through and including the date of the regularly scheduled PID Bond payments or the prepayment reserve is fully funded at \$62,950, the 0.20% allocated to fund the associated interest charged between the date of prepayment of and Special Assessment and the date on which PID Bonds are actually prepaid may be eliminated. The first prepayment reserve payment is due January 1, 2014.

I. Delinquency Reserve

The City has allocated up to 0.30% of the interest rate component of the Annual Installments to offset any possible delinquent payments. The delinquency reserve shall be funded up to 10% of the next year's debt service for the PID Bonds, but in no event will the annual collection be more than 0.30% higher than the actual interest rate paid on the PID Bonds. If in a given year the delinquency reserve is fully funded at 15% of the next year's debt service, the City can allocate up to 0.30% of the interest rate component of the Annual Installments to any other use that benefits the Assessed Property, as determined by the City Council. The first delinquency reserve payment is due January 1, 2014.

Section V

SERVICE PLAN

The PID Act requires the service plan to cover a period of at least five years. The service plan is required to define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the PID during the five year period. It is anticipated that it will take approximately 6 months for the Improvement Area #1 Public Improvements to be constructed. At some point after the Improvement Area #1 Public Improvements are constructed, Improvement Area #2 will begin development. After Improvement Area #2 is developed, it is anticipated that Improvement Area #3 will begin development, with each Future Improvement Area to be subsequently developed corresponding to the Assessment Plan to be updated with that development.

The estimated Actual Costs for Improvement Area #1 Public Improvements plus costs related to the issuance of the PID Bonds for Improvement Area #1, and payment of expenses incurred in the establishment, administration and operation of the PID is \$17,473,004 without Improvement Area #1 Parity Bonds, and \$18,696,173 if Improvement Area #1 Parity Bonds are issued, as shown in Table IV-A. The service plan shall be reviewed and updated at least annually by the Administrator in sufficient time to allow the City Council to determine the then applicable Administrative Expenses for the next fiscal year, updating the estimated Authorized Improvement costs, and updating the Assessment Roll. Any update to this Assessment Plan is herein referred as an "Annual Service Plan Update."

Table V-A summarizes the sources and uses of funds required to construct the Improvement Area #1 Public Improvements, establish the PID, and issue the PID Bonds for Improvement Area #1. The sources and uses of funds shown in Table V-A shall be updated each year in the Annual Service Plan Update to reflect any budget revisions and Actual Costs.

As Future Improvement Areas are developed in connection with the issuance of PID Bonds, this Assessment Plan will be amended (e.g. Table V-A will be amended to add Improvement Area #2, etc.).

**TABLE V-A
Sources and Uses of Funds**

Sources of Funds	Initial Improvement Area #1 Bonds	Reimbursed to Owner by Special Assessment Revenues and/or Parity Bonds (a)		Unreimbursed Costs (b)	Total
		Initial Owner Contribution (c)	Owner Contribution as Costs Incurred (d)	Owner Contribution as Costs Incurred (d)	
Improvement Area #1 Series 2013 Bond PAR Amount	\$ 12,590,000	\$ -	\$ -	\$ -	\$ 12,590,000
Initial Owner Contribution (c)	-	3,403,611	-	-	3,403,611
Owner Contribution as Costs Incurred (d)	-	-	1,241,389	238,004	1,479,394
Total	\$ 12,590,000	\$ 3,403,611	\$ 1,241,389	\$ 238,004	\$ 17,473,004
Uses of Funds					
Improvement Area #1 Authorized Improvements (e)	\$ 9,646,595	\$ 3,403,611	\$ 1,241,389	\$ 238,004	\$ 14,529,600
Debt Service Reserve Fund (f)	1,269,000	-	-	-	1,269,000
Capitalized Interest (g)	981,105	-	-	-	981,105
Underwriter Discount (h)	251,800	-	-	-	251,800
Cost to Establish PID and Issue Bonds (i)	451,500	-	-	-	451,500
Total	\$ 12,590,000	\$ 3,403,611	\$ 1,241,389	\$ 238,004	\$ 17,473,004

Total Assessment = \$17,235,000

- (a) The total Special Assessment for all Parcels, as shown in Table IV-B and the Assessment Roll is \$17,235,000, of which \$12,590,000 is associated with the Initial Improvement Area #1 PID Bonds. The remaining \$4,645,000 will be used to reimburse the Owner for the Initial Owner Contribution and any other Authorized Improvements constructed by Owner with funds other than the Project Fund.
- (b) The total Special Assessment for all Parcels, as shown in Table IV-B and the Assessment Roll is \$17,235,000. The cost of any Authorized Improvement, including the cost of issuance relating to the Initial Improvement Area #1 PID Bond and any Improvement Area #1 Parity Bond, in excess of \$17,235,000 will be funded by Owner and will not be reimbursed.
- (c) The Initial Owner Contribution will be used to fund the portion of the hard costs and soft costs of the Authorized Improvements described in Table III-A not funded with Initial Improvement Area #1 PID Bond proceeds, and is eligible for reimbursement by Special Assessment Revenues and/or Improvement Area #1 Parity Bonds.
- (d) The owner will pay for construction management and any contingency expenses as costs are incurred, and these costs are eligible for reimbursement by Special Assessment Revenues and/or Improvement Area #1 Parity Bonds subject to the limitation described in note (b) above.
- (e) See Table III-A and Table IV-A for details. Excludes Bond Issuance Costs, which are identified separately.
- (f) The Improvement Area #1 PID Bonds will include a debt service reserve fund equal to the lesser of maximum annual debt service, 125% of average annual debt service, or 10% of the bond amount.
- (g) The PID Bonds will include capitalized interest through November 30, 2014.
- (h) The PID Bonds will have a 2.0% underwriter's discount.
- (i) Preliminary estimate.

The annual projected costs and annual projected indebtedness is shown by Table V-B. The annual projected costs and indebtedness is subject to revision and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

**TABLE V-B
Annual Projected Costs and Annual Projected Indebtedness**

Year	Projected Cost	Initial Improvement Area #1 PID Bond Indebtedness	Reimbursement Due to Owner and/or Improvement Area #1 Parity Owner Contribution	
			Bonds	
2013	\$ 17,473,004	\$ 12,590,000	\$ -	\$ -
2014	-	-	4,645,000	238,004
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
Total	\$ 17,473,004	\$ 12,590,000	\$ 4,645,000	\$ 238,004

Note: The Annual Projected Costs shown are the annual expenditures relating to the Improvement Area #1 Authorized Costs and the costs associated with forming the PID, issuance costs, capitalized interest, reserves, and reserve fund requirements shown in Table IV-A. The difference between the total projected cost and the total projected indebtedness is the amount contributed by the Owner. As Future Improvement Areas are developed, then in association with issuing PID Bonds, this Table V-B will be amended to identify the Authorized Improvements for Future Improvement Areas and the projected indebtedness resulting from the PID Bonds.

Section VI

TERMS OF THE SPECIAL ASSESSMENTS

A. Amount of Special Assessments and Annual Installments for Parcels Located Within Improvement Area #1

The Special Assessment and Annual Installments for each Assessed Property located within Improvement Area #1 is shown on the Improvement Area #1 Assessment Roll, attached as Appendix A, and no Special Assessment shall be changed except as authorized by this Assessment Plan and the PID Act.

B. Amount of Special Assessments and Annual Installments for Parcels Located Within Future Improvement Areas

As Future Improvement Areas are developed, this Assessment Plan will be amended to determine the Special Assessment and Annual Installments for each Assessed Property located within Future Improvement Areas (e.g. an Appendix will be added as the Assessment Roll for Improvement Area #2, etc.). The Special Assessments shall not exceed the benefit received by the Assessed Property.

C. Reallocation of Special Assessments for Parcels Located Within Improvement Area #1

1. Upon Division Prior to Recording of Subdivision Plat

Upon the division of any Assessed Property (without the recording of subdivision plat), the Administrator shall reallocate the Special 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 Special Assessment for the new divided Assessed Property

B = the Special Assessment for the Assessed Property prior to division

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

D = the sum of the estimated buildout value for all of the new divided Assessed Properties excluding Non-Benefitted Property

Prior to the division of any Assessed Property (without the recording of subdivision plat), the Owner shall provide the City an estimated buildout value for each newly created Parcel, as of the date of the division of the Parcel, considering factors such as land use, density, location, market conditions, historical sales, discussions with homebuilders/developers, and any other factors that may impact buildout value. The calculation of the estimated average buildout value for a Parcel shall be confirmed by the Administrator based on the information provided by the Owner, homebuilders, developers, third party consultants retained by the Owner, City, or Administrator, the Official Public Records of Travis County, Texas, and/or any other information regarding the Parcel.

The sum of the Special Assessments for all newly divided Assessed Properties shall equal the Special Assessment for the Assessed Property prior to subdivision. The calculation shall be made separately for each newly divided Assessed Property. The reallocation of a Special Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Special Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in the Annual Service Plan Update.

A hypothetical example of how Special Assessments are reallocated upon division prior to the recording of a subdivision plat is attached as Appendix B.

2. Upon Subdivision by a Recorded Subdivision Plat

Upon the subdivision of any Assessed Property based on a recorded subdivision plat, the Administrator shall reallocate the Special Assessment for the Assessed Property prior to the subdivision among the new subdivided Lots according to the following formula:

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

Where the terms have the following meanings:

A = the Special Assessment for the new subdivided Lot

B = the Special Assessment for the Parcel prior to subdivision

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

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

E = the number of Lots with same Lot Type

Prior to the recording of a subdivision plat, 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 a Lot's buildout value. The calculation of the estimated average Lot buildout value for a Lot shall be confirmed by the Administrator based on information provided by the Owner, homebuilders, developers, third party consultants retained by the Owner, City, or Administrator, the Official Public Records of Travis County, Texas, and/or any other information regarding the Lot.

The sum of the Special Assessments for all newly subdivided Lots shall not exceed the Special 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 a Special Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Special Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in the Annual Service Plan Update.

A hypothetical example of how Special Assessments are reallocated upon subdivision by a subdivision plat is attached as Appendix C.

3. Upon Consolidation

Upon the consolidation of two or more Assessed Properties, the Special Assessment for the consolidated Assessed Property shall be the sum of the Special Assessments for the Assessed Properties prior to consolidation. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Special Assessment prior to the reallocation. Any reallocation pursuant to this section shall be calculated by the Administrator and reflected in the Annual Service Plan Update.

D. Reallocation of Special Assessments for Parcels Located Within Future Improvement Areas

As Future Improvement Areas are developed, this Assessment Plan will be amended to determine the assessment reallocation methodology that results in the imposition of equal shares of the Actual Costs on Assessed Property similarly benefited within each Future Improvement Area.

E. Mandatory Prepayment of Special Assessments

If Assessed Property or portion thereof is transferred to a party that is exempt from the payment of the Special Assessment under applicable law, or if an owner causes a Parcel or portion thereof to become Non-Benefited Property, the owner of such Parcel or portion thereof shall pay to the Administrator the full amount of the Special Assessment, plus all Prepayment Costs, for such Parcel or portion thereof prior to any such transfer or act; provided, however that such mandatory prepayment of the Special Assessment shall not be required for portions of a Parcel that are dedicated for use as internal roads, parks, utilities, and other similar, public improvements prior to the recording of the plat for a Parcel that has been subdivided, in which case the Special Assessment that was allocated to that certain Parcel in which the public improvement is located will be reallocated to similarly benefitted Parcels, as more fully described in Section VI.C;

provided, however, that reallocation of a Special Assessment for a Parcel that is a homestead under Texas Law may not exceed the Special Assessment prior to reallocation.

F. Reduction of Special Assessments

1. If after all Authorized Improvements to be funded with Special Assessments have been completed, including any additional Authorized Improvements described in Section VI.I, and Actual Costs for such Authorized Improvements are less than the Special Assessments, resulting in excess Special Assessment Revenues being available, then the Special Assessment for each Assessed Property shall be reduced by the City Council prorata such that the sum of the resulting reduced Special Assessments for all Assessed Properties equals the reduced Actual Costs and any excess Bond proceeds shall applied to redeem PID Bonds of such series. The Special Assessments shall not be reduced to an amount less than any related outstanding series of PID Bonds.
2. If the Authorized Improvements to be funded with Special Assessments, including any additional Authorized Improvements described in Section VI.I, are not undertaken, resulting in excess Special Assessment Revenues being available, the Special Assessment for each Assessed Property shall be reduced by the City Council to reflect only the Actual Costs that were expended and any excess Bond proceeds shall be applied to redeem PID Bonds of such series. The City Council shall reduce such Special Assessments for each Assessed Property prorata such that the sum of the resulting reduced Special Assessments equals the Actual Costs with respect to such Authorized Improvements that were undertaken. The Special Assessments shall not be reduced to an amount less than any related outstanding series of PID Bonds.

G. Payment of Special Assessments

1. Payment in Full

- (a) The Special Assessment for any Parcel may be paid in full at any time in accordance with applicable laws. Payment shall include all Prepayment Costs. If prepayment in full will result in a redemption of PID Bonds, the payment amount shall receive credit from any proceeds from the reserve fund applied to the redemption under the Indenture, net of any other costs applicable to the redemption of PID Bonds.
- (b) If an Annual Installment has been billed prior to payment in full of a Special Assessment, the Annual Installment shall be due and payable and shall be credited against the payment-in-full amount.
- (c) Upon payment in full of a Special Assessment and all Prepayment Costs, the City shall deposit the payment in accordance with the related Indenture; whereupon, the Special Assessment shall be reduced to zero, and the owner's obligation to pay the Special Assessment and Annual Installments thereof shall automatically

terminate. The City shall provide the owner of the affected Assessed Property a recordable "Notice of PID Assessment Termination."

- (d) At the option of the Parcel owner, the Special Assessment on any Parcel may be paid in part in an amount equal to the amount of prepaid Special Assessments plus Prepayment Costs with respect thereto. Upon the payment of such amount for a Parcel, the Special Assessment for the Parcel shall be reduced, the Assessment Roll shall be updated to reflect such partial payment, and the obligation to pay the Annual Installment for such Parcel shall be reduced to the extent the partial payment is made.

2. Payment in Annual Installments

The PID Act provides that a Special Assessment for a Parcel may be paid in full at any time. If not paid in full, the PID Act authorizes the City to collect interest and collection costs on the outstanding Special Assessment. A Special Assessment for a Parcel that is not paid in full will be collected in Annual Installments each year in the amounts shown in the Improvement Area #1 Assessment Roll, which includes interest on the outstanding Special Assessment and Administrative Expenses.

Each Special Assessment for a Future Improvement Area shall bear interest at a rate of interest on the PID Bonds approved and issued by the City to fund all or a portion of the Authorized Improvements for such Future Improvement Area plus up to 0.5%. The Annual Installments as listed on the Improvement Area #1 Assessment Roll have been calculated assuming the weighted average interest rate on the PID Bonds. The Annual Installments may not exceed the amounts shown on the Improvement Area #1 Assessment Roll except as pursuant to any amendment or update to this Assessment Plan.

The Annual Installments shall be reduced to equal the actual costs of repaying the related series of PID Bonds and actual Administrative Expenses (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.

The City reserves and shall have the right and option to refund the PID Bonds in accordance with Section 372.027 of the PID Act. In the event of such refunding, the Administrator shall recalculate the Annual Installments, and if necessary, may adjust, or decrease, the amount of the Annual Installment so that total Annual Installments of Assessments will be produced in annual amounts that are required to pay the refunding PID Bonds when due and payable as required by and established in the ordinance and/or the indenture authorizing and securing the refunding PID Bonds, and such refunding PID Bonds shall constitute "PID Bonds" for purposes of this Assessment Plan.

H. Collection of Annual Installments

No less frequently than annually, the Administrator shall prepare, and submit to the City Council for its 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 Improvement Area #1 Assessment Roll and a calculation of the Annual Installment for each Assessed Property. Administrative Expenses shall be allocated among Assessed Properties in proportion to the amount of the Annual Installments for the Assessed Property. Each Annual Installment shall be reduced by any credits applied under the Indenture, such as capitalized interest, interest earnings on any account balances, and any other funds available to the Trustee for such purpose, and existing deposits for a prepayment reserve. Annual Installments may be collected by the City (or such entity to whom the City directs) 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 PID Act. The City Council may provide for other means of collecting the Annual Installments to the extent permitted under the PID Act. The Special Assessments shall have lien priority as specified in the PID Act.

Any sale of Assessed Property for nonpayment of the delinquent Annual Installments shall be subject to the lien established for the remaining unpaid Annual Installments against such Assessed Property and such Assessed Property may again be sold at a judicial foreclosure sale if the purchaser thereof fails to make timely payment of the non-delinquent Annual Installments against such Assessed Property as they become due and payable.

Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be assessed on or about December 1 and shall be due on January 1 of the following year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year.

I. Surplus Funds Remaining in Improvement Area #1 Bond Account

If proceeds from PID Bonds for Improvement Area #1 still remain after all of the Improvement Area #1 Public Improvements are constructed and accepted by the City and the County, the proceeds may be utilized to finance other Authorized Improvements that specially benefit all Improvement Area #1 Assessed Property.

Section VII

THE ASSESSMENT ROLL

A. Improvement Area #1 Assessment Roll

Each Parcel within Improvement Area #1 has been evaluated by the City Council (based on the Planned Unit Development Ordinance, developable area, proposed Owner Association Property and Public Property, the Improvement Area #1 Public Improvements, best and highest use of land, and other development factors deemed relevant by the City Council) to determine the amount of Assessed Property within the Parcel.

Improvement Area #1 Assessed Property will be assessed for the special benefits conferred upon the property because of the Improvement Area #1 Public Improvements. Table IV-A summarizes the \$17,473,004 in special benefit received by Improvement Area #1 Assessed Property from the Improvement Area #1 Public Improvements that benefit Improvement Area #1, the costs of the PID formation, and Bond Issuance Costs. The total Special Assessment for all Parcels within Improvement Area #1 is \$17,235,000, which is less than the benefit received by Improvement Area #1 Assessed Property, and as such the total assessment for all Assessed Property within Improvement Area #1 is \$17,235,000 plus annual Administrative Expenses. The Assessment for each Assessed Property within Improvement Area #1 is calculated based on the allocation methodologies described in Section IV.E of this Assessment Plan. The Improvement Area #1 Assessment Roll is attached hereto as Appendix A.

B. Future Improvement Area Assessment Roll

As Future Improvement Areas are developed, this Assessment Plan will be amended to determine the Special Assessment for each Parcel located within Future Improvement Areas (e.g. an appendix will be added as the Assessment Roll for Improvement Area #2, etc.).

C. Annual Assessment Roll Updates

The Administrator shall prepare, and shall submit to the City Council for approval, annual updates to the Improvement Area #1 Assessment Roll in conjunction with the Annual Service Plan Update to reflect the following matters, together with any other changes helpful to the Administrator or the City and permitted by the PID Act: (i) the identification of each Parcel (ii) the Special Assessment for each Assessed Property, including any adjustments authorized by this Assessment Plan or in the PID Act; (iii) the Annual Installment for the Assessed Property for the year (if the Special Assessment is payable in installments); and (iv) payments of the Special Assessment, if any, as provided by Section VI.G of this Assessment Plan.

Once PID Bonds are issued in addition to the Initial Improvement Area #1 PID Bonds, the Assessment Roll shall be updated, which update may be done in the next Annual Service Plan Update, to reflect any changes resulting from the issuance of the PID Bonds. This update shall reflect the actual interest on the PID Bonds on which the Annual Installments shall be paid, any

reduction in the Special Assessments, and any revisions in the Actual Costs to be funded by the PID Bonds and Owner funds.

Section VIII

MISCELLANEOUS PROVISIONS

A Administrative Review

The City may elect to designate a third party to serve as Administrator. The City shall notify Owner in writing at least thirty (30) days in advance before appointing a third party Administrator.

To the extent consistent with the PID Act, an owner of an Assessed Property claiming that a calculation error has been made in the Improvement Area #1 Assessment Roll, including the calculation of the Annual Installment, must send a written notice describing the error to the City no later than thirty (30) days after the date any amount which is alleged to be incorrect is due prior to seeking any other remedy. If an owner fails to give such notice, such owner shall be deemed to have accepted the calculation of the Improvement Area #1 Assessment Roll (including the Annual Installments) and to have waived any objection to the calculation. The Administrator shall promptly review the notice, and if necessary, meet with the Assessed Property owner, consider written and oral evidence regarding the alleged error and decide whether, in fact, such a calculation error occurred.

If the Administrator determines that a calculation error has been made and the Improvement Area #1 Assessment Roll should be modified or changed in favor of the Assessed Property owner, such change or modification shall be presented to the City Council for approval, to the extent permitted by the PID Act. A cash refund may not be made for any amount previously paid by the Assessed Property owner (except for the final year during which the Annual Installment shall be collected), but an adjustment may be made in the amount of the Annual Installment to be paid in the following year. The decision of the Administrator regarding a calculation error relating to the Improvement Area #1 Assessment Roll may be appealed to the City Council for determination. Any amendments made to the Improvement Area #1 Assessment Roll pursuant to calculation errors shall be made pursuant to the PID Act.

B Termination of Special Assessments

Each Special Assessment shall terminate on the date the Special Assessment is paid in full, including payment of any unpaid Annual Installments and Delinquent Collection Costs, if any. After the termination of a Special Assessment, and the collection of any delinquent Annual Installments and Delinquent Collection Costs, the City shall provide the owner of the affected Parcel a recordable "Notice of the PID Assessment Termination."

C Amendments

Amendments to the Assessment Plan can be made as permitted or required by the PID Act and under Texas law.

D Administration and Interpretation of Provisions

The City Council shall administer (or cause the administration of) the PID, this Assessment Plan, and all Annual Service Plan Updates consistent with the PID Act, and shall make all interpretations and determinations related to the application of this Assessment Plan unless stated otherwise herein or in the Indenture, such determinations shall be conclusive.

E Severability

If any provision, section, subsection, sentence, clause or phrase of this Assessment Plan, or the application of same to an Assessed Property or any person or set of circumstances is for any reason held to be unconstitutional, void or invalid, the validity of the remaining portions of this Assessment Plan or the application to other persons or sets of circumstances shall not be affected thereby, it being the intent of the City Council in adopting this Assessment Plan that no part thereof, or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity of any other part hereof, and all provisions of this Assessment Plan are declared to be severable for that purpose.

If any provision of this Assessment Plan is determined by a court to be unenforceable, the unenforceable provision shall be deleted from this Assessment Plan and the unenforceable provision shall, to the extent possible, be rewritten to be enforceable and to give effect to the intent of the City.

Appendix A

Improvement Area #1 Assessment Roll

**Appendix A
Special Assessment by Parcel**

Parcel	Assessable Acres	Special Assessment
1	13.60	1,472,323.09
2	22.00	1,926,119.41
3	8.30	924,810.40
4	8.10	913,333.12
5	7.80	868,230.25
6	7.30	823,127.38
7	8.80	980,987.43
8	12.30	1,330,534.67
9	13.00	1,395,838.77
10	8.00	879,505.97
11/12	106.76	\$ 5,720,389.50
Take total	215.96	\$ 17,295,000.00

PRELIMINARY AND SUBJECT TO CHANGE

Descriptions of each Parcel in Improvement Area #1 are included in Appendix E.
Assessments for Administrative Expenses, Delinquency Reserves, and Payment Reserves are shown in annual installment schedules for each Parcel.

Appendix A
Annual Installments - ALL PARCELS

Instalment Due Date (a)	Initial A#1 Bond Principal	Initial A#1 Bond Interest (b)	Owner Reimbursement Principal (c)	Owner Reimbursement Interest (d)	Principal + Interest (e)	City Admin Expenses (f)	Prepayment Reserve	Delinquency Reserve	Total Annual Installment
1/31/2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,180	\$ 37,770	\$ 87,950.00
1/31/2015	630,000	657,390	35,000	273,375	1,685,755	25,530	25,180	37,770	1,884,204.79
1/31/2016	650,000	686,625	70,000	273,375	1,680,000	28,010	12,590	37,770	1,768,370.00
1/31/2017	685,000	666,925	105,000	271,300	1,718,725	26,530	-	-	1,745,255.20
1/31/2018	720,000	626,100	145,000	269,650	1,769,750	27,061	-	-	1,786,810.00
1/31/2019	750,000	593,700	185,000	263,325	1,792,625	27,602	-	-	1,820,227.02
1/31/2020	795,000	548,700	230,000	257,400	1,831,100	28,154	-	-	1,859,254.08
1/31/2021	845,000	501,000	275,000	246,300	1,867,300	28,717	-	-	1,898,017.14
1/31/2022	895,000	450,300	325,000	232,500	1,904,800	29,295	-	-	1,932,091.20
1/31/2023	945,000	396,600	385,000	216,000	1,942,600	29,877	-	-	1,972,477.31
1/31/2024	1,005,000	338,000	440,000	196,500	1,981,400	30,475	-	-	2,011,874.88
1/31/2025	1,065,000	278,600	505,000	173,400	2,023,000	31,094	-	-	2,054,084.38
1/31/2026	1,130,000	218,700	575,000	147,000	2,067,700	31,706	-	-	2,106,940.17
1/31/2027	1,195,000	147,900	645,000	118,700	2,104,600	32,340	-	-	2,156,940.17
1/31/2028	1,270,000	76,200	725,000	92,200	2,163,400	32,987	-	-	2,186,386.97
Totals	\$ 12,590,000	\$ 6,176,633	\$ 4,645,000	\$ 3,019,125	\$ 28,430,765	\$ 437,335	\$ 62,950	\$ 112,310	\$ 27,039,350.21

PRELIMINARY AND SUBJECT TO CHANGE

- (a) The 1/31/XX dates represent installment due dates for the BID Bonds which are intended to cover the May 1 and November 1 payments.
- (b) Net of Capitalized Interest.
- (c) Includes the Initial Owner Contribution and any other non-reimbursable Variable Actual Costs.
- (d) The interest shown is calculated using the interest rate on the Initial Improvement Area #1 Bonds. The interest will be updated in Annual Service Plan Updates.
- (e) Use an interest rate equal to the lesser of (i) the interest rate on the Initial Improvement Area #1 Bonds; and (ii) the maximum interest rate allowed by the BID Act.
- (f) Does not include fees or fund earnings or any other funds which could reduce the debt service.
- (g) Preliminary estimate. The Administrative Expenses will be revised in Annual Service Plan Updates based on actual costs.

**Appendix
Annual Installments - PARCBI**

Installment Due Date (a)	Initial IA#1 Bond Principal	Initial IA#1 Bond Interest (b)	Owner Reimbursement Principal (c)	Owner Reimbursement Interest (d)	Principal + Interest (e)	City Admin Expenses (f)	Prepayment Reserve	Delinquency Reserve	Total Annual Installment
1/31/2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,136	\$ 2,151	\$ 3,227	\$ 7,513.25
1/31/2015	50,019	56,156	2,990	23,353	136,320	2,178	2,151	3,227	143,875.46
1/31/2016	56,381	58,656	5,930	23,353	144,371	2,222	1,076	3,227	150,894.54
1/31/2017	58,517	56,119	6,970	23,219	146,824	2,266	-	-	149,090.73
1/31/2018	61,507	53,485	12,337	22,950	150,329	2,312	-	-	152,640.72
1/31/2019	64,070	50,719	15,204	22,546	155,137	2,358	-	-	155,495.35
1/31/2020	67,914	46,973	19,648	21,989	158,424	2,405	-	-	158,829.28
1/31/2021	72,186	42,799	23,492	21,041	159,517	2,453	-	-	161,989.82
1/31/2022	76,457	38,467	27,764	19,862	162,549	2,502	-	-	165,051.62
1/31/2023	80,728	33,860	32,889	18,452	165,949	2,552	-	-	168,501.53
1/31/2024	85,853	29,056	37,586	16,786	169,264	2,603	-	-	171,867.12
1/31/2025	90,979	23,865	43,140	14,813	172,817	2,655	-	-	175,472.92
1/31/2026	96,532	18,426	48,120	12,558	176,636	2,709	-	-	179,346.59
1/31/2027	102,084	12,655	55,100	9,969	179,788	2,763	-	-	183,550.99
1/31/2028	108,491	6,609	61,934	7,022	183,967	2,818	-	-	188,775.05
Totals	\$ 1,076,518	\$ 527,647	\$ 396,805	\$ 267,913	\$ 2,257,883	\$ 38,933	\$ 5,378	\$ 9,680	\$ 2,339,872.91

PRELIMINARY AND SUBJECT TO CHANGE

(a) The 1/31/XX dates represent installment due dates for the PID Bonds which are intended to cover the May 1 and November 1 payments.

(b) Net of Capitalized Interest.

(c) Includes the Initial Owner Contribution and any other unreimbursed eligible Annual Costs.

(d) The interest shown is calculated using the interest rate on the Initial Improvement Area #1 Bonds. The interest will be updated in Annual Service Plan Updates to use an interest rate equal to the lesser of (i) the interest rate on the Initial Improvement Area #1 Bonds, and (ii) the maximum interest rate allowed by the PID Act.

(e) Does not include reserve fund earnings or any other funds which could reduce net debt service.

(f) Preliminary estimate. The Administrative Expenses will be revised in Annual Service Plan Updates based on actual costs.

**Appendix A
Annual Installments - PARCEL**

Installment Due Date (a)	Initial IAF# Bond Principal	Initial #A#1 Bond Interest (b)	Owner Reimbursement Principal (c)	Owner Reimbursement Interest (d)	Principal + Interest (e)	City Admin Expenses (f)	Prepayment Reserve	Delinquency Reserve	Total Annual Installment
1/31/2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,734	\$ 2,814	\$ 4,221	\$ 9,828.96
1/31/2015	70,406	73,466	3,811	30,561	178,336	3,650	2,814	4,221	188,220.45
1/31/2016	73,759	76,735	7,823	30,551	188,868	2,907	1,407	4,221	197,402.93
1/31/2017	76,553	73,415	11,734	30,375	192,078	2,955	-	-	195,043.22
1/31/2018	80,465	69,971	18,205	30,023	186,663	3,024	-	-	199,687.32
1/31/2019	83,817	66,350	20,675	28,485	200,337	3,085	-	-	203,421.79
1/31/2020	88,046	61,321	25,704	28,766	204,837	3,146	-	-	207,733.31
1/31/2021	94,434	55,930	33,733	27,526	208,692	3,209	-	-	211,891.81
1/31/2022	100,022	50,324	38,321	25,983	212,650	3,274	-	-	215,923.35
1/31/2023	105,810	44,523	43,026	24,139	217,098	3,339	-	-	220,436.72
1/31/2024	112,315	37,986	49,173	21,960	221,434	3,406	-	-	224,839.64
1/31/2025	119,020	31,247	56,437	19,379	226,093	3,474	-	-	229,556.82
1/31/2026	126,285	24,106	64,560	16,420	231,078	3,543	-	-	234,621.80
1/31/2027	133,549	16,529	72,683	13,012	235,202	3,614	-	-	238,816.47
1/31/2028	141,330	9,516	81,023	9,186	240,656	3,687	-	-	244,342.46
Totals	\$ 1,407,012	\$ 690,277	\$ 519,108	\$ 337,408	\$ 2,953,803	\$ 48,316	\$ 7,035	\$ 12,653	\$ 3,021,817.08

PRELIMINARY AND SUBJECT TO CHANGE

- (a) The 1/31/2014 dates represent Installment due dates for the PID Bonds, which are intended to cover the May 1 and November 1 payments.
- (b) Net of Capitalized Interest.
- (c) Includes the Initial Owner Contribution and any other reimbursed eligible Annual Costs.
- (d) The interest shown is calculated using the interest rate on the Initial Improvement Area #1 Bonds. The interest will be updated in Annual Service Plan Updates to use an interest rate equal to the lesser of (i) the interest rate on the Initial Improvement Area #1 Bonds, and (ii) the maximum interest rate allowed by the PID Act.
- (e) Does not include reserve fund earnings on any other funds which could reduce net debt service.
- (f) Preliminary estimate. The Administrative Expenses will be revised in Annual Service Plan Updates based on actual costs.

**Appendix A
Annual Installments - PARCEL #1**

Installment Due Date (a)	Initial IAW#1 Bond Principal	Initial IAW#1 Bond Interest (b)	Owner Reimbursement Principal (c)	Owner Reimbursement Interest (d)	Principal + Interest (e)	City Admin Expenses (f)	Prepayment Reserve	Delinquency Reserve	Total Annual Installment
1/31/2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,341	\$ 1,351	\$ 2,028	\$ 4,718.28
1/31/2015	33,798	35,267	1,970	14,666	85,608	1,388	1,351	2,028	90,362.96
1/31/2016	35,407	36,836	3,755	14,666	90,664	1,395	675	2,028	94,760.90
1/31/2017	36,748	35,242	5,633	14,591	92,205	1,423	-	-	93,628.15
1/31/2018	38,526	33,568	7,779	14,412	94,405	1,452	-	-	95,857.49
1/31/2019	40,235	31,950	9,925	14,159	96,169	1,481	-	-	97,650.18
1/31/2020	42,650	29,426	12,339	13,809	96,233	1,510	-	-	99,743.87
1/31/2021	45,332	26,877	14,753	12,213	100,176	1,541	-	-	101,716.11
1/31/2022	48,014	24,157	17,455	12,473	102,080	1,571	-	-	103,651.40
1/31/2023	50,897	21,277	20,654	11,568	104,215	1,500	-	-	105,817.99
1/31/2024	53,915	18,235	23,605	10,542	106,297	1,535	-	-	107,931.56
1/31/2025	57,134	15,000	27,092	9,302	106,528	1,568	-	-	110,195.90
1/31/2026	60,621	11,572	30,247	7,888	110,926	1,701	-	-	112,627.37
1/31/2027	64,108	7,934	34,602	6,261	112,906	1,735	-	-	114,640.97
1/31/2028	68,132	4,088	38,894	4,413	115,524	1,770	-	-	117,293.65
Totals	\$ 675,419	\$ 331,359	\$ 249,491	\$ 161,989	\$ 1,417,937	\$ 23,494	\$ 3,377	\$ 6,078	\$ 1,450,586.03

PRELIMINARY AND SUBJECT TO CHANGE

(a) The 1/31/XX dates represent installment due dates for the FID Bonds which are intended to cover the May 1 and November 1 payments.

(b) Net of Capitalized Interest.

(c) Includes the Initial Owner Contribution and any other unreimbursable eligible Actual Costs.

(d) The interest shown is calculated using the interest rate on the Initial Improvement Area #1 Bonds. The interest will be updated in Annual Service Plan Updates to use an interest rate equal to the lesser of (i) the interest rate on the Initial Improvement Area #1 Bonds and (ii) the maximum interest rate allowed by the FID Act.

(e) Does not include interest, principal payments or any other funds which could reduce net debt service.

(f) Preliminary estimate. The Administrative Expense will be revised in Annual Service Plan Updates based on actual costs.

**Appendix A
Annual Installments - PARCEL #1**

Installment Due Date (a)	Initial W/H Bond Principal	Initial W/H Bond Interest (b)	Owner Reimbursement Principal (c)	Owner Reimbursement Interest (d)	Principal + Interest (e)	City Admin Expenses (f)	Prepayment Reserve	Delinquency Reserve	Total Annual Installment	
1/31/2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,325	\$ 1,334	\$ 2,002	\$ 4,660.73
1/31/2015	33,386	34,836	1,955	14,487	94,564	1,351	1,334	2,002	89,250.84	
1/31/2016	34,575	36,366	3,710	14,987	99,558	1,378	667	2,002	93,605.12	
1/31/2017	56,500	34,612	5,564	14,403	31,080	1,406	-	-	92,488.18	
1/31/2018	38,155	33,179	7,884	14,237	53,254	1,434	-	-	94,698.34	
1/31/2019	39,745	31,462	9,404	13,985	34,986	1,463	-	-	96,459.16	
1/31/2020	42,429	29,677	12,188	13,640	37,035	1,492	-	-	98,527.92	
1/31/2021	44,779	26,549	14,573	13,052	98,954	1,522	-	-	100,476.50	
1/31/2022	47,429	23,863	17,223	12,321	100,935	1,552	-	-	102,387.19	
1/31/2023	50,670	21,017	20,402	11,443	102,944	1,583	-	-	104,527.35	
1/31/2024	53,258	18,612	23,317	10,413	105,000	1,615	-	-	106,613.14	
1/31/2025	56,137	14,817	26,761	9,103	107,205	1,647	-	-	108,851.95	
1/31/2026	59,882	11,431	30,471	7,730	109,673	1,680	-	-	111,253.67	
1/31/2027	63,227	7,638	34,180	6,184	111,629	1,714	-	-	113,242.72	
1/31/2028	67,301	4,038	38,420	4,356	114,115	1,748	-	-	115,863.05	
Totals	\$ 667,181	\$ 327,318	\$ 245,162	\$ 159,992	\$ 1,400,643	\$ 22,911	\$ 3,336	\$ 6,035	\$ 1,432,894.35	

PRELIMINARY AND SUBJECT TO CHANGE

(a) The 1/31/XX dates represent installment due dates for the PID Bonds which are intended to cover the May 1 and November 1 payments.

(b) Net of Capitalized Interest.

(c) Includes the initial Owner Contribution and any other unreimbursed eligible Actual Costs.

(d) The interest shown is calculated using the interest rate on the initial Improvement Area #1 Bonds. The interest will be updated in Annual Service Plan Updates to use an interest rate which is the lesser of (i) the interest rate on the initial Improvement Area #1 Bonds, and (ii) the maximum interest rate allowed by the PID Act.

(e) Does not include reserve fund earnings on any other funds which could reduce net debt service.

(f) Preliminary estimate. The Administrative Expenses will be revised in Annual Service Plan Updates based on actual costs.

**Appendix A
Annual Installments - PARCELS**

Installment Due Date (a)	Initial IA#1 Bond Principal	Initial IA#1 Bond Interest (b)	Owner Reimbursement Principal (c)	Owner Reimbursement Interest (d)	Principal + Interest (e)	City Admin Expenses (f)	Prepayment Reserve	Delinquency Reserve	Total Annual Installment
1/31/2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,269	\$ 1,269	\$ 1,903	\$ 4,430.57
1/31/2015	31,737	33,116	1,763	13,772	80,388	1,265	1,268	1,903	84,643.49
1/31/2016	33,248	34,589	3,526	13,772	85,135	1,310	634	1,903	88,932.64
1/31/2017	34,508	33,093	5,269	13,692	86,582	1,338	-	-	87,918.97
1/31/2018	26,271	31,540	7,305	13,524	88,649	1,363	-	-	90,012.37
1/31/2019	37,782	28,908	9,320	13,255	90,305	1,390	-	-	91,695.74
1/31/2020	40,049	27,641	11,566	12,967	92,243	1,419	-	-	93,661.77
1/31/2021	42,568	25,238	13,653	12,408	94,067	1,447	-	-	95,513.75
1/31/2022	45,087	22,604	16,372	11,712	95,655	1,478	-	-	97,331.03
1/31/2023	47,605	19,979	19,325	10,881	97,660	1,505	-	-	99,365.60
1/31/2024	50,628	17,123	22,165	9,889	99,615	1,535	-	-	101,350.20
1/31/2025	53,650	14,085	25,440	8,736	101,911	1,566	-	-	103,476.54
1/31/2026	56,925	10,886	28,986	7,405	104,162	1,597	-	-	105,759.67
1/31/2027	60,199	7,451	32,433	5,679	106,021	1,629	-	-	107,650.45
1/31/2028	63,978	3,839	36,523	4,141	108,480	1,662	-	-	110,141.42
Totals	\$ 634,234	\$ 311,154	\$ 233,996	\$ 152,091	\$ 1,331,476	\$ 21,778	\$ 3,171	\$ 5,708	\$ 1,362,134.14

PRELIMINARY AND SUBJECT TO CHANGE

(a) The 1/31/XX dates represent installment due dates for the PID Bonds which are intended to cover the May 1 and November 1 payments.

(b) Net of Capitalized Interest.

(c) Includes the Initial Owner Contribution and any other unreimbursed eligible Actual Costs.

(d) The interest shown is calculated using the interest rate on the Initial Improvement Area #1 Bonds. The interest will be updated in Annual Service Plan Updates. The interest rate equals the lesser of (i) the interest rate on the Initial Improvement Area #1 Bonds, and (ii) the maximum interest rate allowed by the PID Act.

(e) Does not include response fund earnings of any other funds which could reduce net debt service.

(f) Preliminary estimate. The Administrative Expenses will be revised in Annual Service Plan Updates based on actual costs.

**Appendix A
Annual Installments - PARCEL #6**

Installment Due Date (a)	Initial IA#1 Bond Principal	Initial IA#1 Bond Interest (b)	Owner Reimbursement Principal (c)	Owner Reimbursement Interest (d)	Principal + Interest (e)	City Admin Expenses (f)	Prepayment Reserve	Delinquency Reserve	Total Annual Installment
1/31/2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,194	\$ 1,203	\$ 1,804	\$ 4,200.41
1/31/2015	30,088	31,298	1,672	13,056	76,212	1,218	1,203	1,804	80,438.04
1/31/2016	31,521	32,793	3,343	13,056	80,713	1,242	501	1,804	84,260.17
1/31/2017	32,715	31,274	5,015	12,981	82,085	1,267	-	-	83,351.75
1/31/2018	34,387	29,902	6,825	12,850	84,044	1,292	-	-	85,336.40
1/31/2019	35,619	29,355	8,835	12,605	85,614	1,318	-	-	86,932.33
1/31/2020	37,968	28,205	10,985	12,293	87,452	1,345	-	-	88,796.22
1/31/2021	40,256	27,927	13,134	11,763	89,180	1,372	-	-	90,551.59
1/31/2022	42,744	27,506	15,522	11,104	90,876	1,399	-	-	92,274.87
1/31/2023	45,132	27,941	18,387	10,315	92,777	1,427	-	-	94,203.66
1/31/2024	47,988	28,233	21,014	9,385	94,630	1,455	-	-	96,085.25
1/31/2025	50,863	28,353	24,118	8,281	96,617	1,485	-	-	98,101.14
1/31/2026	53,968	28,302	27,461	7,021	98,751	1,514	-	-	100,265.66
1/31/2027	57,072	27,084	30,805	5,573	100,524	1,545	-	-	102,058.26
1/31/2028	60,854	26,639	34,625	3,926	102,844	1,575	-	-	104,419.78
Totals	\$ 801,287	\$ 294,990	\$ 221,841	\$ 144,191	\$ 1,262,308	\$ 20,648	\$ 3,006	\$ 5,412	\$ 1,291,373.82

PRELIMINARY AND SUBJECT TO CHANGE

(a) The 1/31/XX dates represent installment due dates for the PID Bonds which are intended to cover the May 1 and November 1 payments.

(b) Net of Capitalized Interest.

(c) Includes the Initial Owner Contribution and any other non-reimbursed eligible Actual Costs.

(d) The interest shown is calculated using the interest rate on the Initial Improvement Area #1 Bonds. This interest will be updated in Annual Service Plan Updates to use an interest rate equal to the lesser of (i) the interest rate on the Initial Improvement Area #1 Bonds, and (ii) the maximum interest rate allowed by the PID Act.

(e) Does not include reserve fund earnings or any other funds which could reduce net debt service.

(f) Preliminary estimate. The administrative expenses will be used in Annual Service Plan Updates based on actual costs.

Annual Installments - PARCEL 7

Installment Due Date (a)	Initial IA#1 Bond Principal	Initial IA#1 Bond Interest (b)	Owner Reimbursement Principal (c)	Owner Reimbursement Interest (d)	Principal + Interest (e)	City Admin Expenses (f)	Prepayment Reserve	Delinquency Reserve	Total Annual Installment
1/31/2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,423	\$ 1,453	\$ 2,150	\$ 5,005.97
1/31/2015	35,859	37,417	1,992	15,580	90,828	1,451	1,433	2,150	95,862.73
1/31/2016	37,566	31,682	3,984	15,560	98,192	1,480	717	2,150	100,538.63
1/31/2017	38,989	37,391	5,978	15,470	97,827	1,510	-	-	99,337.01
1/31/2018	40,091	35,837	8,253	15,291	100,162	1,540	-	-	101,702.29
1/31/2019	42,689	33,792	10,530	15,022	102,033	1,571	-	-	103,604.28
1/31/2020	45,250	31,231	13,091	14,651	104,223	1,602	-	-	105,825.64
1/31/2021	48,096	28,516	15,653	14,019	108,284	1,635	-	-	107,918.13
1/31/2022	51,942	25,630	18,498	13,234	109,304	1,667	-	-	109,971.42
1/31/2023	53,788	22,574	21,914	12,294	110,570	1,701	-	-	112,270.12
1/31/2024	57,203	19,347	25,044	11,184	112,776	1,735	-	-	114,512.58
1/31/2025	60,618	15,814	28,744	9,870	115,146	1,769	-	-	113,915.05
1/31/2026	64,318	12,277	32,729	8,357	117,690	1,803	-	-	113,484.69
1/31/2027	65,017	8,418	36,712	6,842	119,790	1,841	-	-	121,631.07
1/31/2028	72,288	4,337	41,266	4,679	122,568	1,878	-	-	124,445.50
Totals	\$ 718,602	\$ 351,563	\$ 264,386	\$ 171,844	\$ 1,504,394	\$ 24,608	\$ 3,593	\$ 6,440	\$ 1,529,034.67

PRELIMINARY AND SUBJECT TO CHANGE

(a) The 1/31/XX dates represent installment due dates for the PID Bonds which are intended to cover the May and November payments.

(b) Net of Capitalized Interest.

(c) Includes the Initial Owner Contribution and any other unreimbursed eligible Actual Costs.

(d) The interest payments are calculated using the interest rate on the Initial Improvement Area #1 Bonds. The interest will be updated in Annual Service Plan Updates to use an interest rate equal to the lesser of (i) the interest rate on the Initial Improvement Area #1 Bonds and (ii) the maximum interest rate allowed by the PID Act.

(e) Does not include reserve fund earnings or any other funds which could reduce net debt service.

(f) Preliminary estimate. The Administrative Expenses will be revised in Annual Service Plan Updates based on actual costs.

**Appendix
Annual Installments - PARCEL #8**

Installment Due Date (a)	Initial IAW# Bond Principal	Initial IAW# Bond Interest (b)	Owner Reimbursement Principal (c)	Owner Reimbursement Interest (d)	Principal Interest (e)	City Admin Expenses (f)	Prapayment Reserve	Delinquency Reserve	Total Annual Installment
1/31/2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,330	\$ 1,971	\$ 2,916	\$ 5,789.73
1/31/2016	48,636	50,749	2,702	21,104	123,192	1,969	1,944	2,916	130,019.09
1/31/2016	50,952	53,007	3,404	21,104	130,467	2,008	972	2,916	136,363.01
1/31/2017	52,382	50,714	5,106	20,983	132,686	2,348	-	-	134,732.96
1/31/2018	55,584	48,335	11,194	20,740	135,852	2,089	-	-	137,941.03
1/31/2019	57,900	45,833	14,282	20,375	138,390	2,131	-	-	140,520.75
1/31/2020	61,374	42,369	17,756	19,871	141,360	2,173	-	-	143,533.62
1/31/2021	65,234	38,577	21,230	19,014	144,155	2,217	-	-	146,371.72
1/31/2022	69,094	34,763	25,090	17,949	146,895	2,261	-	-	149,150.64
1/31/2023	72,554	30,617	28,722	16,675	149,568	2,307	-	-	152,274.41
1/31/2024	77,586	26,240	33,989	15,170	152,963	2,353	-	-	155,315.08
1/31/2025	82,218	21,585	38,983	13,396	156,175	2,400	-	-	158,574.44
1/31/2026	87,236	16,652	44,390	11,368	159,626	2,448	-	-	162,073.25
1/31/2027	92,263	11,418	49,794	9,009	162,474	2,497	-	-	164,970.67
1/31/2028	98,043	5,883	55,970	6,346	166,242	2,547	-	-	168,788.14
Totals	\$ 971,943	\$ 476,833	\$ 358,582	\$ 233,075	\$ 2,040,443	\$ 33,376	\$ 4,860	\$ 8,747	\$ 2,087,428.34

PRELIMINARY AND SUBJECT TO CHANGE

(a) The 1/31/XX dates represent installment due dates for the MID Bonds which is intended to cover the May and November payments.

(b) Net of Capitalized Interest.

(c) Includes the Initial Owner Contribution and any other unreimbursed eligible Actual Costs.

(d) The Interest shown is calculated using the interest rate on the Initial Improvement Area #1 Bonds. The interest will be updated in Annual Service Plan Updates to use an interest rate equal to the lesser of (i) the interest rate on the Initial Improvement Area #1 Bonds and (ii) the maximum interest rate allowed by the MID Act.

(e) Does not include reserve fund earnings or any other funds which could reduce net debt service costs.

(f) Preliminary estimate. The Administrative Expenses will be revised in Annual Service Plan Updates based on actual costs.

**2019-2028
Annual Installment Schedule - PAROB #9**

Installment Due Date (a)	Initial Area #1 Bond Principal	Initial Area #1 Bond Interest (b)	Owner Reimbursement Principal (c)	Owner Reimbursement Interest (d)	Principal + Interest (e)	City Admin Expenses (f)	Prepayment Reserve	Delinquency Reserve	Total Annual Installment
1/31/2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,025	\$ 2,039	\$ 3,058	\$ 7,122.95
1/31/2015	51,023	53,240	2,835	22,140	123,238	2,055	2,039	3,059	136,401.41
1/31/2016	53,452	55,609	5,669	22,140	135,871	2,107	1,020	3,059	143,055.66
1/31/2017	55,477	53,203	9,504	22,013	139,197	2,149	-	-	141,345.60
1/31/2018	58,312	50,707	11,741	21,756	142,620	2,132	-	-	144,711.33
1/31/2019	60,741	46,083	14,983	21,375	145,182	2,235	-	-	147,417.66
1/31/2020	64,586	44,428	18,627	20,846	148,290	2,280	-	-	150,578.41
1/31/2021	68,435	42,575	22,272	19,947	151,230	2,326	-	-	153,556.80
1/31/2022	72,485	39,469	26,321	18,830	154,105	2,372	-	-	156,477.41
1/31/2023	76,534	32,120	21,181	17,434	157,328	2,420	-	-	159,748.21
1/31/2024	81,394	27,628	33,635	15,914	159,471	2,468	-	-	162,838.99
1/31/2025	86,253	22,544	40,899	14,043	163,840	2,517	-	-	166,357.45
1/31/2026	91,517	17,469	46,568	11,905	167,460	2,568	-	-	170,027.99
1/31/2027	95,781	11,878	52,238	9,451	170,449	2,619	-	-	173,067.62
1/31/2028	102,856	6,171	58,717	6,857	174,401	2,672	-	-	177,072.45
Totals	\$ 1,019,847	\$ 500,237	\$ 376,192	\$ 244,545	\$ 2,140,690	\$ 35,014	\$ 5,098	\$ 9,177	\$ 2,169,879.52

PRELIMINARY AND SUBJECT TO CHANGE

(a) The 1/31/XX dates represent installment due dates for the RID Bonds which are entered in cover for May and November payments.

(b) Net of Capitalized Interest.

(c) Includes the Initial Owner Contribution and any other unreimbursed eligible Actual Costs.

(d) The interest shown is calculated using the interest rate on the Initial Improvement Area #1 Bonds. The interest will be updated in Annual Service Plan Updates to use an interest rate equal to the lesser of (i) the interest rate on the Initial Improvement Area #1 Bonds and (ii) the maximum interest rate allowed by the RIDA.

(e) Does not include reserve fund earnings for any other funds which could reduce fund requirements.

(f) Preliminary estimate. The Administrative Expenses will be revised in Annual Service Plan Updates based on actual costs.

**Appendix A
Annual Installments - PARCEL 710**

Installment Due Date (a)	Initial IP#1 Bond Principal	Initial IP#1 Bond Interest (b)	Owner Reimbursement Principal (c)	Owner Reimbursement Interest (d)	Principal + Interest (e)	City Admin Expenses (f)	Prepayment Reserve	Delinquency Reserve	Total Annual Installment
1/31/2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,276	\$ 1,285	\$ 1,927	\$ 4,488.11
1/31/2015	32,149	33,546	1,786	13,950	81,432	1,361	1,285	1,927	85,945.35
1/31/2016	33,680	35,039	3,572	13,950	86,241	1,327	642	1,927	90,138.25
1/31/2017	34,956	33,523	5,358	13,870	87,707	1,354	-	-	89,060.77
1/31/2018	36,742	31,550	7,339	13,709	89,800	1,381	-	-	91,181.38
1/31/2019	38,273	30,297	9,441	13,468	91,478	1,409	-	-	92,886.60
1/31/2020	40,669	28,000	11,737	13,135	93,447	1,437	-	-	94,878.16
1/31/2021	43,121	25,566	14,035	12,569	95,289	1,465	-	-	96,754.19
1/31/2022	45,672	22,979	16,585	11,865	97,100	1,495	-	-	98,585.07
1/31/2023	48,224	20,239	19,647	11,023	98,133	1,525	-	-	100,655.97
1/31/2024	51,205	17,345	22,453	10,027	101,111	1,555	-	-	102,886.43
1/31/2025	54,347	14,260	25,770	8,849	103,234	1,586	-	-	104,820.39
1/31/2026	57,664	11,007	29,342	7,501	105,515	1,618	-	-	107,133.17
1/31/2027	60,981	7,547	32,914	5,955	107,398	1,650	-	-	109,048.54
1/31/2028	64,808	3,889	36,987	4,185	109,888	1,683	-	-	111,571.82
Totals	\$ 642,471	\$ 315,195	\$ 237,035	\$ 154,067	\$ 1,348,767	\$ 22,062	\$ 3,212	\$ 5,782	\$ 1,379,824.18

PRELIMINARY AND SUBJECT TO CHANGE

(a) The 1/31/XX dates represent installment due dates for the BID Bonds which are intended to cover the May and November 1 payments.

(b) Net of Capitalized Interest.

(c) Includes the Initial Owner Contribution and any other unreimbursed eligible Actual Costs.

(d) The interest shown is calculated using the interest rate on the Initial Improvement Area #1 Bonds. The interest will be updated in Annual Service Plan Updates to use an interest rate equal to the lesser of (i) the interest rate on the Initial Improvement Area #1 Bonds, and (ii) the maximum interest rate allowed by the BID Act.

(e) Does not include reserve fund earnings or any other funds which could reduce net debt service.

(f) Preliminary estimate. The Administrative Expenses will be revised in Annual Service Plan Updates based on actual costs.

**Appendix A
Annual Installments - PARCEL #1112**

Installment Due Date (a)	Initial IA#1 Bond Principal	Initial IA#1 Bond Interest (b)	Owner Reimbursement Principal (c)	Owner Reimbursement Interest (d)	Principal + Interest (e)	City Admin Expenses (f)	Prepayment Reserve	Delinquency Reserve	Total Annual Installment
1/31/2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,288	\$ 8,357	\$ 12,536	\$ 29,191.08
1/31/2015	209,100	218,188	11,617	90,735	529,640	8,464	5,357	12,536	550,996.66
1/31/2016	219,058	227,895	23,233	90,735	560,920	8,633	4,179	12,536	580,257.73
1/31/2017	227,355	218,037	34,950	90,212	570,454	8,608	-	-	579,259.62
1/31/2018	238,972	207,806	40,126	89,166	584,071	8,882	-	-	593,052.15
1/31/2019	248,929	187,052	67,402	87,598	594,882	9,161	-	-	604,143.17
1/31/2020	263,658	162,116	78,336	85,432	607,752	9,344	-	-	617,096.45
1/31/2021	280,460	166,295	97,274	81,748	619,767	9,531	-	-	629,258.32
1/31/2022	297,055	149,457	107,969	77,168	631,556	9,722	-	-	641,271.59
1/31/2023	313,351	131,634	127,784	71,692	644,759	9,916	-	-	654,675.86
1/31/2024	333,565	112,815	146,038	65,219	657,637	10,115	-	-	667,752.12
1/31/2025	353,479	92,801	167,612	57,582	671,445	10,317	-	-	681,761.60
1/31/2026	375,063	77,592	190,846	48,790	686,281	10,523	-	-	696,804.19
1/31/2027	396,627	60,085	214,079	38,733	698,528	10,734	-	-	709,261.97
1/31/2028	421,520	25,291	240,631	27,283	714,725	10,949	-	-	725,673.63
Totals	\$ 4,173,689	\$ 2,050,067	\$ 1,541,701	\$ 1,302,064	\$ 8,772,510	\$ 143,484	\$ 20,893	\$ 37,608	\$ 8,974,506.23

PRELIMINARY AND SUBJECT TO CHANGE

- (a) The 1/31/XX dates represent installment due dates for the PID Bonds which are intended to cover the May 1 and November 1 payments.
- (b) Net of Capitalized Interest.
- (c) Includes the Initial Owner Contribution and any other unembursed eligible Actual Costs.
- (d) The interest shown is calculated using the interest rate on the Initial Improvement Area #1 Bonds. The interest will be updated in Annual Service Plan Updates to use an interest rate equal to the lesser of (i) the interest rate on the Initial Improvement Area #1 Bonds, and (ii) the maximum interest rate allowed by the PID Act.
- (e) Does not include reserve fund earnings or any other funds which could reduce net debt service.
- (f) Preliminary estimate. The Administrative Expenses will be revised in Annual Service Plan Updates based on actual costs.

Appendix B

Reallocation of Special Assessments Assuming Subdivision of Parcel Prior to Recording of Subdivision Plat

(HYPOTHETICAL - FOR ILLUSTRATIVE PURPOSES ONLY)

Reallocation of Assessments Assuming Subdivision of Parcel Prior to Recording of Subdivision Plat
(HYPOTHETICAL - FOR ILLUSTRATIVE PURPOSES ONLY)

The table below summarizes a hypothetical scenario in which \$2,000,000 in assessments levied against Parcel A, which consists of 40 acres, are reallocated when Parcel A is subdivided into 3 smaller Parcels (but prior to recording of a subdivision plat). The scenario assumes 2 parcels totaling 36 acres are classified as Assessable Property, while 1 Parcel consisting of 4 acres is classified as Non-Benefitted property.

		Prior to Subdivision			
Parcel	Acreage	Total Assessment			
Parcel A	20	\$ 2,000,000			
		After Subdivision			
Parcel	Assessable or Non-Benefitted Property?	A = B x (C ÷ D) Special Assessment for the new divided Assessed Property	B Special Assessment for the Assessed Property prior to division	C Estimated buildout value of the new divided Assessed Property	D Sum of estimated buildout value for all new divided Assessed Properties
Parcel A-1	Assessable Property	\$1,179,487	\$2,000,000	\$ 23,000,000	\$ 39,000,000
Parcel A-2	Assessable Property	\$820,513	\$2,000,000	\$ 16,000,000	\$ 39,000,000
Parcel A-3*	Non-Benefitted Property	\$0	\$2,000,000	\$ -	\$ 39,000,000
		\$2,000,000		\$ 39,000,000	

* Parcel A-3 consists of 4 acres of Non-Benefitted Property, therefore the value of Parcel A-6 excluding Non Benefitted Property is \$0.

Appendix C

Reallocation of Special Assessments Assuming Subdivision by a Recorded Subdivision Plat

(HYPOTHETICAL - FOR ILLUSTRATIVE PURPOSES ONLY)

Reallocation of Assessments for Parcels Improvement Area #1
Assuming Subdivision by a Recorded Subdivision Plat
(HYPOTHETICAL - FOR ILLUSTRATIVE PURPOSES ONLY)

The table below summarizes a hypothetical scenario in which \$175,000 in assessments levied against Parcel A, which consists of 5 acres, are reallocated when Parcel A is subdivided by a Recorded Subdivision Plat into 12 residential Lots. The scenario assumes the Lots will be classified into 2 Lot Types, with the assessment per Lot Type ranging from \$13,349 for Lot Type I to \$15,465 for Lot Type II.

Prior to Subdivision							
Parcel	Acres	Total Assessment					
Parcel A	5	\$ 175,000					
After Subdivision							
Lot Types	Estimated Buildout Value Range for Lot Type						
I	Less than \$250,000						
II	Greater than \$250,001						
$A = [B \times (C \div D)] \div E$							
Parcel	Estimated Buildout Value	Lot Type	Special Assessment For new subdivided Lot	Special Assessment for the Parcel Prior to Subdivision	Sum of estimated average buildout value of all new subdivided Lots with same Lot Type	Sum of estimated buildout value for all Lots	Number of Lots with Same Lot Type
Lot A-1	\$ 230,000	I	\$ 13,349	\$175,000	\$1,190,000	\$ 3,120,000	5
Lot A-2	\$ 240,000	I	\$ 13,349	\$175,000	\$1,190,000	\$ 3,120,000	5
Lot A-3	\$ 235,000	I	\$ 13,349	\$175,000	\$1,190,000	\$ 3,120,000	5
Lot A-4	\$ 240,000	I	\$ 13,349	\$175,000	\$1,190,000	\$ 3,120,000	5
Lot A-5	\$ 245,000	I	\$ 13,349	\$175,000	\$1,190,000	\$ 3,120,000	5
	<u>\$ 1,190,000</u>		<u>\$ 66,747</u>				
Lot A-6	\$ 280,000	II	\$ 15,465	\$175,000	\$1,930,000	\$ 3,120,000	7
Lot A-7	\$ 275,000	II	\$ 15,465	\$175,000	\$1,930,000	\$ 3,120,000	7
Lot A-8	\$ 270,000	II	\$ 15,465	\$175,000	\$1,930,000	\$ 3,120,000	7
Lot A-9	\$ 275,000	II	\$ 15,465	\$175,000	\$1,930,000	\$ 3,120,000	7
Lot A-10	\$ 270,000	II	\$ 15,465	\$175,000	\$1,930,000	\$ 3,120,000	7
Lot A-11	\$ 285,000	II	\$ 15,465	\$175,000	\$1,930,000	\$ 3,120,000	7
Lot A-12	\$ 275,000	II	\$ 15,465	\$175,000	\$1,930,000	\$ 3,120,000	7
	<u>\$ 1,930,000</u>		<u>\$ 108,253</u>				
Total	<u>\$ 3,120,000</u>		<u>\$ 175,000</u>				

Appendix D

Parcel Descriptions for Parcels within PID

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.

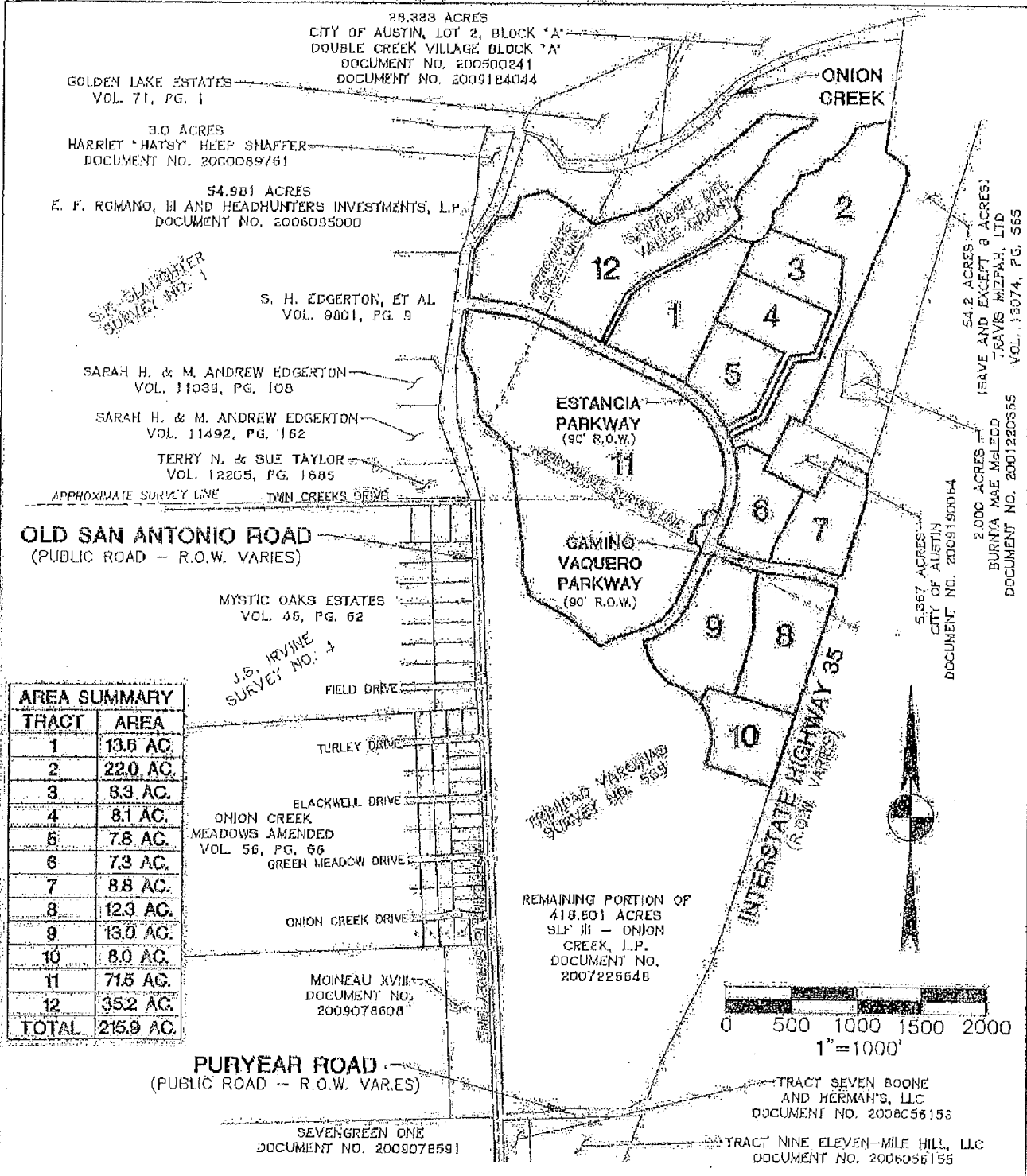
TRACT 17: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.004 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078606 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

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.

Appendix E

Legal Descriptions for Improvement Area #1 Assessed Property



28,323 ACRES
CITY OF AUSTIN, LOT 2, BLOCK "A"
DOUBLE CREEK VILLAGE BLOCK "A"
DOCUMENT NO. 200500241
DOCUMENT NO. 2009124044

GOLDEN LAKE ESTATES
VOL. 71, PG. 1

3.0 ACRES
HARRIET "HATSY" HEEP SHAFFER
DOCUMENT NO. 2000089781

54,981 ACRES
E. F. ROMANO, III AND HEADHUNTERS INVESTMENTS, L.P.
DOCUMENT NO. 2006095000

S.W. SLAUGHTER
SURVEY NO. 1

S. H. EDGERTON, ET AL
VOL. 9001, PG. 9

SARAH H. & M. ANDREW EDGERTON
VOL. 11039, PG. 108

SARAH H. & M. ANDREW EDGERTON
VOL. 11492, PG. 162

TERRY N. & SUE TAYLOR
VOL. 12205, PG. 1685

APPROXIMATE SURVEY LINE TWIN CREEKS DRIVE

OLD SAN ANTONIO ROAD
(PUBLIC ROAD - R.O.W. VARIES)

MYSTIC OAKS ESTATES
VOL. 46, PG. 62

J.S. IRVINE
SURVEY NO. 4

FIELD DRIVE

TURLEY DRIVE

ONION CREEK
MEADOWS AMENDED
VOL. 56, PG. 66

ELACKWELL DRIVE

GREEN MEADOW DRIVE

ONION CREEK DRIVE

MOINEAU XVIII
DOCUMENT NO.
2009078608

PURYEAR ROAD
(PUBLIC ROAD - R.O.W. VARIES)

SEVINGREEN ONE
DOCUMENT NO. 2009078591

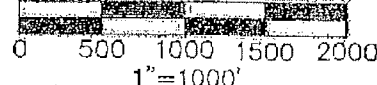
REMAINING PORTION OF
418.601 ACRES
SLF III - ONION
CREEK, L.P.
DOCUMENT NO.
2007225648

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

54.2 ACRES -
LEASE AND EXCEPT 8 ACRES)
TRAVIS WIZFAR, LTD
VOL. 13074, PG. 565

2,000 ACRES -
BURNIA MAE MALLEO
DOCUMENT NO. 2001220365

5,567 ACRES -
CITY OF AUSTIN
DOCUMENT NO. 2008190064



TRACT SEVEN BOONE
AND HERMAN'S, LLC
DOCUMENT NO. 2006C56153

TRACT NINE ELEVEN-MILE HILL, LLC
DOCUMENT NO. 2006056155

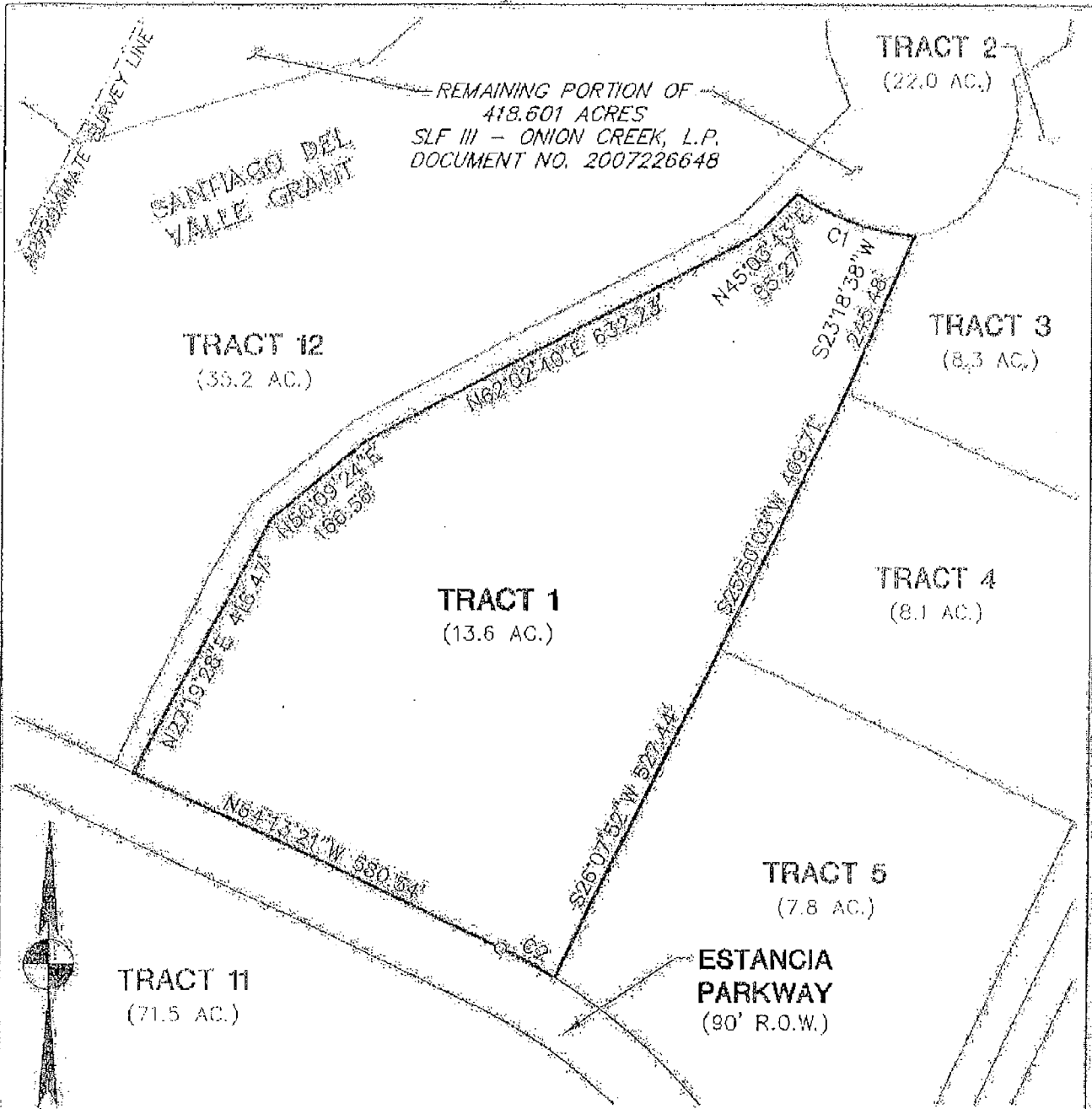
AREA SUMMARY	
TRACT	AREA
1	13.6 AC.
2	22.0 AC.
3	8.3 AC.
4	8.1 AC.
5	7.8 AC.
6	7.3 AC.
7	8.8 AC.
8	12.3 AC.
9	13.0 AC.
10	8.0 AC.
11	71.5 AC.
12	352 AC.
TOTAL	215.9 AC.

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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. 2007228648, OF THE
OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

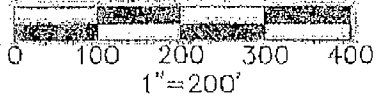
**SLF III - ONION
CREEK, L.P.**

SHEET 1 OF 15



LEGEND

○ 1/2" IRON ROD W/CAP SET



CURVE TABLE

NO.	DELTA	RADIUS	ARC LENGTH	CHORD LENGTH	CHORD BEARING
C1	29°25'41"	353.08'	181.35'	179.36'	S70°30'54"E
C2	05°53'46"	845.00'	86.96'	86.92'	N61°16'28"W

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EXHIBIT
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SLF III - ONION CREEK, L.P.

SHEET 2 OF 16

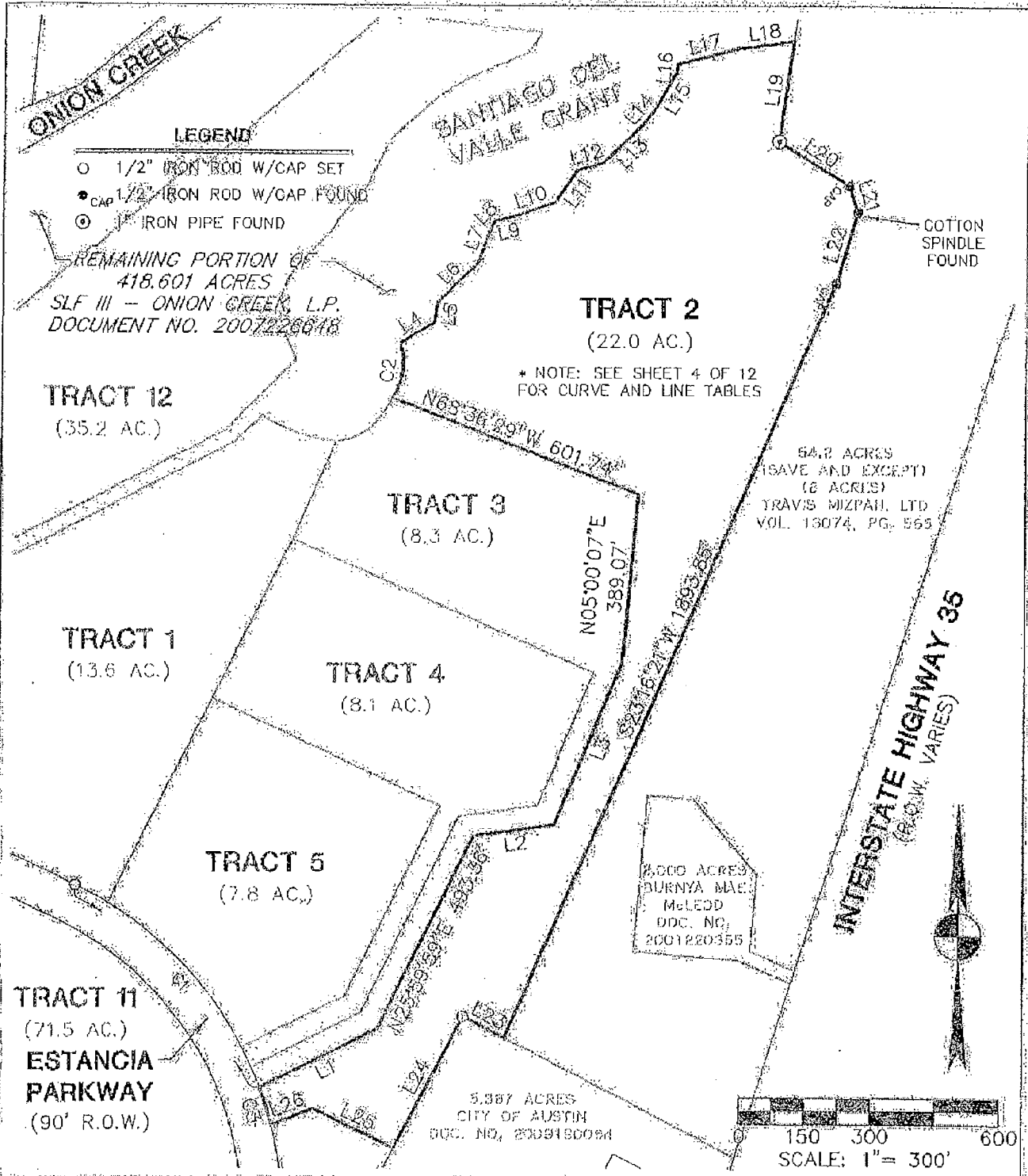
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DRAWN BY: MLT

PROJ. No: R0103662-10009

103662009.dwg (13:13:23 AM) By: gregory



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EXHIBIT
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SLF III - ONION CREEK, L.P.
SHEET 3 OF 16

DATE: 05/31/13 FILE: H:\103662\008\103662008EX2.DWG DRAWN BY: MLT PROJ. No: R0103662-10008

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

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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.

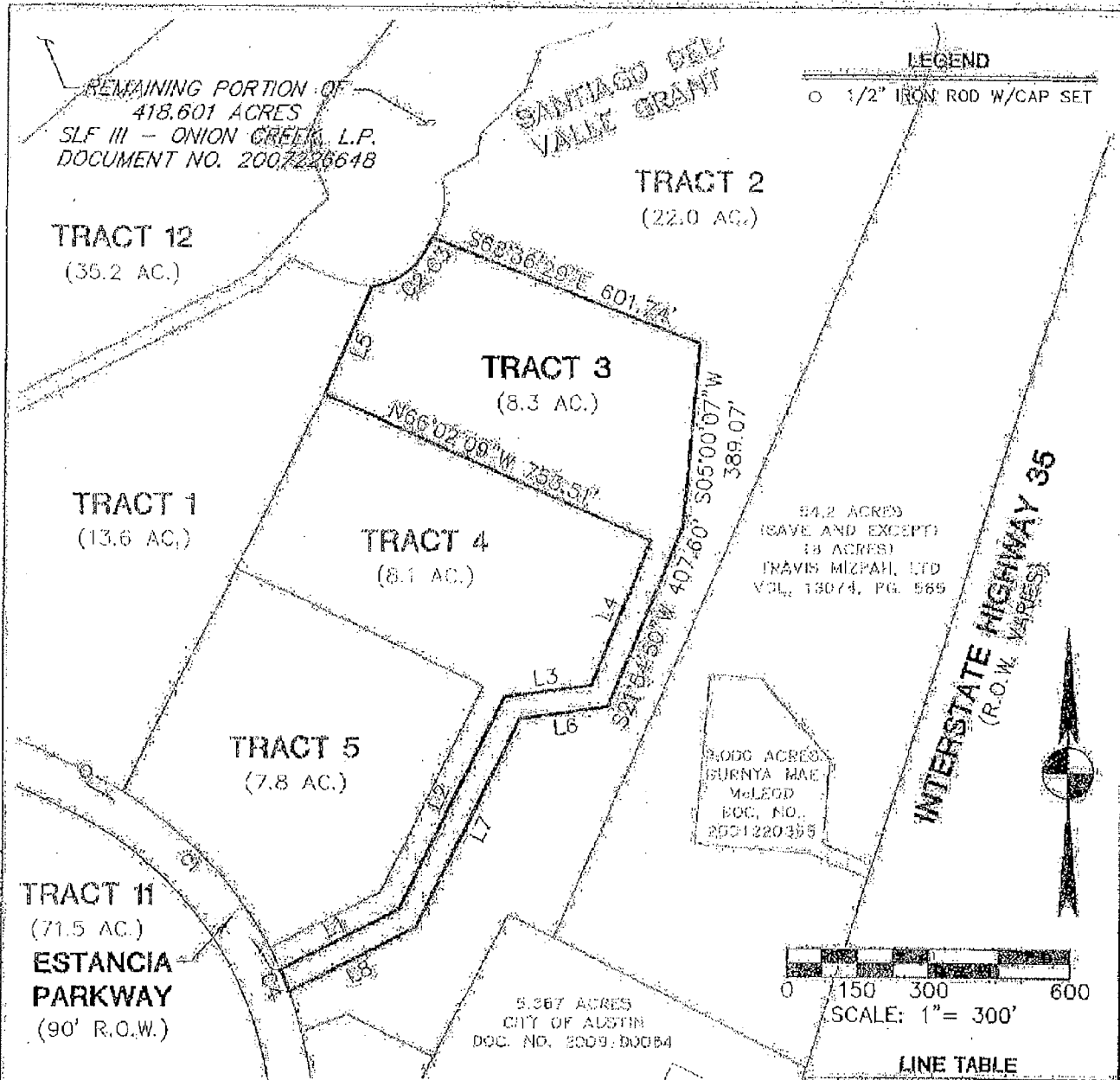
SHEET 4 OF 15

DATE: 05/30/13

FILE: H:\103662\008\103662008EX2.DWG

DRAWN BY: MLT

PROJ. No: R0103662-10008



LEGEND
 O 1/2" IRON ROD W/CAP SET

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

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.)

TRACT 5
 (7.8 AC.)

TRACT 11
 (71.5 AC.)

**ESTANCIA
 PARKWAY**
 (90' R.O.W.)

84.2 ACRES
 (SAVE AND EXCEPT)
 18 ACRES)
 TRAVIS MIZPAH, LTD
 VOL. 13074, PG. 565

3.000 ACRES
 BURNIA MAE
 McLEOD
 EOC. NO.
 2001220395

5.367 ACRES
 CITY OF AUSTIN
 DOC. NO. 2009.D0054

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

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°08'43"E
C2	59°05'13"	150.00'	154.89'	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'

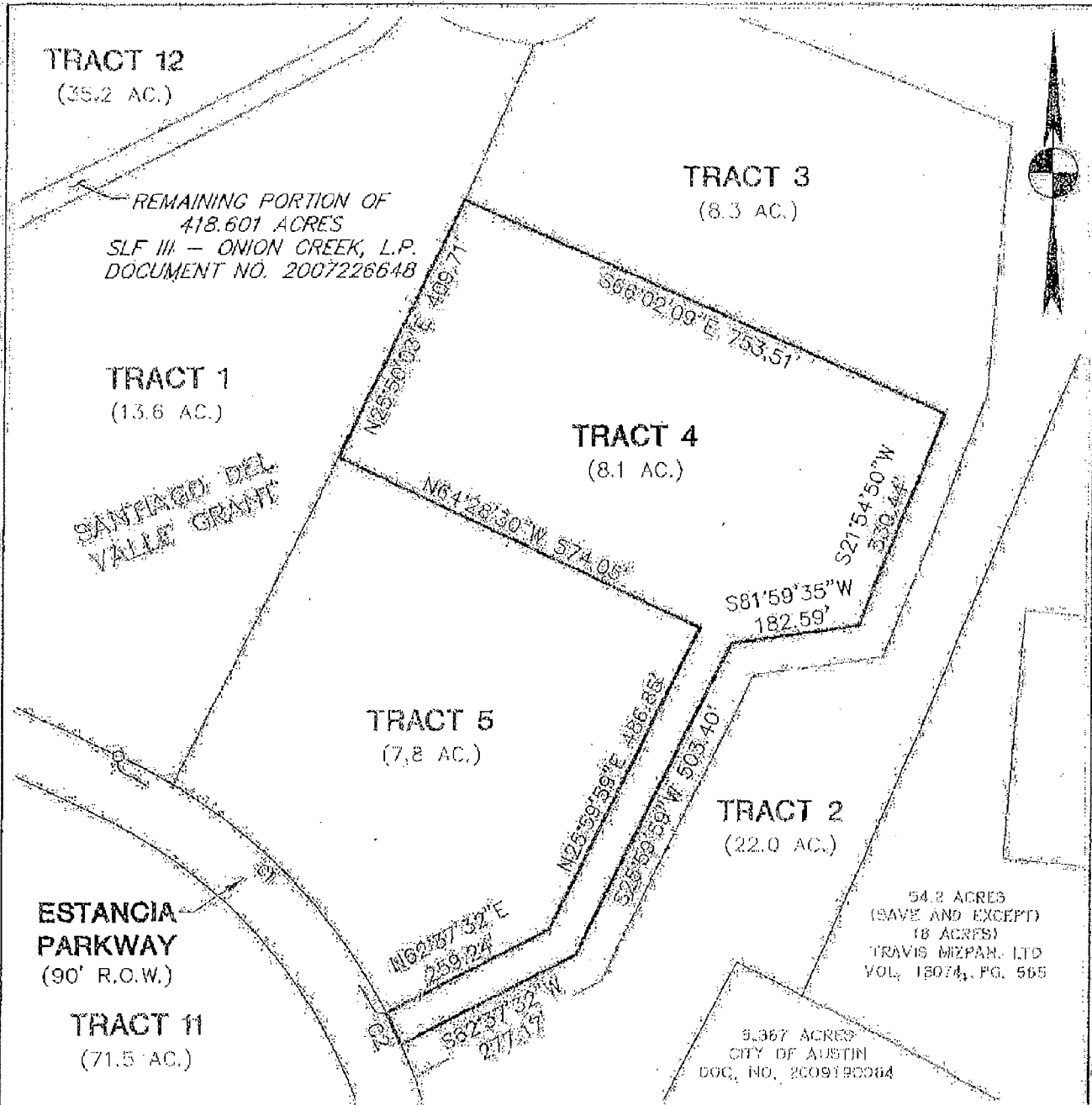
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EXHIBIT
 OF APPROXIMATELY 215.9 ACRES OF LAND OUT OF
 THE SANTIAGO DEL VALLE GRANT AND THE TRINIDAD
 VARGAS SURVEY NO. 535, SITUATED IN TRAVIS COUNTY,
 TEXAS, BEING A PORTION OF THAT CERTAIN 418.601 ACRE
 TRACT CONVEYED TO SLF III - ONION CREEK, L.P.,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

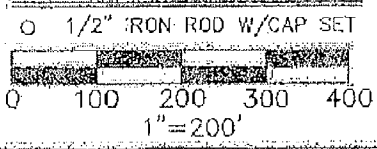
**SLF III - ONION
 CREEK, L.P.**

SHEET 5 OF 15

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LEGEND



CURVE TABLE

NO.	DELTA	RADIUS	ARC LENGTH	CHORD LENGTH	CHORD BEARING
C1	36°50'54"	845.00'	543.44'	534.12'	S45°47'55"E
C2	102°56'17"	975.58'	50.02'	50.02'	N25°47'45"W

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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 6 OF 16

DATE: 05/30/13

FILE: H:\103662\006\103662008EX2.DWG

DRAWN BY: MLT

PROJ. No: R0103662-10008

TRACT 12
(35.2 AC.)

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

TRACT 3
(8.3 AC.)

TRACT 1
(13.6 AC.)

TRACT 4
(8.1 AC.)

SANTIAGO DEL VALLE GRANT

TRACT 5
(7.8 AC.)

TRACT 2
(22.0 AC.)

ESTANCIA PARKWAY
(90' R.O.W.)

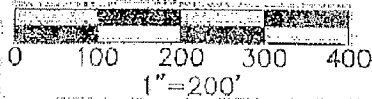
54.2 ACRES
(SAVE AND EXCEPT)
16 ACRES)
TRAVIS MIZPAH, LTD
VOL. 13074, PG. 385

TRACT 11
(71.5 AC.)

5.367 ACRES
CITY OF AUSTIN
DCC. NO. 2009190054

LEGEND

○ 1/2" IRON ROD W/CAP SET



CURVE TABLE

NO.	DELTA	RADIUS	ARC LENGTH	CHORD LENGTH	CHORD BEARING
C1	05°53'46"	845.00'	86.96'	86.92'	S61°16'28"E
C2	30°57'07"	845.00'	456.48'	450.95'	N42°51'02"W

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EXHIBIT

OF APPROXIMATELY 215.9 ACRES OF LAND OUT OF THE SANTIAGO DEL VALLE GRANT AND THE TRINIDAD VARCHAS 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.

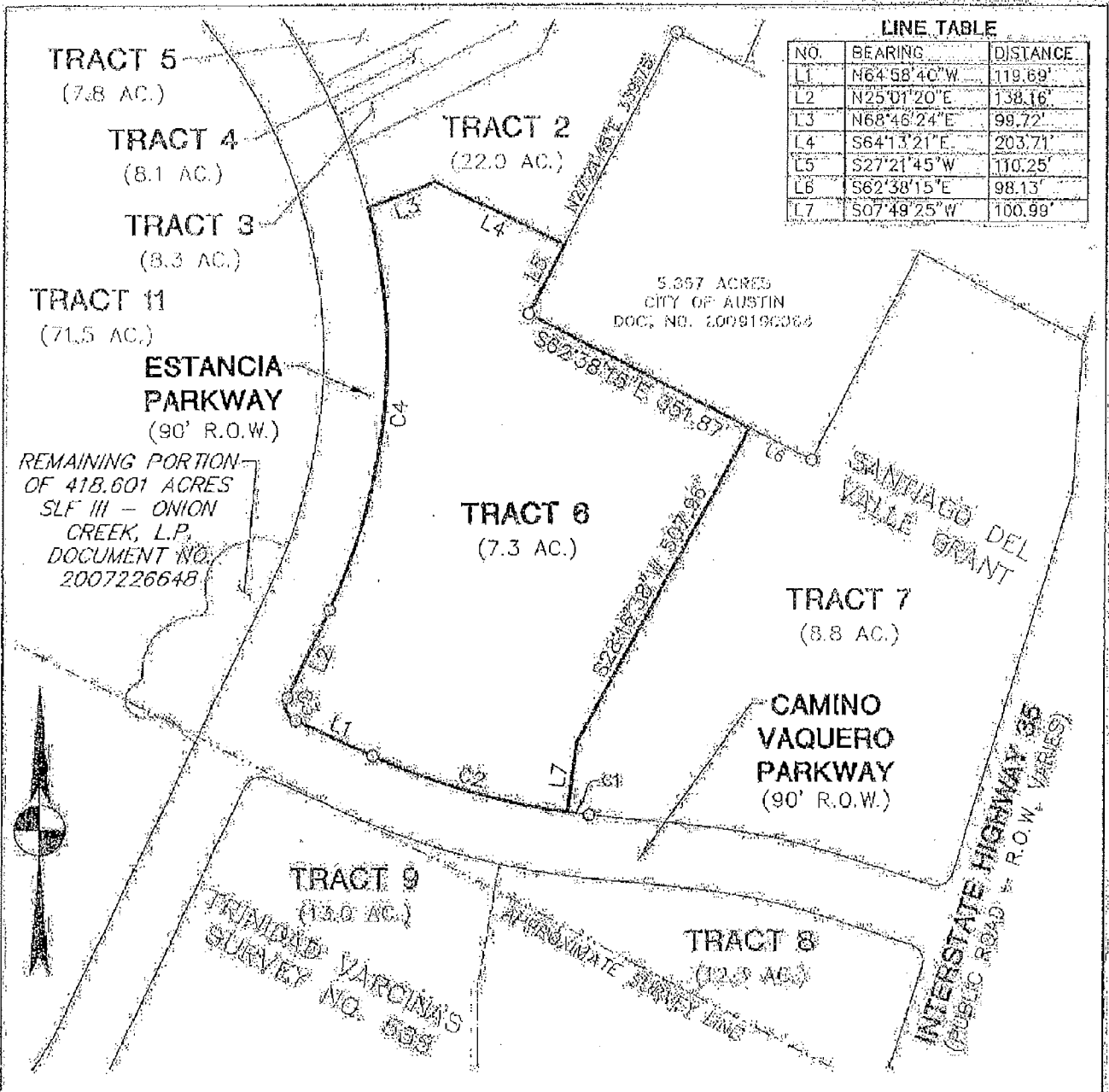
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DATE: 05/30/13

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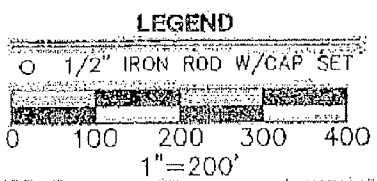


LINE TABLE

NO.	BEARING	DISTANCE
L1	N64°58'40"W	119.69'
L2	N25°01'20"E	138.16'
L3	N68°46'24"E	99.72'
L4	S64°13'21"E	203.71'
L5	S27°21'45"W	110.25'
L6	S62°38'15"E	98.13'
L7	S07°49'25"W	100.99'

5.357 ACRES
CITY OF AUSTIN
DOC. NO. 2009190364

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



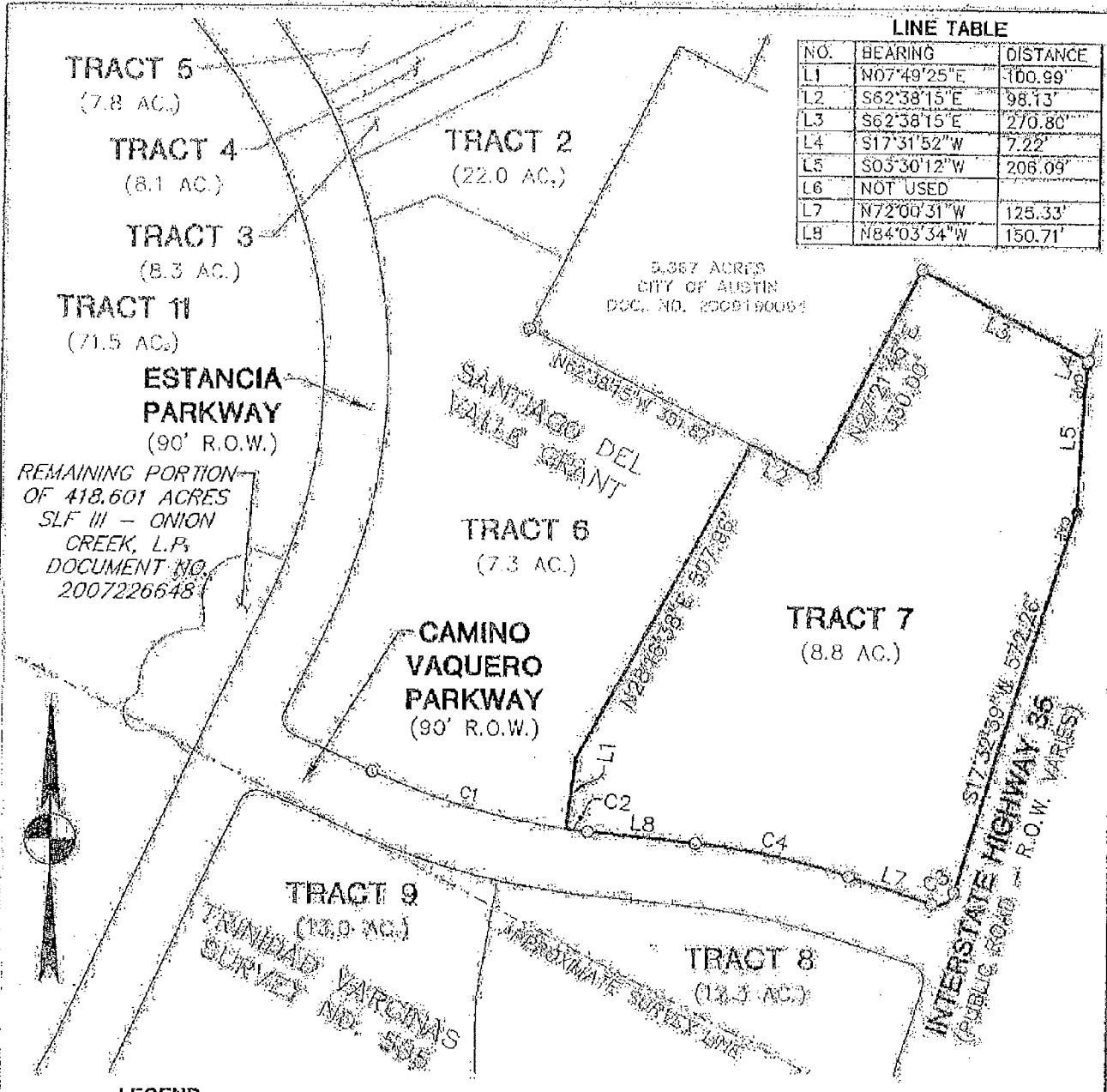
CURVE TABLE

NO.	DELTA	RADIUS	ARC LENGTH	CHORD LENGTH	CHORD BEARING
C1	01°52'59"	955.00'	31.39'	31.39'	N83°07'05"W
C2	17°11'55"	955.00'	286.66'	285.59'	N73°34'38"W
C3	90°00'00"	25.00'	39.27'	35.36'	N19°58'40"W
C4	39°34'29"	845.00'	583.65'	572.12'	N06°14'05"E

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EXHIBIT
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THE SANTIAGO DEL VALLE GRANT AND THE TRINIDAD
YARCINAS 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 8 OF 15



LINE TABLE		
NO.	BEARING	DISTANCE
L1	N07°49'25"E	100.89'
L2	S62°38'15"E	98.13'
L3	S62°38'15"E	270.80'
L4	S17°31'52"W	7.22'
L5	S03°30'12"W	206.09'
L6	NOT USED	
L7	N72°00'31"W	125.33'
L8	N84°03'34"W	150.71'

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

5,367 ACRES
CITY OF AUSTIN
DOC. NO. 2009190064



LEGEND

- 1/2" IRON ROD W/CAP SET
 - CAP 1/2" IRON ROD W/CAP FOUND
- 0 100 200 300 400
1"=200'

CURVE TABLE

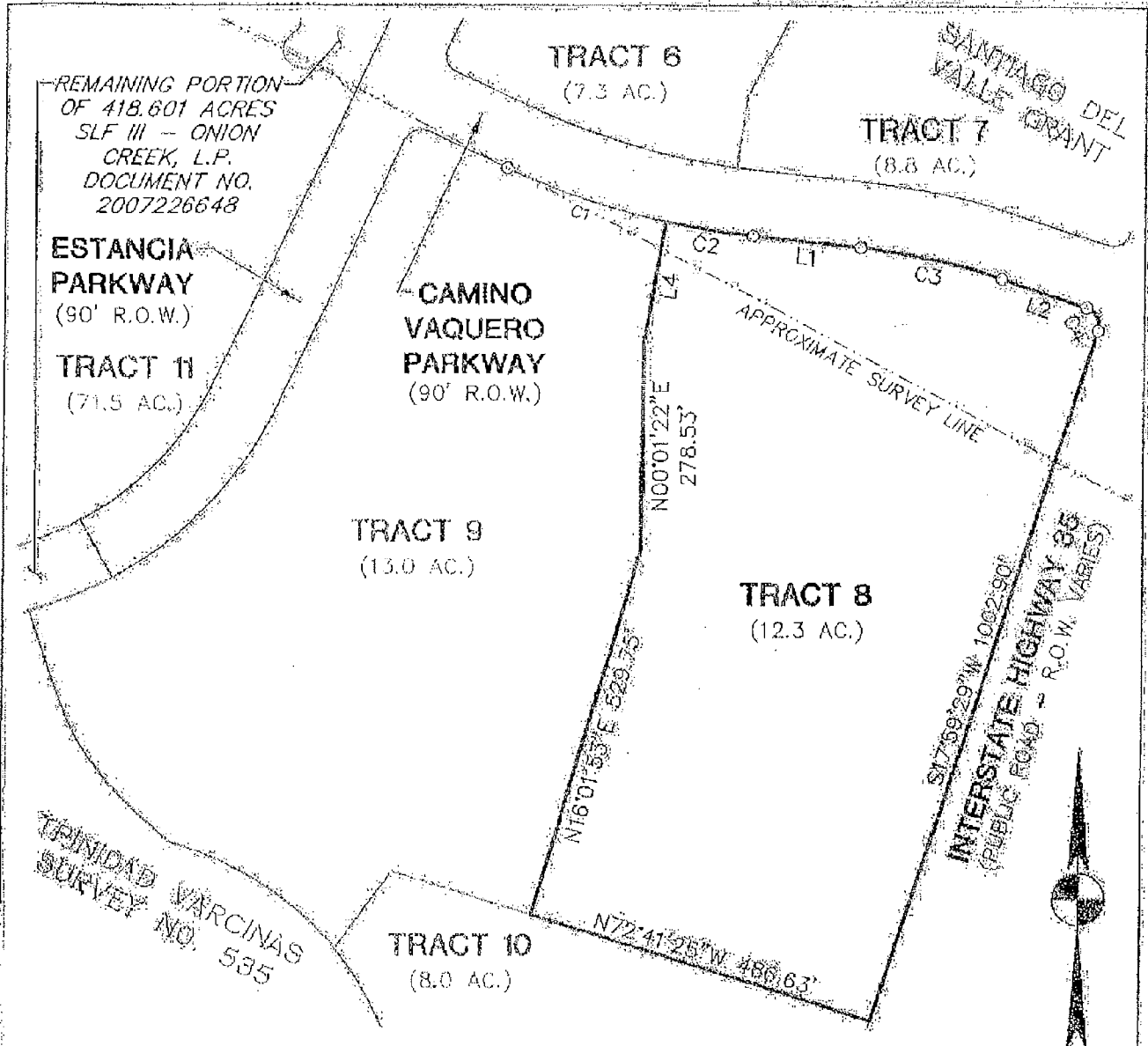
NO.	DELTA	RADIUS	ARC LENGTH	CHORD LENGTH	CHORD BEARING
C1	17°11'55"	955.00'	286.66'	285.59'	S73°34'38"E
C2	01°52'59"	955.00'	31.39'	31.39'	N83°07'05"W
C3	90°26'50"	25.00'	39.47'	35.49'	S62°46'04"W
C4	12°03'03"	1045.00'	219.79'	219.39'	N78°02'03"W

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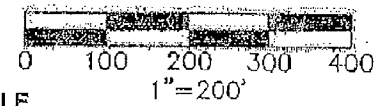
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OF APPROXIMATELY 215.9 ACRES OF LAND OUT OF THE SANTIAGO DEL VALLE GRANT AND THE TRINIDAD YARCINAS SURVEY NO. 535, SITUATED IN TRAVIS COUNTY, TEXAS, BEING A PORTION OF THAT CERTAIN 418.601 ACRE TRACT CONVEYED TO SLF III - ONION CREEK, L.P., BY DEED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

SLF III - ONION CREEK, L.P.
SHEET 9 OF 15
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LEGEND
 ○ 1/2" IRON ROD W/CAP SET



LINE TABLE

NO.	BEARING	DISTANCE
L1	S84°03'34"E	150.71
L2	S72°00'31"E	125.61
L3	NOT USED	
L4	N09°46'39"E	170.36

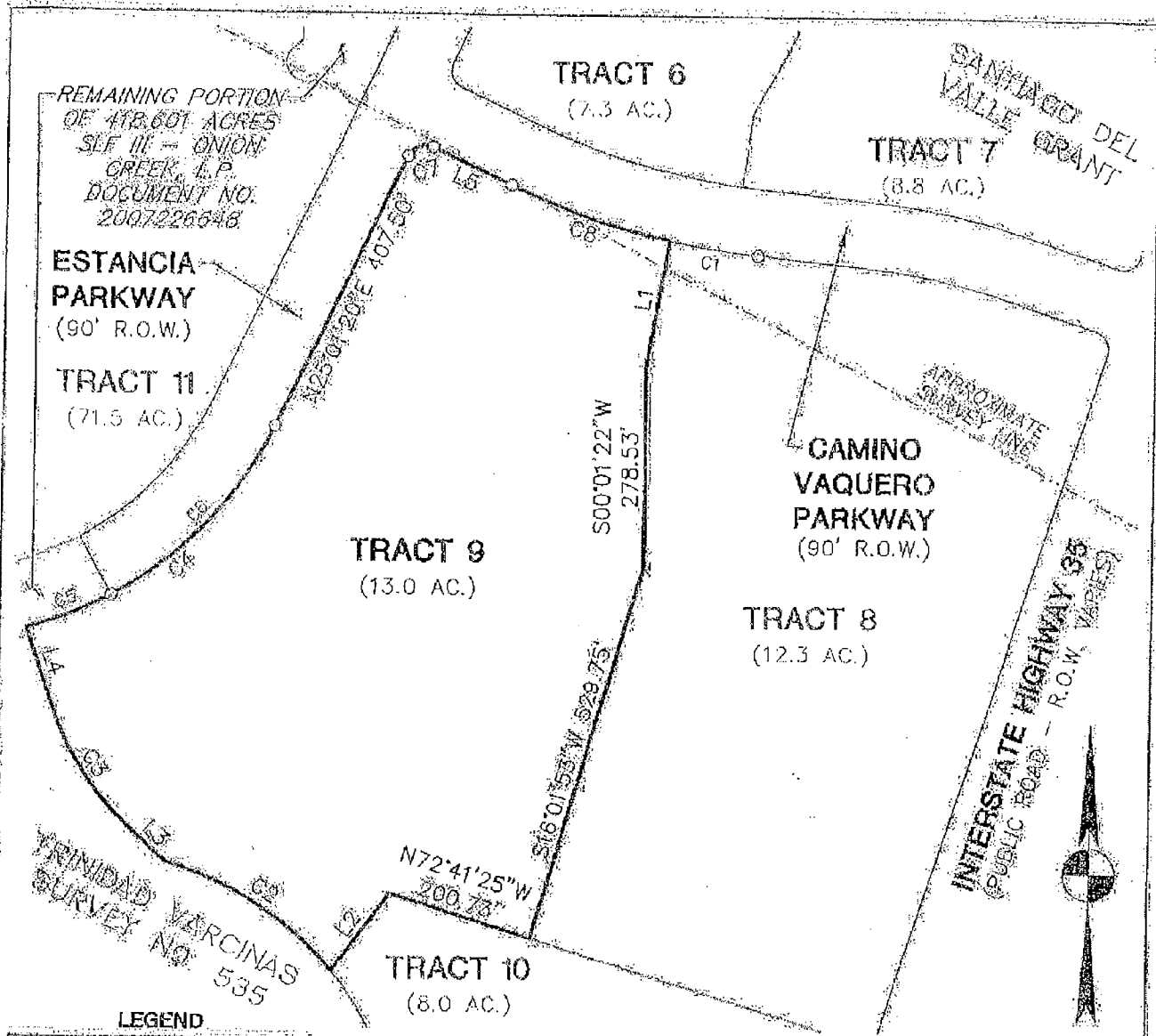
CURVE TABLE

NO.	DELTA	RADIUS	ARC LENGTH	CHORD LENGTH	CHORD BEARING
C1	12°33'14"	1045.00'	228.97'	228.51'	S71°15'17"E
C2	06°31'40"	1045.00'	119.06'	118.99'	S80°47'44"E
C3	12°03'03"	955.00'	200.06'	200.49'	S78°02'03"E
C4	90°00'00"	25.00'	39.27'	35.36'	S27°00'31"E

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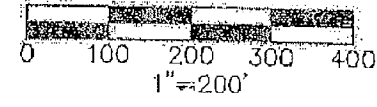
EXHIBIT
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SLF III - ONION CREEK, L.P.
SHEET 10 OF 15



CURVE TABLE

NO.	DELTA	RADIUS	ARC LENGTH	CHORD LENGTH	CHORD BEARING
C1	06°31'40"	1045.00'	119.06'	118.99'	N80°47'44"W
C2	35°12'15"	443.85'	272.59'	268.32'	N56°43'32"W
C3	28°29'10"	395.00'	196.38'	194.57'	N32°42'15"W
C4	49°33'13"	515.00'	445.41'	431.66'	N49°47'56"E
C5	13°36'13"	515.00'	122.27'	121.99'	N67°46'27"E
C6	35°57'01"	515.00'	323.14'	317.86'	N42°59'50"E
C7	90°00'00"	25.00'	39.27'	35.36'	N70°01'20"E
C8	12°33'14"	1045.00'	228.97'	228.51'	S71°15'17"E



LINE TABLE

NO.	BEARING	DISTANCE
L1	S09°48'39"W	170.36'
L2	S35°47'08"W	31.87'
L3	N46°56'50"W	68.72'
L4	N18°27'40"W	115.16'
L5	S64°58'40"E	119.69'

Bury+Partners

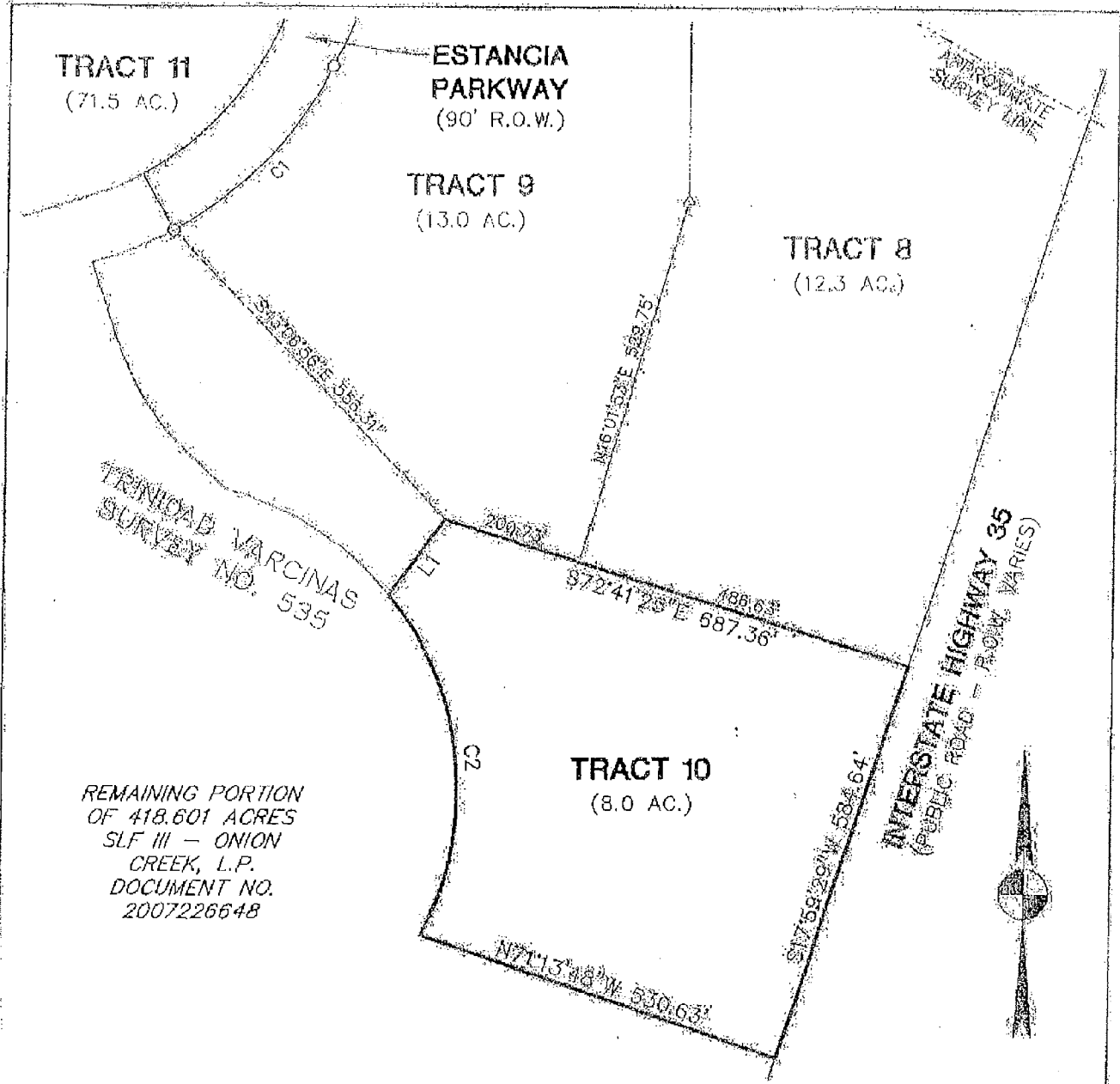
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EXHIBIT

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SLF III - ONION CREEK, L.P.

SHEET 11 OF 15



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

LEGEND

- △ CALCULATED POINT
- 1/2" IRON ROD W/CAP SET

LINE TABLE

NO.	BEARING	DISTANCE
LI	N35°47'08"E	131.87'

CURVE TABLE

NO.	DELTA	RADIUS	ARC LENGTH	CHORD LENGTH	CHORD BEARING
CT	35°57'01"	515.00'	323.14'	317.86'	N42°59'50"E
C2	66°20'29"	443.65'	513.69'	485.47'	N05°57'10"W

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EXHIBIT

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

SHEET 12 OF 15

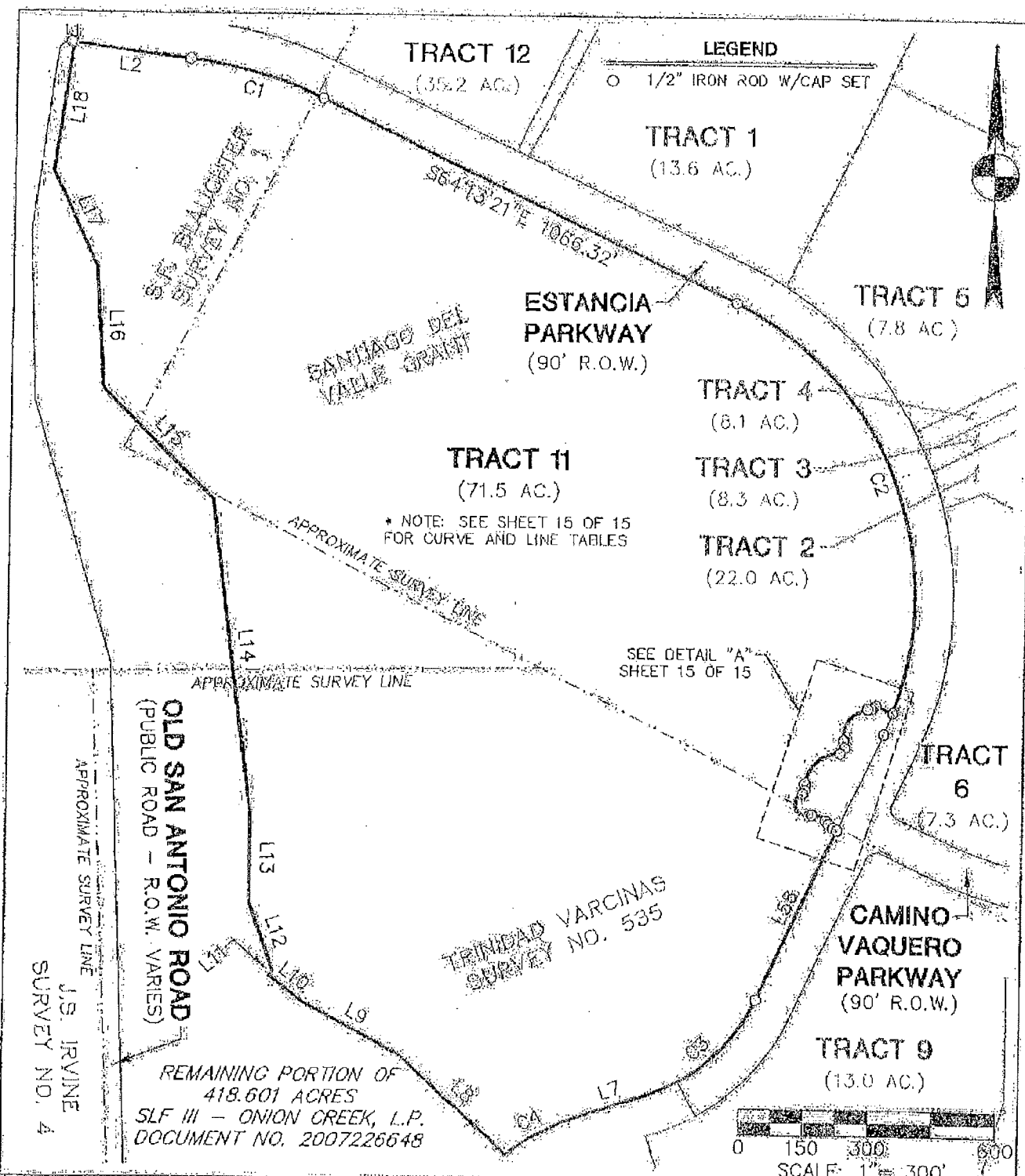
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PROJ. No: R0103662-10308

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J.S. IRVINE
SURVEY NO. 4

OLD SAN ANTONIO ROAD
(PUBLIC ROAD - R.O.W. VARIES)

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



Bury+Partners

221 West Sixth Street, Suite 600
Aurora, Texas 76701
Tel. (512)320-0011 Fax (512)320-0025
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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 13 OF 15

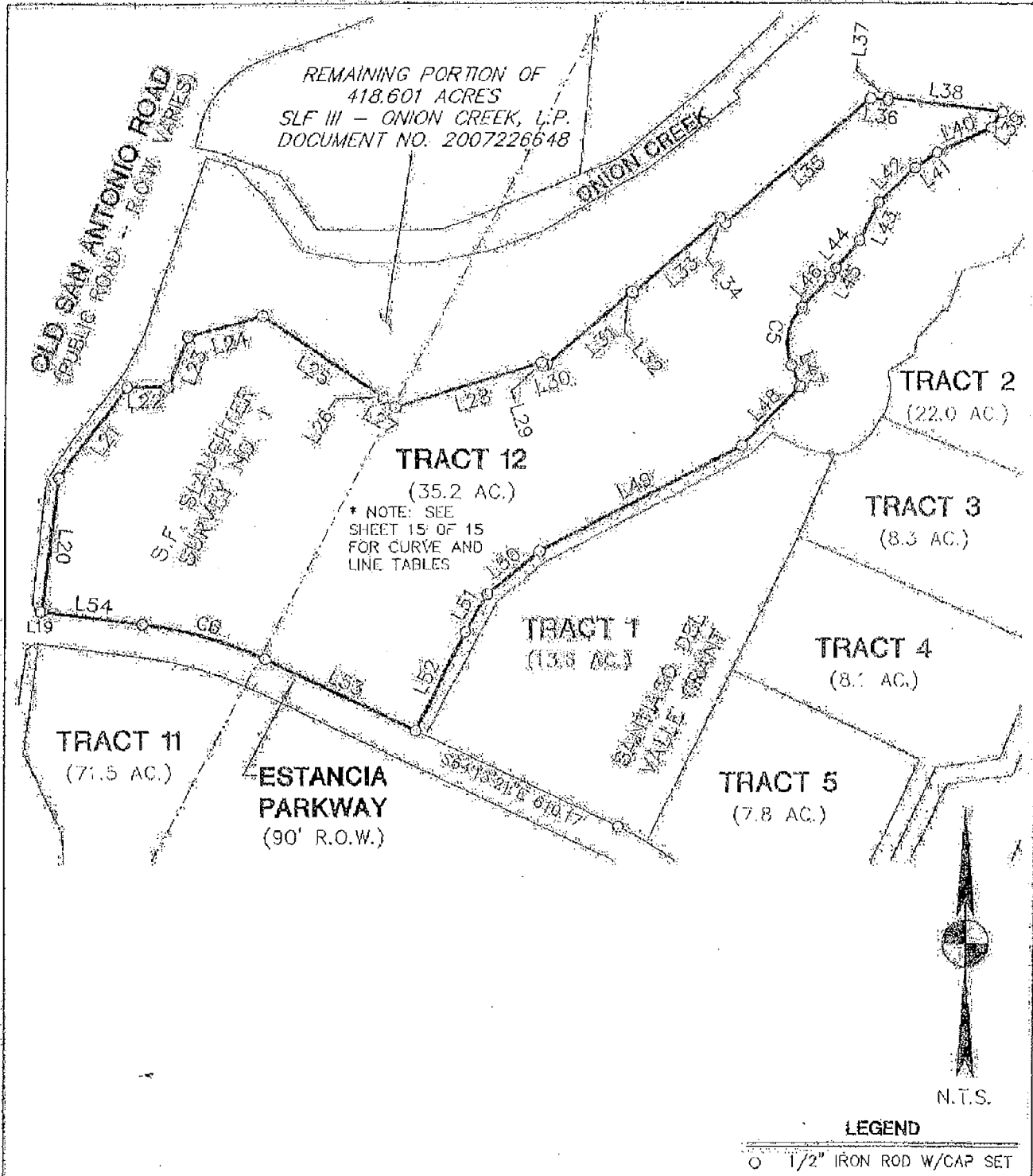
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DRAWN BY: MLT

PROJ. No: R0103662-10C08

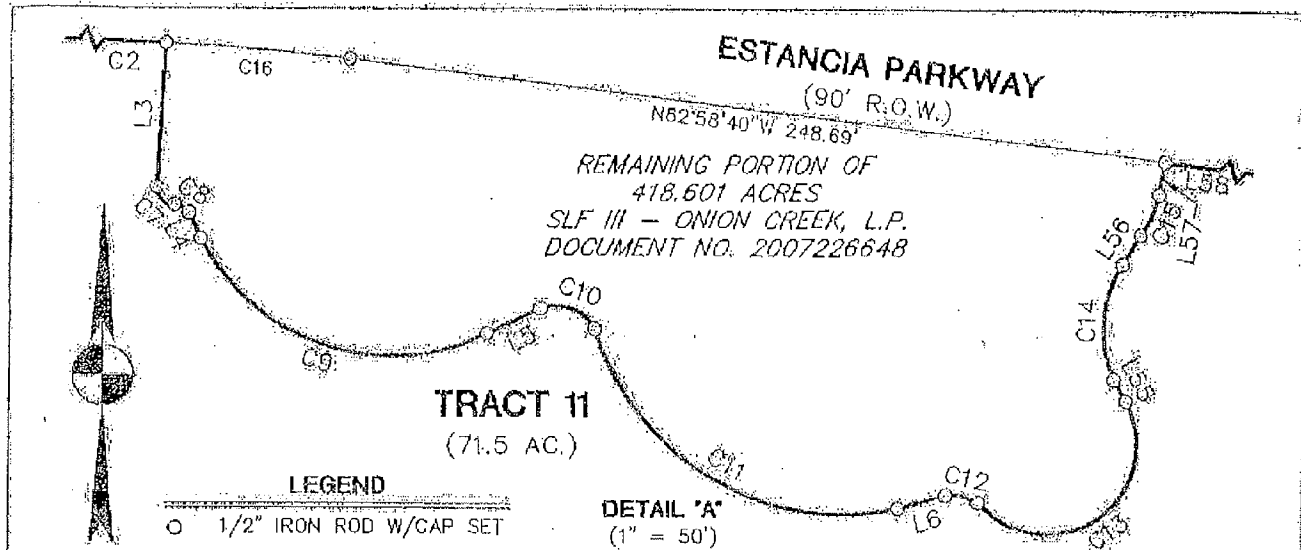
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Bury+Partners
281 West Sixth Street, Suite 000
Austin, Texas 78701
Tel. (512)328-6011 Fax (512)328-0326
Bury+Partners, Inc. © Copyright 2013

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 14 OF 15



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°28'54"E	17.65'
L6	S02°10'15"W	14.86'
L7	S7°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	N28°21'28"W	241.06'
L18	N07°29'09"E	303.12'
L19	S82°40'01"E	5.39'
L20	N08°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°08'02"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	N08°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°08'15"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	84°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°10'53"W
C10	80°07'08"	13.46'	18.82'	17.33'	S39°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°45'08"	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"	28.88'	13.71'	13.58'	S47°18'50"E
C16	04°11'42"	785.00'	55.30'	55.28'	S85°04'34"E

Bury+Partners
221 West Sixth Street, Suite 600
Arling, Texas 76010
Tel. (817)220-0811 Fax (817)320-0825
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EXHIBIT
OF APPROXIMATELY 215.9 ACRES OF LAND CUT 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 16 OF 15

Exhibit "D"

PID BOND CHART (IMPROVEMENT AREA #1)

Wastewater Line #1
Wastewater Line #2
Water Line
Estancia Parkway (Phase 1)
Camino Vaquero Parkway
Existing Central Pond Improvements
Wet Pond North
Wet Pond West
TxDOT Ramp Flip
Drainage
Monumentation
Hardscape
Landscape
Hike & Bike Trail System
Erosion Control and Misc. Bond Costs
Misc Soft Costs (fees, fiscals, etc)

Exhibit "E"

**FORM OF CERTIFICATION FOR PAYMENT
(Design – Estancia Hill Country)**

_____ (“**Construction Manager**”)
hereby requests payment for the percentage of design costs completed (the “**Design Costs**”) described in Attachment A attached hereto. Capitalized undefined terms shall have the meanings ascribed thereto in the Estancia Hill Country Public Improvement District Financing Agreement between SLF III – Onion Creek, L.P. and the City of Austin, Texas (the “**City**”), dated as of _____ (the “**Finance Agreement**”). In connection with this Certification for Payment, the undersigned, in his or her capacity as the _____ of Construction Manager, to his or her knowledge, hereby represents and warrants to the City as follows:

1. He (she) is a duly authorized representative of Construction Manager, qualified to execute this request for payment on behalf of the Construction Manager and knowledgeable as to the matters forth herein.
2. The design work described in Attachment A has been completed in the percentages stated therein.
3. The true and correct Design Costs for which payment is requested is set forth in Attachment A and payment for such requested amounts and purposes has not been subject to any previously submitted request for payment.
4. Attached hereto as Attachment B is a true and correct copy of a bills paid affidavit evidencing that any contractor or subcontractor having performed design work described in Attachment A has been paid in full for all work completed through the previous Certification for Payment.
5. Attached hereto as Attachment C are invoices, receipts, worksheets and other evidence of costs which are in sufficient detail to allow the City to verify the Design Costs for which payment is requested.

[Signature Page Follows]

SIGNATURE PAGE TO
FORM OF CERTIFICATION FOR PAYMENT

Date : _____

[Construction Manager Signature Block to be
added]

APPROVAL BY THE CITY

The Design described in Attachment A has been reviewed, verified and approved by the [Director of Public Works of the City] or [Director of Austin Water Utility]. Payment of the Design Costs are hereby approved.

Date: _____

CITY OF AUSTIN, TEXAS

By: _____
[Director of _____]

ATTACHMENT A TO CERTIFICATION OF PAYMENT (DESIGN)

<u>Description of Design Work</u>	<u>Percentage of Design Work Completed under this Certification for Payment</u>	<u>Design Costs</u>	<u>Total Percentage of Design Work Completed</u>
-----------------------------------	---	---------------------	--

ATTACHMENT B TO CERTIFICATION OF PAYMENT (DESIGN)

[attached – bills paid affidavit]

ATTACHMENT C TO CERTIFICATION OF PAYMENT (DESIGN)

[attached – receipts]

EXHIBIT "E"
FORM OF CERTIFICATION FOR PAYMENT
(Construction – Estancia Hill Country)

_____ (“Construction Manager”) hereby requests payment of the Actual Cost of the work described in Attachment A attached hereto (the “Draw Actual Costs”). Capitalized undefined terms shall have the meanings ascribed thereto in the Estancia Hill Country Public Improvement District Financing Agreement between SLF III – Onion Creek, L.P. and the City of Austin, Texas (the “City”), dated as of _____. In connection with this Certification for Payment, the undersigned, in his or her capacity as the _____ of Construction Manager, to his or her knowledge, hereby represents and warrants to the City as follows:

1. He (she) is a duly authorized representative of Construction Manager, qualified to execute this request for payment on behalf of the Construction Manager and knowledgeable as to the matters forth herein.
2. The true and correct Draw Actual Costs for which payment is requested is set forth in Attachment A and payment for such requested amounts and purposes has not been subject to any previously submitted request for payment.
3. Attached hereto as Attachment B is a true and correct copy of a bills paid affidavit evidencing that any contractor or subcontractor having performed work on a Segment described in Attachment A has been paid in full for all work completed through the previous Certification for Payment.
4. Attached hereto as Attachment C are invoices, receipts, worksheets and other evidence of costs which are in sufficient detail to allow the City to verify the Draw Actual Costs of each Segment for which payment is requested.

[Signature Page Follows]

SIGNATURE PAGE TO
FORM OF CERTIFICATION FOR PAYMENT

Date : _____

[Construction Manager Signature Block to
Be inserted]

JOINDER OF PROJECT ENGINEER

The undersigned Project Engineer joins this Certification for Payment solely for the purposes of certifying that the representations made by Construction Manager in Paragraph 2 above are true and correct in all material respects.

Project Engineer

APPROVAL BY THE CITY

The Draw Actual Costs of each Segment described in Attachment A has been reviewed, verified and approved by the [Director of Public Works of the City] or [Director of Austin Water Utility]. Payment of the Draw Actual Costs of each such Segment is hereby approved.

Date: _____

CITY OF AUSTIN, TEXAS

By: _____
[Director of _____]

ATTACHMENT A TO CERTIFICATION OF PAYMENT (CONSTRUCTION)

<u>Segment</u>	<u>Description of Work Completed under this Certification for Payment</u>	<u>Draw Actual Costs</u>
----------------	---	----------------------------------

ATTACHMENT B TO CERTIFICATION OF PAYMENT (CONSTRUCTION)

[bills paid affidavit – attached]

ATTACHMENT C TO CERTIFICATION OF PAYMENT (CONSTRUCTION)

[receipts – attached]

Exhibit "G"

FEE SCHEDULE**

** This schedule only reflects fees associated with the PID Bonds being issued for Improvement Area # 1 and may be amended from time to time as future PID Bonds are issued.

Bond Counsel	Fulbright & Jaworski, LLP	\$110,000	\$ 30,000 already deposited by Owner with the City to date pursuant to that certain City of Austin, Texas Deposit and Reimbursement Agreement Proposed Public Improvement District Agreement dated March 6, 2013
Underwriter's Counsel	Andrews & Kurth	\$50,000	
Appraisal	Paul Hornsby & Company	\$30,000	\$21,000 already deposited by Owner with the City to date pursuant to that certain City of Austin, Texas Deposit and Reimbursement Agreement Proposed Public Improvement District Agreement dated March 6, 2013
Trustee's Counsel	Cliff Blount Naman, Howell, Smith & Lee, PLLC	\$6,000	
Underwriter	Jeffries	\$251,800	
Trustee	US Bank	\$4,500	
City's Financial Advisor	PFM	\$60,000	
City Disclosure Counsel	Jeff Leuschel McCall Parkhurst & Horton	\$15,000	

ACKNOWLEDGMENT OF CONSENTING OWNERS


The undersigned are all the owners of the Property other than SLF III – Onion Creek, L.P. Each of the undersigned hereby: (i) consents to the execution and administration of the Agreement by SLF III – Onion Creek, L.P., on its behalf; and (ii) authorizes SLF III – Onion Creek, L.P., to take any actions (including amendment of the Agreement and providing and receiving notices under this Agreement) on its behalf.

SEVENGREEN ONE, LTD.,
a Texas limited partnership

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

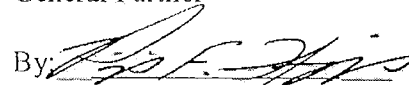
By: 
Name: Phillip R. Wiggins
Title: Manager

QUARTERSAGE II, LTD.,
a Texas limited partnership

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: Phillip F. Wiggins
Title: Manager

REVERDE THREE, LTD.,
a Texas limited partnership

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: Phillip F. Wiggins
Title: Manager

IV CAPITOL POINTE, LTD.,
a Texas limited partnership

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: Phillip F. Wiggins
Title: Manager

STONE POINT FIVE, LTD.,
a Texas limited partnership

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: Phillip F. Wiggins
Title: Manager

SALADIA VI, LTD.,
a Texas limited partnership

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

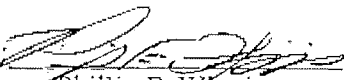
By: 
Name: Phillip F. Wiggins
Title: Manager

PALO GRANDE SEVEN, LTD.,
a Texas limited partnership

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: Phillip F. Wiggins
Title: Manager

HIGH POINT GREEN VIII, LTD.,
a Texas limited partnership

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

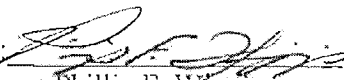
By: 
Name: Phillip F. Wiggins
Title: Manager

GOLONDRINA NINE, LTD.,
a Texas limited partnership

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

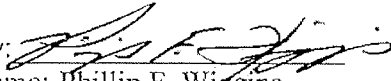
By: 
Name: Phillip F. Wiggins
Title: Manager

X CORDONIZ, LTD.,
a Texas limited partnership

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: Phillip F. Wiggins
Title: Manager

CIERVO ELEVEN, LTD.,
a Texas limited partnership

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

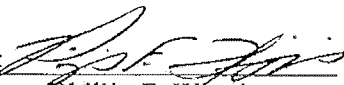
By: 
Name: Phillip F. Wiggins
Title: Manager

ZAGUAN XII, LTD.,
a Texas limited partnership

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

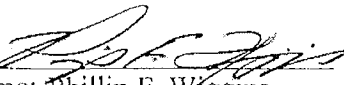
By: 
Name: Phillip F. Wiggins
Title: Manager

THIRTEEN CANARD, LTD.,
a Texas limited partnership

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: Phillip F. Wiggins
Title: Manager

RUISSEAU XIV, LTD.,
a Texas limited partnership

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

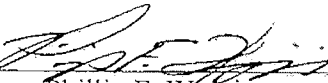
By: 
Name: Phillip F. Wiggins
Title: Manager

DINDON FIFTEEN, LTD.,
a Texas limited partnership

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: Phillip F. Wiggins
Title: Manager

BOIS DE CHENE XVI, LTD.,
a Texas limited partnership

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: Phillip F. Wiggins
Title: Manager

ETOURNEAU SEVENTEEN, LTD.,
a Texas limited partnership

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: Phillip F. Wiggins
Title: Manager

MOINEAU XVIII, LTD.,
a Texas limited partnership

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: Phillip F. Wiggins
Title: Manager

EXHIBIT "I"

REDEMPTION AGREEMENT

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

FIRST AMENDMENT TO FINANCING AGREEMENT

THIS FIRST AMENDMENT TO FINANCING AGREEMENT (this “Amendment”) is entered into effective as of the ____ day of _____, 2018 (the “Effective Date”), by and between CITY OF AUSTIN, a Texas home-rule city and municipal corporation, located in Travis, Williamson, and Hays Counties, Texas (“City”) and SLF III – ONION CREEK, L.P., a Texas limited partnership (“Owner”).

RECITALS

WHEREAS, City and Owner are parties to that certain Estancia Hill Country Public Improvement District Financing Agreement, dated as of June 20, 2013 (as amended, the “Financing Agreement”); and

WHEREAS, City and Owner desire to amend the Financing Agreement upon the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City and Owner hereby agree as follows:

1. Regulatory Requirements. Section 3.07(a) of the Financing Agreement is hereby deleted in its entirety, and the following substituted in its place:

(a) The Public Improvements shall be subject to City’s construction, policies, bidding, and contract documents, unless the Public Improvements meet the requirements set forth in Texas Local Government Code Section 252.022(a)(9), and are exempt from competitive bidding (“Exemption”). Section 252.022 (a) (9) provides that a project will be exempt from competitive bidding if “paving, drainage, street widening, and other public improvements, or related matters, if at least one-third of the cost is to be paid by or through special assessments levied on property that will benefit from the improvements.”

(b) For any Public Improvement that comply with the Exemption, that are not contracted for as of the Effective Date of this Amendment, for which Owner is requesting reimbursement from PID proceeds, the Owner shall endeavor to procure bids from at least three (3) independent, competent contractors for the construction of the Public Improvements and provide copies of the bids to the City. Owner shall not be required to enter into a contract with the apparent low bidder and may select the contractor who provides, in Owner’s sole discretion, the best value. The Public Improvements shall be bid based on the construction plans and specifications approved by the City. In addition to the foregoing, bidders for contracts for the Public Improvements will be required to submit the following to Owner:

(i) itemized bids that identify separately the portions of the contract that are for construction of the Public Improvements, and for the construction of any improvements other than the Public Improvements;

(ii) documentation showing the contractor has at least five years of experience constructing projects in and around the City and is eligible to work on City projects;

(iii) documentation showing that the contractor has completed projects similar in scope, cost, and type to that which is being bid upon;

(iv) documentation demonstrating the percentage of the work that will be performed by the contractor, and the percentage of the work that will be performed by a subcontractor; and

(v) documentation showing the contractor is bondable.

3. Future Modification. The City Manager shall have the authority to execute modifications and amendments to the Financing Agreement and this Amendment.

4. Capitalized Words. All capitalized words used in this Amendment and not otherwise defined herein shall have the respective meanings given to such words in the Financing Agreement. The Financing Agreement is incorporated herein by reference for all purposes.

5. Ratification and Compliance. Except as expressly amended or modified by this Amendment, the Financing Agreement shall continue in full force and effect. Owner and City each hereby ratify, affirm, and agree that the Financing Agreement, as herein modified, represents the valid, binding and enforceable obligations of Owner and City respectively. Owner and City each promise and agree to perform and comply with the terms, provisions and conditions of and the agreements in the Financing Agreement, as modified by this Amendment. In the event of any conflict or inconsistency between the provisions of the Financing Agreement and this Amendment, the provisions of this Amendment shall control and govern.

6. Entire Agreement and Amendments. The Financing Agreement, as expressly modified by this Amendment, constitutes the sole and only agreement of the parties to the Financing Agreement, and supersedes any prior agreements between the parties concerning the terms of the Financing Agreement. The Financing Agreement may be amended or supplemented only by an instrument in writing executed by the party against whom enforcement is sought.

7. Owner Authority. Owner and the person signing on behalf of it jointly and severally warrant and represent to City that (i) Owner has the full right, power and authority to enter into this Amendment, (ii) all requisite action to authorize Owner to enter into this Amendment and to carry out Owner's obligations hereunder has been taken, and (iii) the person signing on behalf of Owner has been duly authorized by Owner to sign this Amendment on its behalf.

8. City Authority. City and the person signing on behalf of City jointly and severally warrant and represent to Owner that (i) City has the full right, power and authority to enter into this Amendment, (ii) all requisite action to authorize City to enter into this Amendment and to carry out City's obligations hereunder has been taken, and

(iii) the person signing on behalf of City has been duly authorized by City to sign this Amendment on its behalf.

9. Binding. Subject to the Assignment provisions contained in Section 8.03 of the Financing Agreement, this Amendment shall be binding on and inure to the benefit of City, Owner and their respective heirs, executors, administrators, legal representatives, successors and assigns.

10. Governing Law. This Amendment shall be construed and governed by the laws of the State of Texas in effect from time to time.

11. Section Headings. The section headings used herein are intended for reference purposes only and shall not be considered in the interpretation of the terms and conditions hereof.

12. Construction. Each party acknowledges that it and its counsel have had the opportunity to review this Amendment; that the normal rule of construction shall not be applicable and there shall be no presumption that any ambiguities will be resolved against the drafting party in interpretation of this Amendment.

13. Counterparts. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same agreement, and any of the parties to this Amendment may execute the Amendment by signing any of the counterparts. The parties hereby acknowledge and agree that facsimile signatures or signatures transmitted by electronic mail in so-called "PDF" format shall be legal and binding and shall have the same full force and effect as if an original of this Amendment had been delivered. City and Owner (i) intend to be bound by the signatures on any document sent by facsimile or electronic mail, (ii) are aware that the other party will rely on such signatures, and (iii) hereby waive any defenses to the enforcement of the terms of this Amendment based on the foregoing forms of signature.

[Signature Page follows]

IN WITNESS WHEREOF, City and Owner have executed this Amendment through their duly authorized representatives to be effective as of the Effective Date.

City:

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

By: _____
Name: City Manager
Title: Spencer Cronk

Approved as to form:

By: _____
Assistant City Attorney

Owner:

SLF III – ONION CREEK, L.P.,
a Texas limited partnership

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: _____

APPENDIX H

MARKET STUDY

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The Economics of Land Use



MEMORANDUM

To: Dennis Waley and Blake Roberts, PFM Financial Advisors LLC
From: Darin Smith
Subject: Estancia Hill Country Public Improvement District (Improvement Area #2) Real Estate Assumptions; EPS #181106
Date: November 20, 2018

Economic & Planning Systems, Inc. (EPS) has been retained as a subconsultant to PFM Financial Advisors LLC ("PFM"), municipal advisor to the City of Austin ("the City"), to assist in PFM's and the City's evaluation of a proposed Public Improvement District (PID) financing for Improvement Area #2 of the Estancia Hill Country Public Improvement District ("Estancia Improvement Area #2"). EPS is specifically tasked with reviewing the real estate market assumptions being used by the developer to formulate their PID revenue projections. The intent of this review is to provide the City with a third-party opinion as to whether the project itself appears viable, and whether the real estate assumptions are reasonable and achievable. The specific questions posed by the City to EPS include:

- 1) Is the development program likely to be marketable?
- 2) Are the land and development value assumptions reasonable?
- 3) Is the resulting cost burden on property owners reasonable?

A finding that each of these factors is reasonable is intended to provide some comfort (though no guarantee) that the PID debt will be successfully repaid since the only security for such debt will be the assessments levied against the property in Improvement Area #2.

Project Background

Estancia Improvement Area #2 ("the Project") is a 131-acre parcel in south Austin that is proposed for development as a master planned community by Stratford Land (the "Developer"). Having already established a PID which covers the entirety of the Estancia development and issued PID bonds to finance certain infrastructure in phase 1 ("Estancia Improvement Area #1"), the City and the Developer have been discussing the prospect of issuing an additional series of PID Bonds for Estancia Improvement Area #2, through which some of the costs of providing infrastructure for the currently unimproved site could be

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financed. The contemplated PID bond would be secured by the value of the land and development at Estancia Improvement Area #2, and the debt service would be repaid through special assessments on the developed properties, with the Developer serving to provide interim debt service as needed.

Summary of Developer Assumptions

EPS has reviewed site plans and economic analysis provided by the Developer and their consultants, including the Draft PID financial analyses¹ produced by Development Planning & Financing Group, Inc. (DPFG). DPFG has experience preparing financial analyses for multiple Public Improvement Districts and many other land-secured financing mechanisms throughout the United States, and was the consultant to a number of different development entities for the Whisper Valley, Indian Hills, and WildHorse Ranch PIDs authorized and, in the case of Whisper Valley and Indian Hills, successfully issued by the City of Austin within the past several years (for which EPS provided similar due diligence services to the City). The most recent DPFG study for Estancia Improvement Area #2 indicates the following programmatic assumptions:

Project Size:	131 Acres
Single-family Homes:	161 Units (including 24 offered at below-market-rate prices)
Multifamily Housing:	1,050 Units
Commercial Space:	156,816 Square Feet

EPS Findings

Over the past few months, EPS has received and reviewed a variety of studies and data from the developer and its consultants. In addition to the DPFG study, the developer provided additional market information from Robert Charles Lesser & Company (RCLCo). In addition, EPS has reviewed real estate market data available through CoStar subscription and other services.

From our review of the revised project-related materials provided by the developer, including statistical research and real estate analysis produced by third parties, EPS has formulated the following opinions:

1. The Estancia location offers several attributes that should make the development attractive to residents.

The Estancia site is located roughly 11 miles south of Downtown Austin, 10 miles southwest of the terminal at Austin Bergstrom International Airport, and 10 miles west of the Circuit of the Americas. The site is at the intersection of Interstate 35, the region's primary north-south highway, and State Highway 45, the toll road that links to the region's growing eastern areas. This location and network should provide strong access to the region's employment centers, although EPS is not aware of any major employers or employment centers within close proximity to the site (within two miles) that may specifically drive local demand for housing. A diverse and growing supply of consumer services (retail, restaurants, auto repair, etc.) can be found within a few miles north and south of the site, enhancing the area's convenience as a place to live.

¹ Versions of the DPFG analysis reviewed by EPS were dated on June 11, July 27, September 25, September 26, and October 2, 2018.

Less promising is the fact that the site 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."

Still, the Austin area has seen strong and steady growth of both population and employment, including a 37 percent increase in private sector jobs between 2007-2017. Responding to this economic growth, development similar to Estancia Improvement Area #2 has occurred and is planned for the general vicinity of the site, indicating continued market interest in projects like Estancia. According to RCLCo, the first phase of Estancia, immediately north of the Phase 2B site, has been selling units with the highest base prices among the eight comparable subdivisions identified by RCLCo. The other seven proximate subdivisions have been marketing lower-priced units, with the lowest prices being achieved a few miles south of Estancia Phase 2B and the higher prices nearer to or slightly north of the subject Project. The Developer's residential program and pricing assumptions for Phase 2B indicate an intention to focus on serving a mostly middle-class market rather than assuming significant upscale homebuyers, and thus would be pricing homes where a large proportion of the market can afford them. These factors cause EPS to conclude that the Estancia Improvement Area #2 project should be competitive within the regional real estate market.

2. The anticipated Estancia Improvement Area #2 PID initial bond amount (\$8.3 million) is appropriately scaled to the value of the land based on a recent appraisal.

Typically, a PID-type bond must bear some relationship to the value of the underlying asset used for collateral. DPFPG has indicated that a 3:1 ratio of asset value to bond amount is reasonable, and EPS agrees based on past projects in Texas and nationally. DPFPG does report, however, that there have been a number of successful PID bonds issued in Texas with value to lien ratios below 3:1. Once entitled and improved with infrastructure, the DPFPG analysis assumes the total Estancia Improvement Area #2 improved land (excluding buildings) will be worth an estimated \$24.9 million – consistent with the land appraisal from Paul Hornsby & Company, dated September 19, 2018. At a 3:1 ratio, this land value could support a bond of roughly \$8.3 million, which is the figure assumed in the DPFPG analysis for the initial PID bond. From this \$8.3 million gross bond amount, the project would expect to be able to fund roughly \$6.2 million in qualified construction costs after netting out various costs and reserves associated with the bond issuance.

3. The DPFPG analysis assumes that an additional \$1.3 million in improvements can be funded through a "reimbursement agreement" that is supported by the overall project once completed, but is not included in the initial bond issuance.

The DPFPG analysis shows that Estancia Improvement Area #2 has a total of \$7.5 million in "qualified construction costs" that could be funded through a PID, but the land appraisal limits the amount that can be funded through the initial bond to a net of \$6.2 million. Rather than assuming the difference of \$1.3 million is simply absorbed by the developer, the DPFPG analysis appears to suggest that a "reimbursement assessment" would be established whereby the Estancia Improvement Area #2 property owners would pay an additional assessment above that required for debt service on the appraisal-constrained initial PID bond. These additional funds would then be directed to the developer on a "pay as you go" basis until the \$1.3 million (plus 5.25 percent interest) has been reimbursed. According to DPFPG, the overall PID assessment (combining the payments for bond debt service and the

reimbursement agreement) at 0.549 percent of assessed value falls within the City-imposed "cap" that the aggregate PID assessment would not be more than 25 percent higher than the City's standard ad valorem tax rate (0.4448 percent in 2017, which would thus allow an equivalent tax rate of 0.556). EPS understands that the City has not yet approved of the concept of establishing the reimbursement agreement beyond the appraisal-constrained initial PID bond, but mathematically it does appear to be supportable based on the estimated value of the finished project.

4. The currently estimated PID tax burden appears to be supportable based on conservative project value assumptions and comparisons to other communities.

The DPFPG analysis calculates the amount that each component of the project would need to pay annually to service the debt on the PID bond. The "equivalent tax rate" is assumed to be equal for all uses, as a proportion of the finished project values. The DPFPG analysis is consistent with the RCLCo study in terms of the assumed unit values for single-family and apartment units. EPS has corroborated the apartment value assumptions by creating simple estimates of net operating income from the apartments (using achievable rents as suggested by the RCLCo study), and found that the capitalized unit value could actually be higher than those suggested by RCLCo and used by DPFPG.² The DPFPG analysis also uses a significantly lower assumed value for the retail space (\$150 per building square foot) than RCLCo suggests is possible and likely (\$250), and EPS again has corroborated that RCLCo's value assumption is reasonable.³ EPS finds that the assumptions regarding the finished value may actually *underestimate* the potential tax base that will be responsible for paying down the PID bond debt, and thus the "equivalent tax rate" may be higher than will prove necessary.

Even with this potential underestimation of the tax base, the equivalent tax rate for the PID bond and the fully burdened tax rate for the project appear to be reasonable. DPFPG adds the PID assessment (at 0.549 percent of the assumed assessed value) to the other taxes to be paid by the property owners (for County, school district, healthcare, community college, etc.) and compares the resulting aggregate rate to those in other communities. The aggregate rate for Estancia Improvement Area #2 is estimated at 2.755 percent of assessed value, higher than the figure for Estancia Improvement Area #1 (2.490) but lower than the figures for Stonefield and Sunfield (both 3.134). EPS has reviewed similar estimates and comparisons for other PID projects in the vicinity, and found several others that were higher than the figure for Estancia Improvement Area #2, though some others were lower. Based on these comparisons, EPS concludes that the market has proven buyer's willingness to pay aggregate tax rates similar to or greater than those projected for Estancia Improvement Area #2.

² At \$1.50/square foot monthly rents for an average 900 square foot, with 5 percent vacancy and operating expenses at 50 percent of gross revenue, the net operating income capitalized at 5.5 percent would support a unit value of \$140,000.

³ At \$24.00/square foot annual rent (triple net), with 10 percent vacancy and 5 percent operating expenses (most are passed through to the tenants), the net operating income capitalized at 8.00 percent would support a value of \$256.50 per building square foot.

5. The most recent PID financing analysis assumes more multifamily units than was previously modeled, and does appear to materially affect the feasibility findings and financing projections.

Earlier versions of the Estancia Improvement Area #2 financing analysis assumed there would be roughly 815 multifamily units, whereas the most recent versions assume 1,050 multifamily units. In each scenario, these multifamily units have been spread over roughly 50 acres of land and reflect a fundamentally modest-density multifamily product type (~16 to 20 units per gross acre) that would not be expected to have significantly different market demand, rent rate prospects, or costs for construction and operation. As such, it is reasonable to assume that the added multifamily units would have a positive influence on the overall assessed value of the project and thus its ability to support PID obligations. For example, at an estimated \$120,000 of assessed value per unit, 1,050 units would be worth \$126 million while 815 units would be worth only \$97.8 million – a \$28.2 million difference in total assessed value.

The added value associated with the additional units thus allows the PID debt to be spread among a higher tax base, and allows the PID to cover more costs while the equivalent tax rate stays below the City-mandated cap. For example, the latest DPFG analysis shows an average annual PID assessment of \$1.09 million (for the PID bond and the reimbursement agreement combined), which represents a 0.549 equivalent tax rate. The same annual PID assessment applied to a project with \$28.2 million less in assessed value (if only 815 multifamily units are built instead of 1,050) would represent a 0.6399 equivalent tax rate – above the City-mandated cap of 0.556. By comparison, if only the PID bond were issued and no reimbursement agreement were allowed, the average annual assessment would be only about \$940,000 and the equivalent tax rate would be at 0.552 even if only 815 multifamily units were constructed. While EPS has no basis to conclude that 1,050 multifamily units would not be developable or marketable at Estancia Improvement Area #2 within a reasonable timeframe, the City may wish to consider the importance of that multifamily development assumption on the overall estimated tax rate when contemplating approval of the reimbursement agreement above and beyond the initial PID bond that can be supported by the land appraisal alone.

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