

ORDINANCE NO. 20130620-076

AN ORDINANCE APPROVING AND AUTHORIZING THE ISSUANCE AND SALE OF THE CITY OF AUSTIN, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2013 (ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT DISTRICT); AND APPROVING AND AUTHORIZING RELATED AGREEMENTS.

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

PART 1. FINDINGS:

- (A) The City of Austin, Texas (City), pursuant to and in accordance with the terms, provisions and requirements of the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code (PID Act), has previously established the "Estancia Hill Country Public Improvement District" (District), pursuant to Resolution No. 20130606-054 adopted by the City Council of the City (City Council) on June 6, 2013; and
- (B) Pursuant to the PID Act, the City Council published notice and held a public hearing on June 20, 2013 regarding the levy of special assessments within the District and on June 20, 2013 adopted Ordinance No. 20130620-052 (the "Assessment Ordinance"); and
- (C) In the Assessment Ordinance, the City Council approved and accepted the "Service and Assessment Plan" (as defined and described in the Assessment Ordinance, the "Service and Assessment Plan") relating to the District and levied the "Assessments" (as defined in the Assessment Ordinance, the "Assessments") against the "Assessment Roll" (as defined and described in the Assessment Ordinance, the "Assessment Roll"). Capitalized terms used in these Findings and not otherwise defined shall have the meaning assigned in the Service and Assessment Plan; and
- (D) The City is authorized by the PID Act to issue its revenue bonds payable from the Assessments and other revenues received for the purposes of (i) paying the costs of the Improvement Area #1 Public Improvements identified in the Service and Assessment Plan, (ii) paying interest on bonds during and after the period of acquisition and construction of the improvement projects, and (iii) establishing such other funds and accounts as described in the Indenture (defined below) or as may be required in connection with the issuance of such bonds; and

- (E) City Council has found and determined that it is in the best interests of the City to issue its bonds to be designated "City of Austin, Texas, Special Assessment Revenue Bonds, Series 2013 (Estancia Hill Country Public Improvement District)" (the "Bonds"), such series to be payable from and secured by the Pledged Revenues, as defined in the Indenture; and
- (F) City Council has found and determined to (i) approve the issuance of the Bonds to finance the Authorized Improvements identified in the Service and Assessment Plan, (ii) approve the form, terms and provisions of an indenture of trust securing the City's bonds authorized hereby, (iii) approve the form, terms and provisions of a Bond Purchase Agreement (defined below) between the City and the purchasers of the Bonds, (iv) approve the form, terms and provisions of a Financing Agreement (defined below), (v) approve the form, terms and provisions of a Landowner Agreement (defined below), (vi) approve an Official Statement (defined below), (vii) approve a Continuing Disclosure Agreement (defined below) relating to the Bonds and the Assessments between the City and SLF III-Onion Creek, L.P., a Texas limited partnership ("SLF III"), and (viii) approve the Redemption Agreement (defined below); and
- (G) The meeting at which this Ordinance is considered is open to the public as required by law, and the public notice of the time, place and purpose of said meeting was given as required by Chapter 551, Texas Government Code;

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

- (A) The issuance of the Bonds in the principal amount of \$12,590,000 for the purpose of providing funds for (i) paying the costs of the Improvement Area #1 Public Improvements identified in the Service and Assessment Plan, (ii) paying interest on the Bonds during and after the period of acquisition and construction of the Improvement Area #1 Public Improvements, and (iii) establishing such other funds and accounts as described in the Indenture (defined below) or as may be required in connection with the issuance of such Bonds, is hereby authorized and approved.
- (B) The Bonds shall be issued and secured under that certain Indenture of Trust (the "Indenture") dated as of June 1, 2013, between the City and U.S. Bank National Association, as trustee (the "Trustee"), with such changes as may be necessary or desirable to carry out the intent of this Ordinance and as approved by the Mayor or Mayor Pro Tem of the City, such approval to be evidenced by the execution and delivery of the Indenture which Indenture is hereby approved in the substantially final form attached hereto as Exhibit A and incorporated herein as a part hereof for

all purposes. The Mayor or Mayor Pro Tem of the City is hereby authorized and directed to execute the Indenture and the City Clerk is hereby authorized and directed to attest such signature of the Mayor or Mayor Pro Tem.

- (C) The Bonds shall be dated, shall mature on the date or dates and in the principal or maturity amounts, shall bear interest, shall be subject to redemption and shall have such other terms and provisions as set forth in the Indenture. The Bonds shall be in substantially the form set forth in the Indenture with such insertions, omissions and modifications as may be required to conform the form of bond to the actual terms of the Bonds. The Bonds shall be payable from and secured by the Pledged Revenues (as defined in the Indenture) and other assets of the "Trust Estate" (as defined in the Indenture) pledged to such series, and shall never be payable from ad valorem taxes.

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

The Bonds shall be sold to Jefferies LLC and any other underwriters designated as purchasers (collectively, the "Underwriter") in that certain Bond Purchase Agreement (Bond Purchase Agreement), dated the date hereof, between the City, SLF III-Onion Creek, L.P., a Texas limited partnership, and the Underwriter, attached hereto as Exhibit B and incorporated herein as a part hereof for all purposes, which terms of sale are declared to be in the best interests of the City at the price and on the terms and provisions set forth in the Bond Purchase Agreement. The form, terms and provisions of the Bond Purchase Agreement are hereby authorized and approved and the Mayor or Mayor Pro Tem of the City is hereby authorized and directed to execute and deliver the Bond Purchase Agreement. The Mayor's or Mayor Pro Tem's signature on the Bond Purchase Agreement may be attested by the City Clerk.

PART 4. APPROVAL OF FINANCING AGREEMENT.

That certain Estancia Hill Country Improvement District Financing Agreement (Financing Agreement), between the City and the SLF-III is hereby authorized and approved in the substantially final form attached hereto as Exhibit C and incorporated herein as a part hereof for all purposes and the City Manager or an Assistant City Manager of the City is hereby authorized and directed to execute and deliver such Financing Agreement with such changes as may be required to carry out the purposes of this Ordinance and approved by the City Manager or Assistant City Manager, such approval to be evidenced by the execution thereof.

PART 5. APPROVAL OF LANDOWNER AGREEMENT.

That certain Landowner Agreement (the "Landowner Agreement"), between the City and the entities defined in the Landowner Agreement collectively as the "Landowner" is hereby authorized and approved in the substantially final form attached hereto as Exhibit D and incorporated herein as a part hereof for all purposes and the City Manager or an Assistant City Manager of the City is hereby authorized and directed to execute and deliver such Landowner Agreement with such changes as may be required to carry out the purposes of this Ordinance and approved by the City Manager or an Assistant City Manager, such approval to be evidenced by the execution thereof.

PART 6. OFFICIAL STATEMENT.

The form and substance of the Preliminary Official Statement for the Bonds and any addenda, supplement or amendment thereto and the final Official Statement (Official Statement) presented to and considered at the meeting at which this Ordinance is considered are hereby in all respects approved and adopted. The Mayor or Mayor Pro Tem is hereby authorized and directed to execute such Official Statement with such changes and alterations therein as the Mayor or Mayor Pro Tem may approve, such approval to be conclusively evidenced by such execution thereof. The Official Statement as thus approved, executed and delivered, with such appropriate variations as shall be approved by the Mayor or Mayor Pro Tem of the City and the Underwriter, may be used by the Underwriter in the offering and sale of the Bonds. The City Clerk is hereby authorized and directed to include and maintain a copy of the Preliminary Official Statement and Official Statement and any addenda, supplement or amendment thereto thus approved among the permanent records of this meeting. The use and distribution of the Preliminary Official Statement in the offering of the Bonds is hereby ratified, approved and confirmed. Notwithstanding the execution, approval and delivery of such Preliminary Official Statement and Official Statement by the Mayor or Mayor Pro Tem, the Mayor or Mayor Pro Tem and this City Council are not responsible for and proclaim no specific knowledge of the information contained in the Preliminary Official Statement and Official Statement pertaining to the Project, the Landowner or its financial ability, any builders, any landowners, or the appraisal of the property in the District.

PART 7. CONTINUING DISCLOSURE AGREEMENT.

That certain Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") between the City, U.S. Bank National Association, as Dissemination Agent, and the SLF-III is hereby authorized and approved in substantially final form attached hereto as Exhibit E and incorporated herein as a part hereof for all purposes and the City Manager, an Assistant City Manager, the Chief Financial Officer, or the Treasurer of the

City is each hereby authorized and directed to execute and deliver such Continuing Disclosure Agreement with such changes as may be required to carry out the purpose of this Ordinance and as approved by the City Manager, an Assistant City Manager, the Chief Financial Officer or the Treasurer, such approval to be evidenced by the execution thereof.

PART 8. REDEMPTION AGREEMENT.

That certain Agreement Regarding Conveyance of Right of Redemption and Waiver of Agricultural Valuation – Estancia Hill Country Public Improvement District (Redemption Agreement) between the City and Landowner is hereby authorized and approved in substantially final form attached hereto as Exhibit F and incorporated herein as a part hereof for all purposes and the City Manager, an Assistant City Manager, the Chief Financial Officer, or the Treasurer of the City is each hereby authorized and directed to execute and deliver such Redemption Agreement with such changes as may be required to carry out the purpose of this Ordinance and as approved by the City Manager, an Assistant City Manager, the Chief Financial Officer or the Treasurer, such approval to be evidenced by the execution thereof.

PART 9. ADDITIONAL ACTIONS.

The Mayor, the Mayor Pro Tem, the City Manager, an Assistant City Manager, the Chief Financial Officer, the City Treasurer, and the City Clerk are hereby authorized and directed to take any and all actions on behalf of the City necessary or desirable to carry out the intent and purposes of this Ordinance and to issue the Bonds in accordance with the terms of this Ordinance. The Mayor, the Mayor Pro Tem, the City Manager, an Assistant City Manager, the Chief Financial Officer, the City Treasurer, and the City Clerk are hereby authorized and directed to execute and deliver any and all certificates, agreements, notices, instruction letters, requisitions, and other documents which may be necessary or advisable in connection with the sale, issuance and delivery of the Bonds and the carrying out of the purposes and intent of this Ordinance.

PART 10. EFFECTIVE DATE.

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

PASSED AND APPROVED

_____ June 20 _____, 2013

§
§
§

Lee Leffingwell
Mayor

APPROVED: _____
Karen M. Kennard
City Attorney

ATTEST: _____
Jannette S. Goodall
City Clerk

EXHIBIT A
INDENTURE OF TRUST

INDENTURE OF TRUST

By and Between

CITY OF AUSTIN, TEXAS

and

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

DATED AS OF JUNE 1, 2013

SECURING

\$12,590,000

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

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INDENTURE OF TRUST

THIS INDENTURE, dated as of June 1, 2013, 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, Chapter 372, Texas Local Government Code (the "PID Act"), requesting the creation of a public improvement district located in the extraterritorial jurisdiction of the City to be known as Estancia 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 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 Sec. 372.009 of the PID Act and on June 6, 2013, the City Council made the findings required by Sec. 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

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

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

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

WHEREAS, the City Council convened the hearing on June 20, 2013, at which all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the Service and Assessment Plan, the Assessment Roll, and the Assessments, and to offer testimony pertinent to any issue presented on the amount of the

Assessment, the allocation of Costs, the purposes of the Assessment, the special benefits of the Assessment, and the penalties and interest on annual installments and on delinquent annual installments of the Assessment; and

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

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

WHEREAS, the City Council hereby finds and determines that the Assessment Roll and the Service and Assessment Plan should be approved and that the Assessments should be levied as provided in the Service and Assessment Plan and the Assessment Roll; and

WHEREAS, the City Council is authorized by the PID Act to issue its revenue bonds payable from the Assessments and from other revenue to be received from the Petitioners for the purpose of (i) paying the Costs of the Improvement Projects, (ii) paying interest on the Bonds during and after the period of acquisition and construction of the Improvement Projects, and (iii) funding a reserve fund for payment of principal and interest on Bonds and for funding other funds as provided in Section 6.2; and

WHEREAS, the City Council now desires to issue its revenue bonds, in accordance with the PID Act, such bonds to be entitled "City of Austin, Texas, Special Assessment Revenue Bonds, Series 2013 (Estancia Hill Country Public Improvement District)," (the "Bonds"), such Bonds being payable solely from the Assessments 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, but excluding any moneys held in the Landowner Improvement Account of the Project Fund, 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, but excluding any moneys held in the Landowner Improvement Account of the Project Fund; and

SECOND GRANTING CLAUSE

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

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

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the benefit of all present and future Owners of the Bonds 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 Assessments have been prepaid, the 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 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 Bonds” means the additional parity bonds authorized to be issued in accordance with the terms and conditions prescribed in Section 13.2(c) of this Indenture.

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

“Annual Debt Service” means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds 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 the Assessment as shown on the Assessment Roll attached to the Service and Assessment Plan as Exhibit A and related to the Bonds, the Improvement Projects or as shown on an Annual Service Plan Update as defined in the Service and Assessment Plan related to the Bonds.

“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 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. 20130620-052 adopted by the City Council on June 20, 2013, that levied the Assessments on the Assessed Parcels.

“Assessment Roll” means the document attached as Appendix A to the Service and Assessment Plan, showing the total amount of the Assessment against each Assessed Parcel, as updated, modified, or amended from time to time in accordance with the terms of the Service and Assessment Plan and the PID Act.

“Assessments” means the aggregate assessments shown on the Assessment Roll. The singular of such term means the assessment levied against an Assessed Parcel as shown on the Assessment Roll.

“Authorized Denomination” means \$25,000 and any integral multiple of \$5,000 in excess thereof.

“Bond” means any of the Bonds.

“Bond Counsel” means Fulbright & Jaworski 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 Fund” means the Fund established pursuant to Section 6.1 and administered as provided in Section 6.4.

“Bond Ordinance” means Ordinance No. 20130620-076 adopted by the City Council on June 20, 2013 authorizing the issuance of the Bonds pursuant to this Indenture.

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

“Bonds” means the City’s bonds authorized to be issued by Section 3.1 of this Indenture entitled “City of Austin, Texas, Special Assessment Revenue Bonds, Series 2013 (Estancia Hill Country Public Improvement District).”

“Bonds Similarly Secured” means, collectively, any Outstanding Bonds or Additional Bonds.

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

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

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

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

“City Representative” means that 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 Projects.

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

“Delinquency Reserve Requirement” means an amount equal to \$113,310.00 which will be funded from revenues received from the payment of Assessments deposited to the Pledged Revenue Fund.

“Delinquent Collection Costs” mean 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.

“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 Public Improvement District Financing Agreement between the City and the Landowner dated as of June 1, 2013 which provides for the appointment, levying and collection of Assessments, the construction of the Improvement

Projects, the maintenance of the Improvement Projects, the issuance of bonds and other matters related thereto.

“Foreclosure Proceeds” means the proceeds, including interest and penalty interest, received by the City from the enforcement of the 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.

“Improvement Projects” mean the public improvements and other related costs defined as Improvement Area #1 Public Improvements in the Service and Assessment Plan.

“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 Bonds” means the Initial Bonds authorized by Section 5.2 of this Indenture.

“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 November 1, 2013.

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

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

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

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

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

“Pledged Revenue Fund” means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.3 herein.

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

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

“Prepayment Reserve Requirement” means an amount equal to \$62,950.00 which will be funded from revenues received from the payment of Assessments deposited to the Pledged Revenue Fund.

“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 (whether or not a Business Day) 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.

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

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

“Reserve Fund” means that fund established pursuant to 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 Similarly Secured as of the date of issuance, (ii) 125% of average Annual Debt Service on the Bonds Similarly Secured as of the date of issuance, or (iii) 10% of the proceeds of the Bonds Similarly Secured; provided, however, that such amount shall be reduced by the amount of any transfers made pursuant to subsections (c) and (d) of Section 6.7; and provided further that as a result of an optional redemption pursuant to Section 4.3, the Reserve Fund Requirement shall be reduced by a percentage equal to the pro rata amount of Bonds Similarly Secured redeemed by such optional redemption divided by the total amount of the Outstanding Bonds Similarly Secured prior to such redemption. As of the date of delivery of the Bonds, the Reserve Fund Requirement is \$1,259,000.00 which is an amount equal to 10% of the proceeds of the Bonds Similarly Secured.

“Service and Assessment Plan” means the document, including the Assessment Roll, as amended, 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 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 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 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 Chapter 1208 of the Texas Government Code, 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 Chapter 9, Business and Commerce Code, 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 Chapter 9, Business and Commerce Code 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 Owner, and shall be deemed to be and shall constitute a contract among the City, the Owners, and the Trustee.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.1. Authorization.

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 \$12,590,000 for the purpose of (i) paying the Costs of the Improvement Projects, (ii) paying interest on the Bonds during and after the period of acquisition and construction of the Improvement Projects, (iii) funding a reserve fund for payment of principal and interest on Bonds, (iv) paying a portion of the costs incidental to the organization of the District, and (v) paying the costs of issuance.

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

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

(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>
2018	\$2,695,000	4.50%
2028	\$9,895,000	6.00%

(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 Section 5.2 herein.

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 Financing Agreement;
- (d) a copy of this Indenture executed by the Trustee and the City; and
- (e) 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.

(c) Interest on the Bonds shall be paid by check, dated as of the Interest Payment Date, and sent, first class United States mail, postage prepaid, by the Paying Agent/Registrar to each Owner at the address of each as such appears in the Register or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the Owner; provided, however, the Owner shall bear all risk and expense of such other banking arrangement.

(d) The principal of each Bond 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 the 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 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 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 and the City Clerk or Deputy City Clerk, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the Purchaser or its designee. Upon payment for the Initial Bond, the Trustee shall cancel the Initial Bond and deliver to DTC on behalf of 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 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 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 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 maturity and will be redeemed by the City in part at the Redemption Price from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article VI, on the dates and in the respective sinking fund installments as set forth in the following schedule:

Term Bonds Maturing November 1, 2018

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

Term Bonds Maturing November 1, 2028

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

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

Section 4.4. Extraordinary Optional Redemption.

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

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 \$25,000 and increments of \$5,000 thereafter by any method selected by the Trustee that results in a random selection. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by the smallest Authorized Denomination for such Bond.

(b) A portion of a single Bond of a denomination greater than an Authorized Denomination may be redeemed, but only in a principal amount equal to \$25,000 or any integral of \$5,000 in excess thereof. The Trustee shall treat each \$25,000 portion of such Bond 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 the Authorized Denomination in effect at that time.

(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 an exchange 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 first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond or portion thereof to be redeemed, at the address shown in the Register.

(b) The notice shall state the redemption date, the Redemption Price, the place at which the Bonds 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 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 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 this Article with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Indenture, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the City or by the officers executing such Bonds, as evidenced by their execution thereof.

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

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

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

Section 5.2. Form of the Bonds.

(a) Form of Bond.

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

REGISTERED

REGISTERED

No. _____

\$ _____

United States of America
State of Texas

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

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

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

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

_____ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Bond Date, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest

specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on May 1 and November 1 of each year, commencing November 1, 2013.

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

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

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

This Bond is one of a duly authorized issue of assessment revenue bonds of the City having the designation specified in its title (herein referred to as the "Bonds"), dated as of the date of delivery and issued in the aggregate principal amount of \$12,590,000 and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of June 1, 2013 (the "Indenture"), by and between the City and U.S. Bank National Association, as trustee (the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder to the holders of the Bonds, the Trustee, and the City, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the

amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) paying the Costs of the Improvement Projects, (ii) paying interest on the Bonds during and after the period of acquisition and construction of the Improvement Projects, (iii) making deposits to a reserve fund, a capitalized interest account, and a project fund, and (iv) paying the costs of issuing the Bonds.

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

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

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

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

Term Bonds Maturing November 1, 2018

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

Term Bonds Maturing November 1, 2028

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

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

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

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

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

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

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

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

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

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

The City has reserved the right to issue Additional Bonds 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.

City Clerk, City of Austin, Texas

Mayor, City of Austin, Texas

[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,
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) The 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 _____ 1 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

Years Principal Installments Interest Rates"

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

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

Section 5.3. CUSIP Registration.

The City may secure identification numbers through the CUSIP Service Bureau Division of Standard & Poor's Corporation, 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 5.4. 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;
- (B) Prepayment Reserve Account; and
- (C) Delinquency Reserve Account

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

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

(b) Funds received from the Landowner on the Closing Date in the amount of \$3,403,610.59 shall be deposited to the Landowner Improvement Account of the Project Fund.

Section 6.3. Pledged Revenue Fund.

(a) On or about March 10 of each year while the Bonds are outstanding and beginning with the year when Assessments are being collected, the City shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund. The City shall deposit or cause to be deposited to the Bond Pledged Revenue Account from the Pledged Revenue Fund Assessments collected first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds next coming due, second to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Fund Requirement, third to the Landowner Pledged Revenue Account of the Pledged Revenue Fund to reimburse the Landowner for costs of Improvement Projects that have been paid from the Landowner Improvement Account of the Project Fund (consisting of the initial Landowner contribution to the Landowner Improvement Account), fourth to pay other costs of the Improvement Projects and fifth to pay other costs permitted by the PID Act. Moneys transferred to the Landowner 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) From time to time as needed to pay the obligations relating to costs of Improvement Projects that are paid with funds withdrawn from the Landowner Improvement Account of the Project Fund the Trustee shall withdraw from the Landowner 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 Projects.

(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 Assessments for any lawful purposes permitted by the Act for which Assessments may be paid.

(h) Any Assessments remaining after satisfying the foregoing payments may be used for any lawful purpose for which 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 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 dates and in the following amounts:

<u>Date</u>	<u>Amount</u>
November 1, 2013	\$208,534.38
May 1, 2014	\$357,487.50
November 1, 2014	\$357,487.50
May 1, 2015	\$ 57,595.21

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 Bond Improvement Account of the Project Fund, or if the Project Fund has been closed as provided in Section 6.5(d) 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) Disbursements from the Project Fund to pay Costs shall be made by the Trustee upon receipt by the Trustee of a properly executed and completed Certification for Payment. The disbursement of funds from the Project Fund pursuant to a Certification for Payment shall be pursuant to and accordance with the disbursement procedures described in the Financing Agreement. Such provisions and procedures are herein incorporated by reference and deemed set forth herein in full.

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

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

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

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 and Additional Bonds to accumulate, and when accumulated maintain in the Reserve Fund an amount equal to not less than the Reserve Fund Requirement. All amounts deposited in the Reserve Fund shall be used

and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund as provided in this Indenture. The Trustee will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Prepayment Reserve Account on May 1 and November 1 of each year, commencing May 1, 2015, an amount equal to .20% of the interest rate component of the Annual Installments until the Prepayment Reserve Requirement has been accumulated in the Prepayment Reserve Account. The Trustee shall also deposit from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Delinquency Reserve Account on May 1 and November 1, commencing May 1, 2015, an amount equal to .30% of the interest rate component of the Annual Installments until the Delinquency Reserve Requirement has been accumulated in the Delinquency Reserve Account.

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

(c) Whenever Bonds 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 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 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 Reserve Account exceeds the Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess. The amount of such excess on deposit in the Prepayment Reserve Account shall be transferred to the Pledged Revenue Fund.

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

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

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

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

(j) If the amount held in the Reserve Fund together with the amount held in the Bond Fund and Redemption Fund is sufficient to pay the principal amount and of all Outstanding Bonds on the next Interest Payment Date, together with the unpaid interest accrued on such 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 instructions from the City.

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

Section 6.9. Administrative Fund.

(a) The City shall deposit or cause to be deposited to the Administrative Fund the Annual Collection Costs.

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

Section 6.10. Investment of Funds.

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

(c) The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment. The Trustee shall not incur any

liability for losses arising from any investments made pursuant to this Section. The Trustee shall not be required to determine the legality of any investments.

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

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

Section 6.11. Security of Funds.

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

Section 6.12. Reimbursement Fund. Money on deposit in the Reimbursement Fund shall be used to reimburse the Landowner for funds withdrawn from the Landowner Improvement Account of the Project Fund and used to pay costs of Improvement Projects. When all amounts due to the Landowner to reimburse it for the funds withdrawn from the Landowner Improvement Account of the Project Fund have been paid to the Landowner, whether through Assessments received and applied or through the proceeds of Additional Bonds, 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 Assessments.

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

Section 7.2. Collection and Enforcement of Assessments.

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

(b) The City will determine or cause to be determined, no later than March 15 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Assessed Parcel.

Section 7.3. Against Encumbrances.

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

(b) So long as Bonds and Additional Bonds are Outstanding hereunder, the City shall not issue any bonds, notes or other evidences of indebtedness other than the Bonds and Additional 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 and Additional 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 Project Improvements remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the 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.

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 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 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, 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 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 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 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 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 gross negligence or willful misconduct.

Section 9.4. Property Held in Trust.

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

Section 9.5. Trustee Protected in Relying on Certain Documents.

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

Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter may be deemed to be conclusively proved and established by a City Certificate, unless other evidence in

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

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

Section 9.6. Compensation.

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

If necessary, the Trustee shall file or cause to be filed, such continuation statements as may be required by the Texas Uniform Commercial Code, as from time to time in effect (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.

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 the Bonds 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.

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 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.

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 Assessments including the prosecution of foreclosure proceedings; and

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

Section 11.2. Immediate Remedies for Default.

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

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

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

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

Section 11.3. Restriction on Owner's Action.

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

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

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

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

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

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

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

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

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

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

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

Section 11.5. Effect of Waiver.

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

Section 11.6. Evidence of Ownership of Bonds.

(a) Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners of Bonds 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 Similarly Secured shall bind all future Owners of the same Bond Similarly Secured in respect of anything done or suffered to be done by the City or the Trustee in accordance therewith.

Section 11.7. No Acceleration.

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

Section 11.8. Mailing of Notice.

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

Section 11.9. Exclusion of Bonds.

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 Assessments and any other amounts pledged to the payment of the Bonds to the fullest extent permitted by the Act and other Applicable Laws.

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

Section 12.2. Accounts, Periodic Reports and Certificates.

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

Section 12.3. General.

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

ARTICLE XIII

SPECIAL COVENANTS

Section 13.1. Further Assurances; Due Performance.

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

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

Section 13.2. Other Obligations or Other Liens; Additional Bonds.

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

(b) Other than in connection with the issuance of Additional 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) The City reserves the right to issue Additional Bonds for any purpose permitted by the Act and in accordance with the conditions set forth below:

(i) the City Representative shall certify that the City is not in default in the performance and observance of any of the terms, provisions and conditions applicable to the City contained in the Indenture;

(ii) the Landowner, through an authorized representative, shall certify that the Landowner is not in default in the performance and observance of any of the terms, provisions and conditions applicable to the Landowner contained in the Financing Agreement;

(iii) the Landowner shall provide the City with a certificate or report from an independent certified appraiser or appraisal firm that, assuming completion of the improvements to be financed with the proceeds of the Additional Bonds or with the funds withdrawn from the Landowner Improvement Account of the Project Fund, as applicable, (A) the appraised value of the Assessed Parcels is equal to at least four (4) times the principal amount of the Outstanding Bonds Similarly Secured, taking into account the Additional Bonds to be issued, (B) the appraised value allocated to each Assessed Parcel that is zoned for other than single-family housing purposes is at least three (3) times the portion of the principal amount of any Outstanding Bonds Similarly Secured, taking into account the Additional Bonds to be issued, that is allocated to each Assessed Parcel that is so zoned and (C) the appraised value allocated to each Assessed Parcel that is zoned for single-family housing purposes is at least equal to two and one-half (2.5) times the portion of the principal amount of any Outstanding Bonds Similarly Secured, taking into

account the Additional Bonds to be issued, that is allocated to each Assessed Parcel that is so zoned;

(iv) the principal of and interest on the Additional Bonds must be scheduled to be paid or mature on May 1 and November 1, or both, of the years in which each principal or interest are scheduled to be paid or mature; and

(v) there shall be deposited to the Reserve Fund an amount equal to the Reserve Fund Requirement taking into account the outstanding Bonds Similarly Secured, and the Additional Bonds then proposed to be issued.

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.

(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.

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 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 shall be in writing and shall be telexed, cabled, delivered by hand, or mailed by first class mail, postage prepaid, 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
5555 San Felipe Street, Suite 1150
Houston, TX 77056
Attn: Mauri Cowen, Vice President

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.

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.

[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: _____
LEE LEFFINGWELL, Mayor

[SEAL]

Attest:

JANNETTE S. GOODALL
City Clerk

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

Signature Page to Indenture of Trust

EXHIBIT B
BOND PURCHASE AGREEMENT

\$12,590,000
CITY OF AUSTIN, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2013
(ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT DISTRICT)

BOND PURCHASE AGREEMENT

June 20, 2013

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

SLF III - Onion Creek, L.P.
c/o Stratford Land
5949 Sherry Lane, Suite 1750
Dallas, Texas 75225

Ladies and Gentlemen:

The undersigned, Jefferies LLC (the "Underwriter"), offers to enter into this Agreement (this "Agreement") with the City of Austin, Texas (the "City"), and SLF III - Onion Creek, L.P., a Texas limited partnership (the "Owner"), which will be binding upon the City, the Owner and the Underwriter upon the acceptance hereof by the City and the Owner. This offer is made subject to its acceptance by the City and the Owner by execution of this Agreement and its delivery to the Underwriter on or before 10:00 p.m., Central Time, on the date hereof and, if not so accepted, will be subject to withdrawal by the Underwriter upon written notice delivered to the City and the Owner at any time prior to the acceptance hereof by the City and the Owner. All capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Indenture described herein between the City and U.S. Bank National Association, as trustee (the "Trustee"), authorizing the issuance of the Bonds (defined herein), and in the Official Statement (defined herein).

1. Purchase and Sale of Bonds. Upon the terms and conditions and upon the basis of representations, warranties and agreements hereinafter set forth, the Underwriter hereby agrees to purchase from the City, and the City hereby agrees to sell to the Underwriter, all (but not less than all) of \$12,590,000 aggregate principal amount of the City of Austin, Texas, Special Assessment Revenue Bonds, Series 2013 (Estancia Hill Country Public Improvement District) (the "Bonds"), at a purchase price of \$12,338,200.00 (representing the aggregate principal amount of the Bonds, less an Underwriter's discount of \$251,800.00).

Inasmuch as this purchase and sale represents a negotiated transaction, the City and the Owner understand, and hereby confirm, that the Underwriter is not acting as a fiduciary of the City or the Owner, but rather is acting solely in its capacity as Underwriter for its own account. The City and the Owner acknowledge and agree that (i) the purchase and sale of the Bonds pursuant to this Agreement is an arm's-length commercial transaction among the City, the Owner and the Underwriter, (ii) in connection therewith and with the discussions, undertakings, and procedures leading up to the consummation of this transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent or fiduciary of the City or the Owner, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the City or the Owner with respect to the offering described herein or the discussions, undertakings, and procedures leading thereto (regardless of whether the Underwriter has provided other services or are currently providing other services to the City or the Owner on other matters) and the Underwriter has no obligation to the City or the Owner with respect to the offering described herein except the obligations expressly set forth in this Agreement, and (iv) the City and the Owner have consulted their own legal, financial, and other advisors to the extent they have deemed appropriate.

The Bonds shall be dated the date of their issuance and delivery and shall have the maturities and redemption features, if any, and bear interest at the rates per annum shown on Appendix A hereto. Payment for and delivery of the Bonds, and the other actions contemplated hereby, shall take place on July 16, 2013 (or such other date as may be agreed to by the City, the Owner and the Underwriter) (the "Closing Date").

2. Authorization Instruments and Law. The Bonds were authorized by an Ordinance enacted by the City Council of the City (the "City Council") on June 20, 2013 (the "Bond Ordinance") and shall be issued pursuant to the provisions of Subchapter A of Chapter 372, Texas Local Government Code, as amended (the "Act"), and the Indenture of Trust, dated June 1, 2013, between the City and the Trustee, authorizing the issuance of the Bonds (the "Indenture"). The Bonds shall be substantially in the form described in, and shall be secured under the provisions of, the Indenture.

The Bonds and interest thereon shall be secured by the proceeds of the Assessments (the "Assessments") levied on the assessable parcels within Improvement Area #1 of the Estancia Hill Country Public Improvement District (the "District") established by Resolution No. 20130606-054 (the "Creation Resolution"), enacted by the City Council on June 6, 2013, in accordance with the Act. A Service and Assessment Plan (the "Service and Assessment Plan") which sets forth the costs of the Improvement Projects (as defined in the Indenture) and the method of payment of the Assessments was adopted by the City Council on June 20, 2013, pursuant to Ordinance No. 20130620-052 (the "Special Assessment Ordinance" and, together with the Creation Resolution, the Indenture and the Bond Ordinance, the "Authorizing Documents"). The Bonds shall be further secured by certain applicable funds and accounts created under the Indenture.

The Bonds shall be as described in Appendix A, the Indenture and the Official Statement (defined below).

The proceeds of the Bonds shall be used for (i) the payment of a portion of the costs of construction, acquisition or purchase of certain water, wastewater, drainage, roadway, hardscape, landscape and hike and bike trail public improvements for the benefit of Improvement Area #1 of the District, (ii) the funding of the Reserve Fund in the amount of the Reserve Fund Requirement, (iii) the payment of all or a portion of the costs incidental to the organization of the District, (iv) the funding of capitalized interest on the Bonds, and (v) the payment of the costs of issuance of the Bonds.

3. Public Offering. The Underwriter agrees to make a bona fide public offering of all of the Bonds at prices not to exceed the public offering prices set forth on the inside cover pages of the Official Statement (defined below) and may subsequently change such offering prices without any requirement of prior notice. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering prices (or yields higher than the public offering yields) stated on the inside cover page of the Official Statement. On or before the third (3rd) business day before Closing, the Underwriter shall execute and deliver to Bond Counsel the Issue Price Certificate, in substantially the form attached hereto as Appendix B.

4. Official Statement.

(a) Delivery of Official Statement. The City previously has delivered, or caused to be delivered, to the Underwriter the Preliminary Official Statement for the Bonds dated June 6, 2013 (the "Preliminary Official Statement"), in a "designated electronic format," as defined in the Municipal Securities Rulemaking Board ("MSRB") Rule G-32 ("Rule G-32"). The City will prepare, or cause to be prepared, a final Official Statement relating to the Bonds (the "Official Statement") which will be (i) dated the date of this Agreement, (ii) complete within the meaning of the United States Securities and Exchange Commission's Rule 15c2-12, as amended (the "Rule"), (iii) in a "designated electronic format" and (iv) substantially in the form of the most recent version of the Preliminary Official Statement provided to the Underwriter before the execution hereof. The Official Statement, including the cover pages thereto, all exhibits, schedules, appendices, maps, charts, pictures, diagrams, reports, and statements included or incorporated therein or attached thereto, and all amendments and supplements thereto that may be authorized for use with respect to the Bonds are collectively referred to herein as the "Official Statement." Until the Official Statement has been prepared and is available for distribution, the City shall provide to the Underwriter sufficient quantities (which may be in electronic format) of the Preliminary Official Statement as the Underwriter deems necessary to satisfy the obligation of the Underwriter under the Rule with respect to distribution to each potential customer, upon request, of a copy of the Preliminary Official Statement.

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

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

(d) Updating of Official Statement. If, after the date of this Agreement, up to and including the date the Underwriter is no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) ninety (90) days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than twenty-five (25) days after the "end of the underwriting period" for the Bonds), the City or the Owner becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the City or the Owner, as applicable, will notify the Underwriter (and for the purposes of this clause provide the Underwriter with such information as it may from time to time request), and if, in the reasonable judgment of the Underwriter, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the City will forthwith prepare and furnish, at the City's own expense (in a form and manner approved by the Underwriter), either an amendment or a supplement to the Official Statement so that the statements therein as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading or so that the Official Statement will comply with law; provided, however, that for all purposes of this Agreement and any certificate delivered by the City or the Owner in accordance herewith, (i) neither the City nor the Owner makes any representations with respect to the descriptions in the Preliminary Official Statement or the Official Statement of The Depository Trust Company, New York, New York, or its book-entry-only system, (ii) the City makes no representations with respect to the information in the Preliminary Official Statement or the Official Statement under the captions "THE IA #1 PUBLIC IMPROVEMENTS," "THE PROJECT," "THE OWNER," "BONDHOLDERS' RISKS" (only as it pertains to the Owner and the Project) and "LEGAL MATTERS — Litigation — The Owner;" and (iii) the Owner makes no representations with respect to the information in the Preliminary Official Statement and the Official Statement under the captions "THE CITY," "THE

DISTRICT” and “LEGAL MATTERS — Litigation - The City.” If such notification shall be subsequent to the Closing, the City, at the expense of the Owner, shall furnish such legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement. The City shall provide any such amendment or supplement, or cause any such amendment or supplement to be provided, (i) in a “designated electronic format” consistent with the requirements of Rule G-32 and (ii) in a printed format in such quantity as the Underwriter shall request in order for the Underwriter to comply with Section (b)(4) of the Rule and the rules of the MSRB.

(e) Filing with MSRB. The Underwriter hereby agrees to timely file the Official Statement with MSRB through its Electronic Municipal Market Access (“EMMA”) system on or before the date of Closing. Unless otherwise notified in writing by the Underwriter, the City can assume that the “end of the underwriting period” for purposes of the Rule is the date of the Closing.

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

(a) Due Organization, Existence and Authority. The City is a political subdivision of the State of Texas (the “State”), and has, and at the Closing Date will have, full legal right, power and authority (i) to enter into this Agreement, the Indenture, the Financing Agreement, the Landowner Agreement, dated as of June 1, 2013, executed and delivered by the City and the Owner (the “Landowner Agreement”) and the Continuing Disclosure Agreement with respect to the Bonds, dated as of June 1, 2013 (the “Continuing Disclosure Agreement”), executed and delivered by the City, the Owner and the U.S. Bank National Association, as Dissemination Agent, and the Agreement Regarding Conveyance of Right of Redemption and Waiver of Agricultural Valuation - Estancia Hill Country PID, dated as of June 1, 2013, executed and delivered by the City, the Owner and the Trustee (the “Redemption Agreement”), (ii) to issue, sell and deliver the Bonds to the Underwriter as provided herein, and (iii) to carry out and consummate the transactions on its part contemplated by the Authorizing Documents, this Agreement, the Financing Agreement, the Landowner Agreement, the Official Statement, the Redemption Agreement, the Continuing Disclosure Agreement and any other documents and certificates contemplated by any of the foregoing (collectively, the “City Documents”).

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

immunity, bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally. The City has complied, and will at the Closing (defined herein) be in compliance in all respects, with the obligations on its part to be performed on or prior to the Closing Date under the City Documents.

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

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

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

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

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

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

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

(i) No Adverse IRS Listing. The City has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the City is an issuer whose arbitrage certifications may not be relied upon.

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

(k) Preliminary Official Statement. The information contained in the Preliminary Official Statement with respect to the City under the captions “THE CITY,” “THE DISTRICT” and “LEGAL MATTERS — Litigation - The City” is true and correct in all material respects, and such information does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(l) Official Statement. At the time of the City’s acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of Section 4 of this Agreement) at all times subsequent thereto during the period up to and including twenty-five (25) days subsequent to the “end of the underwriting period,” the information contained in the Official Statement with respect to the City under the captions “THE CITY,” “THE DISTRICT” and “LEGAL MATTERS — Litigation - The City” does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that if the City notifies the Underwriter of any fact or event as required by Section 4(d) hereof, and the Underwriter determines that such fact or event does not require preparation and publication of a supplement or amendment to the Official Statement, then the Official Statement in its then-current form shall be conclusively deemed to be complete and correct in all material respects.

(m) Supplements or Amendments to Official Statement. If the Official Statement is supplemented or amended pursuant to paragraph (d) of Section 4 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including twenty-five (25) days subsequent to the “end of the underwriting period,” the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading; provided, however, that if the City notifies the Underwriter of any fact or event as required by Section 4(d) hereof, and the Underwriter determines that such fact or event does not require preparation and publication of a supplement or amendment to the Official Statement, then the Official Statement in its then-current form shall be conclusively deemed to be complete and correct in all material respects.

(n) Compliance with the Rule. During the last five (5) years, the City has complied in all material respects with its previous continuing disclosure undertakings made by it in accordance with the Rule, except as described in the Official Statement.

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

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

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

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

By delivering the Official Statement to the Underwriter, the City shall be deemed to have reaffirmed, with respect to the Official Statement, the representations, warranties and covenants set forth above with respect to the Preliminary Official Statement.

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

(a) Due Organization, Existence and Authority. The Owner is duly formed and validly existing as a limited partnership under the laws of the State of Texas, with full rights, power and authority to execute, deliver and perform its obligations under this Agreement, the Financing Agreement, the Landowner Agreement, the Redemption Agreement, the Continuing Disclosure Agreement and any other documents and certificates of the Owner contemplated by any of the foregoing (collectively, the "Owner Documents").

(b) Organizational Documents. The copies of the organizational documents of the Owner delivered on the Closing Date (the "Owner Organizational Documents") are fully executed, true, correct and complete copies of such documents and such documents have not been amended or supplemented and are in full force and effect as of the date hereof.

(c) Due Authorization and Approval. By all necessary action, the Owner has duly authorized and approved its execution and delivery of the Owner Documents and the performance by the Owner of its obligations contained in the Owner Documents and, as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded.

(d) No Breach or Default. The execution and delivery of the Owner Documents by the Owner and compliance by the Owner with the provisions thereof under the circumstances contemplated thereby do not and will not in any material respect conflict with or constitute on the part of the Owner a breach or default under (i) any order, writ, judgment, injunction, decree, determination or award of any governmental authority against or with respect to the Owner, or (ii) any agreement or instrument to which the Owner is a party or by which it is bound, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would, in any material respect, constitute a default or an event of default by the Owner under the Owner Documents.

(e) No Litigation. Other than as described in the Preliminary Official Statement and the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the knowledge of the Owner, threatened by or against the Owner: (i) in any way questioning the due formation and valid existence of the Owner; (ii) in any way challenging the titles of its officers executing the Owner Documents, (iii) in any way contesting or affecting the validity or enforceability or the execution and delivery by it of the Owner Documents or the consummation of the transactions contemplated thereby; (iv) in any way questioning or contesting the validity of any governmental approval of the District or any aspect thereof; (v) in any way questioning or contesting the construction and development of the Project, or (vi) which would have a material adverse effect upon the financial condition of the Owner or its ability to own or develop property within the District.

(f) Information. The information prepared and submitted by the Owner to the City or the Underwriter in connection with the preparation of the Preliminary Official Statement and the Official Statement was, and is, as of this date, true and correct in all material respects.

(g) Preliminary Official Statement and Official Statement. The Owner represents and warrants that the information set forth in the Preliminary Official Statement and Official Statement under the captions "THE IA #1 IMPROVEMENTS," "THE PROJECT" and "THE OWNER" and, to the best of its knowledge after due inquiry, under the captions "BONDHOLDERS' RISKS" (only as it pertains to the Owner and the Project) and "LEGAL MATTERS — Litigation — The Owner" is true and correct and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Owner agrees to provide a certificate dated the Closing Date affirming, as of such date, the representations contained in this

subsection (g) with respect to the Preliminary Official Statement and the Official Statement.

(h) Consent to Bond Issuance. The Owner hereby consents to the issuance of the Bonds.

(i) Consent to Terms of Indenture. The Owner hereby consents to all of the terms and conditions contained in the Indenture.

(j) Agreement. The Owner covenants that, while the Bonds are outstanding, it will not bring any action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body which in any way seeks to challenge or overturn the District, the validity of the Owner Documents, the levy or collection of the Assessments or the validity of the Bonds or the proceedings relating to their issuance.

(k) Permits, Licenses, Etc. The Owner has obtained and there are currently in force and effect, or the Owner is not aware of any fact that will prevent it from receiving at or prior to the Closing Date or the date required therefor, all consents, permits, licenses, certificates and other approvals (governmental or otherwise) required of it that:

(i) are necessary to conduct its business as it is currently being conducted;

(ii) (with the exception of the Authorizing Documents) would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance of its obligations under this Agreement, the Owner Documents and any other material agreement or instrument to which it is a party and which is to be used or contemplated for use in the consummation of the transactions contemplated hereby or by the Official Statement relating to the financing and construction of the Improvement Projects; or

(iii) are necessary for the acquisition, construction and operation of the Improvement Projects.

(l) Events of Default. No "Event of Default" or "event of default" by the Owner under any of the Owner Documents, any documents to which Owner is a party described in the Official Statement, or under any material documents relating to the financing and construction of the Improvement Projects to which the Owner is a party, or event that, with the passage of time or the giving of notice or both, would constitute such "Event of Default" or "event of default," by the Owner has occurred and is continuing.

(m) Financing. Other than the Bonds and the Initial Owner Contribution, no additional debt will be issued nor will any additional liens be placed on the property within IA #1 of the District in order to complete the construction of the Improvement Projects.

(n) Taxes and Assessments. All ad valorem taxes and assessments are current on the property which the Owner owns within the District.

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

8. Closing Conditions. The Underwriter has entered into this Agreement in reliance upon the representations and covenants herein and the performance by the City and the Owner of their respective obligations hereunder, both as of the date hereof and as of the date of the Closing. The Underwriter’s obligations under this Agreement are and shall be subject to the following additional conditions:

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

(b) Executed Agreements and Performance Thereunder. At the time of the Closing (i) the City Documents and the Owner Documents shall be in full force and effect, and shall not have been amended, modified or supplemented except with the written consent of the Underwriter, (ii) the Authorizing Documents shall be in full force and effect; (iii) there shall be in full force and effect such other resolutions or actions of the City as, in the opinion of Bond Counsel and Counsel to the Underwriter, shall be necessary on or prior to the Closing Date in connection with the transactions on the part of the City contemplated by this Agreement and the City Documents, (iv) there shall be in full force and effect such other resolutions or actions of the Owner as, in the opinion of Metcalfe, Wolff, Stuart & Williams, LLP, Austin, Texas (“Owner’s Counsel”) shall be necessary on or prior to the Closing Date in connection with the transactions on the part of the Owner contemplated by this Agreement and the Owner Documents and (v) the City and the Owner shall perform or have performed their respective obligations required or specified in the City Documents and the Owner Documents, respectively, to be performed at or prior to Closing.

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

(d) Closing Documents. At or prior to the Closing, the Underwriter shall have received each of the documents required under Section 9 below.

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

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

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

proceed with the offer, sale, or delivery of the Bonds on the terms and in the manner contemplated in the Official Statement; or

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

(3) a general suspension of trading in securities on the New York Stock Exchange or the American Stock Exchange, the establishment of minimum prices on either such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so; or

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

(5) there shall have occurred since the date of this Agreement any materially adverse change in the affairs or financial condition of the City, except for changes which the Official Statement disclose are expected to occur; or

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

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

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

(iii) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; or

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

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

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

(vii) a decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Bonds, including the underlying obligations as contemplated by this Agreement or by the Official Statement, or any document relating to the issuance, offering or sale of the Bonds, is or would be in violation of any provision of the federal securities laws on the date of Closing, including the Securities Act of 1933 (the "1933 Act"), the Securities Exchange Act of 1934 (the "Exchange Act") and the Trust Indenture Act of 1939 (the "Trust Indenture Act"); or

(viii) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

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

(a) Bond Opinion. The approving opinion of Bond Counsel, dated the Closing Date and substantially in the form included as Appendix C to the Official Statement, together with a reliance letter from Bond Counsel, dated the date of the Closing and addressed to the Underwriter, to the effect that the foregoing opinion may be relied upon by the Underwriter to the same extent as if such opinion were addressed to it.

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

(i) Except to the extent noted therein, Bond Counsel has not verified and is not passing upon, and does not assume any responsibility for, the accuracy, completeness or fairness of the statements and information contained in the Official Statement but that Bond Counsel has reviewed the statements and information appearing under the captions "PLAN OF FINANCE," "DESCRIPTION OF THE BONDS," "SECURITY FOR THE BONDS," "TAX MATTERS," "LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS," "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE," "CONTINUING DISCLOSURE," "LEGAL MATTERS – Legal Proceedings," "LEGAL MATTERS – Legal Opinions," "APPENDIX A – FORM OF INDENTURE" and "APPENDIX B – FORM OF DISCLOSURE AGREEMENT" and Bond Counsel is of the opinion that the information relating to the Bonds and legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Bond Ordinance and Indenture;

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

(iii) The City has full power and authority to adopt the Assessment Ordinance, the Creation Ordinance and the Bond Ordinance and perform its obligations thereunder and the Assessment Ordinance, the Creation Ordinance and the Bond Ordinance have been duly adopted, are in full force and effect and have not been modified, amended or rescinded; and

(iv) The Indenture, the Financing Agreement, the Landowner Agreement, the Continuing Disclosure Agreement, the Redemption Agreement and this Agreement have been duly authorized, executed and delivered by the City and, assuming the due authorization, execution and delivery of such instruments, documents and agreements by the other parties thereto, constitute the legal, valid and binding obligations of the City, enforceable in accordance with

their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors rights, or by the application of equitable principles if equitable remedies are sought and to the application of Texas law relating to governmental immunity applicable to governmental entities.

(c) City Attorney Opinion. An opinion of the City Attorney, dated the Closing Date and addressed to the Underwriter, the Owner and the Trustee, with respect to matters relating to the City, substantially in the form of Appendix C hereto or in form otherwise agreed upon by the Underwriter.

(d) City Certificate. A certificate or certificates of the City, dated the Closing Date, in form and substance satisfactory to Bond Counsel and counsel to the Underwriter.

(e) Owner's Counsel Opinion. An opinion of Owner's Counsel, substantially in the form of Appendix D hereto, dated the Closing Date and addressed to the City, Bond Counsel, the Underwriter and the Trustee, or in form otherwise agreed upon by the City and the Underwriter.

(f) Owner Certificate. A certificate or certificates of the Owner, dated the Closing Date, to the effect that:

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

(ii) the Owner Documents have been properly executed by the Owner, have not been amended or rescinded, and the delivery and due performance thereof by the Owner has been authorized by the Owner;

(iii) to the best of its knowledge after due inquiry, there is no action, suit, proceeding or investigation before any court, public board or body pending, with respect to which the Owner has been served with process, or, to the knowledge of the Owner threatened against the Owner wherein an unfavorable decision, ruling or finding would: (a) affect the creation, organization, existence or powers of the Owner or its officers to their offices; or (b) in any way question or affect this Agreement or the transactions contemplated by this Agreement or the Owner Documents;

(iv) the Owner has complied in all material respects with all of its agreements and covenants and satisfied all conditions required to be complied with or satisfied by the Owner hereunder at or prior to the Closing;

(v) the information set forth in the Official Statement under the captions "THE IA #1 PUBLIC IMPROVEMENTS," "THE PROJECT" and "THE OWNER," and, to the best of its knowledge after due inquiry, under the captions "BONDHOLDERS' RISKS" (only as it pertains to the Owner and the Project) and "LEGAL MATTERS — Litigation – The Owner" is true and correct

and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, as of the date thereof; and

(vi) although it has not verified and does not assume any responsibility for the accuracy, completeness or fairness of the information contained in the Preliminary Official Statement or the Official Statement other than that described in clause (v), it has participated in the preparation of the Preliminary Official Statement and the Official Statement and without independent verification, no facts came to its attention to lead it to believe that the Preliminary Official Statement, as of its date or as of the date of this Agreement, or the Official Statement, as of its date or as of the date of Closing (except for financial, forecast, technical and statistical statements and data therein and the information regarding The Depository Trust Company and its book-entry only system, in each case as to which it is not called upon to comment) contained or contains any untrue statement of a material fact, or omitted or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(g) City Certificate. A certificate of the City, dated the Closing Date, to the effect that, to the best of its knowledge after due inquiry:

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

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

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

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

(h) Trustee's Certificate. A certificate of the Trustee, dated the date of Closing, in form and substance acceptable to counsel for the Underwriter to the following effect:

(i) The Trustee is duly organized and validly existing as a trust company under the laws of the State of New York, having the full power and authority, including trust powers, to accept and perform its duties under the Indenture; and

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

(i) Underwriter Counsel's Opinion. An opinion, dated the Closing Date and addressed to the Underwriter, of Andrews Kurth LLP, counsel to the Underwriter, to the effect that although such counsel has not verified and is not passing upon, and does not assume any responsibility for, the accuracy, completeness or fairness of the information contained in the Official Statement, it has participated in the preparation of the Official Statement and without independent verification, no facts came to its attention that caused it to believe that the Official Statement (except for the Appendices as well as any other financial, engineering and statistical data contained therein or included therein by reference or any litigation disclosed therein, as to which it expresses no view) as of its date contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(j) Official Statement. The Official Statement and each supplement or amendment, if any, thereto.

(k) Delivery of City Documents and Owner Documents. The City Documents and Owner Documents shall have been executed and delivered in form and content satisfactory to the Underwriter.

(l) Organizational Documents. The Owner shall have delivered to the Underwriter and the City fully executed copies of each of the Owner's Organizational Documents.

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

(n) Federal Tax Certificates. Certificates of the City in form and substance satisfactory to Bond Counsel and counsel to the Underwriter (a) setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the

Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code, and (b) certifying that to the best of the knowledge and belief of the City there are no other facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate.

(o) Attorney General Opinion and Registration. The approving opinion of the Attorney General of the State regarding the Bonds and the Comptroller of the State's Certificate of Registration for the initial Bonds;

(p) Continuing Disclosure Agreement. The Continuing Disclosure Agreement shall have been executed by the parties in substantially the form attached to the Preliminary Official Statement as Appendix D.

(q) Letter of Representation of the Appraiser. Letter of Representation of the Appraiser, substantially in the form of Appendix E hereto, dated the Closing Date and addressed to the City, Bond Counsel, the Underwriter and the Trustee, or in form otherwise agreed upon by the Underwriter.

(r) Letter of Representation of DPF. Letter of Representation of Development Planning Finance Group Inc., substantially in the form of Appendix F hereto, dated the Closing Date and addressed to the City, Bond Counsel, the Underwriter and the Trustee, or in form otherwise agreed upon by the Underwriter.

(s) Evidence of Filing of Landowner Agreement. Evidence that the Landowner Agreement has been filed of record in the real property records of Travis County, Texas.

(t) Evidence of Ownership of Property. Evidence that all of the IA #1 Assessed Parcels are owned by the Owner and that the Owner is not an entity that may claim a homestead exemption under Texas law.

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

If either the City or the Owner shall be unable to satisfy the conditions contained in this Agreement, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriter nor the City shall be under further obligation hereunder, except as further set forth in Sections 11 and 13 hereof.

10. Indemnification.

(a) The Owner will indemnify and hold harmless the City and the Underwriter and each of their officers, directors, employees and agents against any losses, claims, damages or liabilities to which any of them may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of

a material fact contained or incorporated by reference in the Official Statement under the captions "THE IA #1 PUBLIC IMPROVEMENTS," "THE PROJECT," "THE OWNER," "BONDHOLDERS' RISKS" (only as it pertains to the Owner and the Project) and "LEGAL MATTERS — Litigation – The Owner," or any amendment or supplement to the Official Statement amending or supplementing the information contained under the aforementioned captions (as qualified above), or arise out of or are based upon the omission or alleged untrue statement or omission to state therein a material fact necessary to make the statements under the aforementioned captions (as qualified above) not misleading under the circumstances under which they were made and will reimburse any indemnified party for any reasonable legal or other expenses reasonably incurred by them in connection with investigating or defending any such action or claim as such expenses are incurred. Notwithstanding any provision in this Agreement to the contrary, the Owner shall have no liability to the Underwriter, the City or any other person for any untrue, inaccurate or misleading statement set forth in the introductory paragraph of this Agreement or numbered Sections 2 through 5, 7, 8(d) through 8(e), 9(a) through 9(d), 9(g) through 9(j), 9(m) through 9(o), 9(q) through 9(s) or 10.

(b) The Underwriter will indemnify and hold harmless the Owner and the City against any losses, claims, damages or liabilities to which the Owner or the City may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Official Statement, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact necessary to make the statements therein not misleading under the circumstances under which they were made, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Official Statement or any such amendment or supplement in reliance upon and in conformity with information under the heading "UNDERWRITING" in the Official Statement, and will reimburse the Owner and the City for any legal or other expenses reasonably incurred by the Owner and the City in connection with investigating or defending any such actions or claims as such expenses are incurred.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve the indemnifying party from any liability which it may have to the indemnified party otherwise than under such subsection, unless such indemnifying party was prejudiced by such delay or lack of notice. In case any such action shall be brought against an indemnified party, it shall promptly notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified

party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. The indemnifying party shall not be liable for any settlement of any such action effected without its consent, but if settled with the consent of the indemnifying party or if there is a final judgment for the plaintiff in any such action, the indemnifying party will indemnify and hold harmless any indemnified party from and against any loss or liability by reason of such settlement or judgment. The indemnity agreement in this Section 10 shall survive delivery of the Bonds and shall survive any investigation made by or on behalf of the City, the Owner or the Underwriter.

11. Costs and Expenses.

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

(b) The Underwriter shall pay the following expenses: (i) all advertising expenses in connection with the limited offering of the Bonds; and (ii) all other expenses, including CUSIP fees (including out-of-pocket expenses and related regulatory expenses), incurred by it in connection with its public offering and distribution of the Bonds, except as noted in Subsection 11(a) above.

(c) The Issuer acknowledges that the Underwriter will pay from the underwriters' expense allocation of the underwriting discount the applicable per bond assessment charged by the Municipal Advisory Counsel of Texas, a non-profit corporation whose purpose is to collect, maintain and distribute information relating to issuing entities of municipal securities.

12. Notice. Any notice or other communication to be given to the City under this Agreement may be given by delivering the same in writing to: City of Austin, Texas, 700 Lavaca, Suite 940, Austin, Texas 78701, Attention: City Treasurer.

Any notice or other communication to be given to the Owner under this Agreement may be given by delivering the same in writing to: SLF III – Onion Creek, L.P., c/o Stratford Land, 5949 Sherry Lane, Suite 1750, Dallas, Texas 75225, Attention: Asset Manager.

Any notice or other communication to be given to the Underwriter under this Agreement may be given by delivering the same in writing to: Jefferies LLC, 300 Crescent Court, Suite 500, Dallas, Texas 75201, Attention: Mark Curran, Managing Director.

13. Entire Agreement. This Agreement is made solely for the benefit of the City, the Owner and the Underwriter (including their respective successors and assigns), and no other person shall acquire or have any right hereunder or by virtue hereof. All of the City's and the Owner's representations, warranties and agreements contained in this Agreement shall remain operative and in full force and effect regardless of: (i) any investigations made by or on behalf of the Underwriter, provided the City and the Owner shall have no liability with respect to any matter of which the Underwriter has actual knowledge prior to the purchase of the Bonds; or (ii) delivery of any payment for the Bonds pursuant to this Agreement. The agreements contained in this Section and in Section 14 shall survive any termination of this Agreement.

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

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

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

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

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

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

[The remainder of this page is intentionally left blank.]

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

JEFFERIES LLC,
as Underwriter

By: _____
Name: Mark Curran
Title: Managing Director

Accepted as of the date first stated above:

CITY OF AUSTIN, TEXAS

By: _____
Mayor

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

APPENDIX A

\$12,590,000
 CITY OF AUSTIN, TEXAS,
 (a municipal corporation of the State of Texas located in Travis County)
 SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2013
 (ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT DISTRICT)

\$2,695,000 4.500% Term Bonds, Due November 1, 2018, Priced to Yield 4.500%^(a)

\$9,895,000 6.000% Term Bonds, Due November 1, 2028, Priced to Yield 6.000%^(b)

- (a) The Term Bonds maturing on November 1, 2018, are subject to mandatory sinking fund redemption prior to their respective maturities at a price of 100% of the principal amount thereof, plus accrued interest to the redemption date, on the dates and in the respective principal amounts set forth in the following schedule:

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

- (b) The Term Bonds maturing on November 1, 2028, are subject to (i) redemption, in whole or in part, prior to stated maturity, at the option of the City, on any Interest Payment Date on or after November 1, 2023, at a price of par plus accrued interest to the date of redemption; and (ii) mandatory sinking fund redemption prior to their respective maturities at a price of 100% of the principal amount thereof, plus accrued interest to the redemption date, on the dates and in the respective principal amounts set forth in the following schedule:

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

APPENDIX B

Form of Issue Price Certificate

ISSUE PRICE CERTIFICATE

The undersigned hereby certifies as follows with respect to the sale of the CITY OF AUSTIN, TEXAS, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2013 (ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT DISTRICT), in the principal amount of \$12,590,000 (the "Bonds"):

1. The undersigned is the underwriter that purchased the Bonds from the City of Austin, Texas (the "Issuer") by negotiated sale.

2. The undersigned has made a bona fide offering of all of the Bonds of each maturity to the public at the initial offering prices set forth in the Issuer's Official Statement with respect to the Bonds, dated June 20, 2013 (the "Official Statement").

3. The initial offering price (expressed as a dollar amount, yield percentage, or percentage of principal amount and exclusive of accrued interest) at which a substantial amount (at least 10%) of the Bonds of each maturity was sold to the public (as defined in paragraph 4) is as set forth on the inside cover page of the Official Statement.

4. The term "public," as used herein, means persons other than bondhouses, brokers, dealers, and similar persons or organizations acting in the capacity of underwriters or wholesalers.

5. The initial offering prices described above reflect current market prices at the time of such sales.

6. The undersigned understands that the statements made herein will be relied upon by the Issuer in its effort to comply with the conditions imposed by the Internal Revenue Code of 1986, as amended, on the exclusion of interest on the Bonds from the gross income of their owners.

EXECUTED and DELIVERED this _____.

JEFFERIES LLC

By: _____

Title: _____

APPENDIX C

[Letterhead of the City of Attorney]

[Closing Date]

[Include Owner, Trustee, Underwriter,
Owner's Counsel and Bond Counsel as addressees]

\$12,590,000
CITY OF AUSTIN, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2013
(ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT DISTRICT)

Ladies and Gentlemen:

I am the City Attorney for the City of Austin, Texas (the "City"), and am rendering this opinion in connection with the issuance and sale of \$12,590,000 City of Austin, Texas, Special Assessment Revenue Bonds, Series 2013 (Estancia Hill Country Public Improvement District) (the "Bonds"), by the City, a political subdivision of the State of Texas.

The Bonds are authorized pursuant to Ordinance No. 20130620-076 and enacted by the City Council of the City (the "City Council") on June 20, 2013 (the "Bond Ordinance") and shall be issued pursuant to the provisions of Subchapter A of the Public Improvement District Act, Chapter 372, Texas Local Government Code, as amended (the "Act") and the Indenture of Trust dated as of June 1, 2013 (the "Indenture") by and between the City and U.S. Bank National Association, as trustee (the "Trustee"). Capitalized terms not defined herein shall have the same meanings as in the Indenture, unless otherwise stated herein.

In connection with rendering this opinion, I have reviewed the:

- (a) The Bond Ordinance.
- (b) The Resolution No. 20130606-054 (the "Creation Resolution") enacted by the City Council on June 6, 2013.
- (c) The Ordinance No. 20130620-052 accepted and approved by City Council on June 20, 2013, and the Service and Assessment plan attached as an exhibit thereto (the "Special Assessment Ordinance").
- (d) The Indenture.
- (e) The Financing Agreement dated as of June 1, 2013, executed and delivered by the City and the Owner (the "Financing Agreement").

(f) The Landowner Agreement, dated as of June 1, 2013, executed and delivered by the City and the Owner (the "Landowner Agreement")

(g) The Continuing Disclosure Agreement, dated as of June 1, 2013, executed and delivered by the City, the Owner and the Dissemination Agent (the "Disclosure Agreement").

(h) The Agreement Regarding Conveyance of Right of Redemption and Waiver of Agricultural Valuation, dated as of June 1, 2013, executed and delivered by the City, the Owner and the Trustee (the "Redemption Agreement").

The Bond Ordinance, the Creation Resolution, the Assessment Ordinance, the Financing Agreement and the Landowner Agreement shall herein after be referred to as the "Authorizing Documents" and the remaining documents shall herein after be collectively referred to as the "City Documents."

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

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

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

2. There is no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, public board or body, pending or, to the best of my knowledge, threatened against the City (a) affecting the organization and existence of the City or the titles of its officers to their respective offices, (b) in any way questioning the formation or existence of the District, (c) affecting, contesting or seeking to prohibit, restrain or enjoin the delivery of any of the Bonds, or the payment, collection or application of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, including the special assessments in the Estancia Hill Country Public Improvement District pursuant to the provisions of the Special Assessment Ordinance and the Service and Assessment Plan referenced therein, (d) contesting or affecting the validity or enforceability or the City's performance of the City Documents, (e) contesting the exclusion of the interest on the Bonds from federal income taxation, or (f) which may result in any material adverse change relating to the financial condition of the City; and there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (a) through (f) of this sentence.

3. The Bond Ordinance, the Creation Resolution and the Assessment Ordinance were duly enacted by the City and remain in full force and effect on the date hereof.

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

5. The performance by the City of the obligations under the City Documents will not violate any provision of any Federal or Texas constitutional or statutory provision.

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

7. The adoption of the Bond Ordinance, the Creation Resolution and the Assessment Ordinance and the execution and delivery of the Financing Agreement, the Landowner Agreement, the Redemption Agreement, the Indenture and the Continuing Disclosure Agreement and the compliance with the provisions of the Authorizing Documents and the City Documents under the circumstances contemplated thereby (a) do not and will not to my knowledge in any material respect conflict with or constitute on the part of the City a breach of or default under any agreement to which the City is a party or by which it is bound, and (b) do not and will not in any material respect conflict with or constitute on the part of the City a violation, breach of or default under any existing law, regulation, court order or consent decree to which the City is subject.

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

Very truly yours,

APPENDIX D

[Letterhead of Counsel to the Owner]

[Closing Date]

[Include City, Underwriter, Bond Counsel and Trustee as addressees]

\$12,590,000
CITY OF AUSTIN, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2013
(ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT DISTRICT)

Ladies and Gentlemen:

We have acted as special counsel for SLF III - Onion Creek, L.P. (the "Owner"), in connection with the issuance and sale by the City of Austin, Texas (the "City"), of \$12,590,000 City of Austin, Texas, Special Assessment Revenue Bonds, Series 2013 (Estancia Hill Country Public Improvement District) (the "Bonds"), pursuant to Indenture of Trust dated as of June 1, 2013 (the "Indenture"), by and between the City and U.S. Bank National Association, as trustee (the "Trustee"). Proceeds from the sale of the Bonds will be used, in part, to fund certain public infrastructure improvements in the development known as "Estancia Hill Country" (the "Project") located in the City.

The Bonds are being sold to Jefferies LLC (the "Underwriter"), pursuant to that certain Bond Purchase Agreement dated June 20, 2013 (the "Bond Purchase Agreement"), by and among the City, the Owner and the Underwriter. This opinion is being delivered pursuant to Section 9(e) of the Bond Purchase Agreement.

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

Assumptions and Bases for Opinions and Assurances

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

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

- (1) The Indenture;
- (2) The Bond Purchase Agreement;
- (3) The Financing Agreement;
- (4) The Landowner Agreement; and
- (5) The Continuing Disclosure Agreement.

(b) Certificates of the Owner dated as of the closing date certifying as to (i) the Owner's organization documents as such are in effect as of the date hereof (the "Owner Basic Documents"); (ii) the resolution of the Owner adopted as of _____, 2013, authorizing its execution of the applicable Documents to which it is a party and related matters; and (iii) certain other matters (collectively, the "Owner Certificates");

(c) Evidence that the Owner is authorized to do business in the State of Texas and is in good standing;

(d) The Preliminary Official Statement, dated June 6, 2013, relating to the issuance of the Bonds (the "Preliminary Official Statement");

(e) The final Official Statement relating to the issuance of the Bonds, dated June 20, 2013 (the "Official Statement"); and

(f) Such other documents, records, agreements and certificates of the Owner and such other parties as we have deemed necessary or appropriate to enable us to render the opinions expressed below.

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

are intended to be limited to the knowledge of the attorneys within our firm who have worked on the matters contemplated by our representation as special counsel.

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

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

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

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

We have only been engaged by our clients in connection with the Documents (and the transactions contemplated in the Documents) and do not represent these clients generally.

Opinions and Assurances

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

1. The general partner of the Owner is in good standing and the Owner is qualified to do business in and in good standing under the laws of the State of Texas.

2. The Owner has the full legal right, power and authority to execute, deliver and perform its obligations under each of the Documents to which it is a party and has taken all necessary actions to authorize the execution, distribution and delivery by it of such Documents and the performance by it of such obligations.

3. The execution, delivery and performance by the Owner of the Documents to which it is a party, and compliance and performance by the Owner with the terms and provisions thereof and obligations thereunder, will not:

(i) to our knowledge, violate or conflict with any provision of any existing law, statute, rule or regulation applicable to the Owner by reason of the general conduct of its business and operation of its assets:

(ii) based solely upon the Owner Certificates and our knowledge, conflict with or result in the breach of any court decree or order of any governmental body binding upon or affecting the Owner, the conflict with which or breach of which would have a material, adverse effect on the ability of the Owner to perform its obligations under the Documents to which it is a party; or

(iii) contravene or conflict with the Owner Basic Documents.

4. To our knowledge, no consent, approval, authorization or other action by, or filing with, any governmental authority is required for the execution and delivery by the Owner of the Documents to which the Owner is a party or the performance of its obligations thereunder, other than as are required with respect to the financing transaction evidenced thereby, or if required, and not otherwise obtained, with respect to which the requisite consent, approval or authorization has been obtained, the requisite filing has been accomplished or the requisite action has been taken at or prior to the date required therefor.

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

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

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

7. To our knowledge, no taxes or other charges, including, without limitation, intangible or documentary stamp taxes, mortgage or recording taxes, transfer taxes or similar charges, are payable to the State of Texas by the Owner on account of its execution or delivery of any of the Documents or the creation of the indebtedness evidenced or secured by any of the Documents or the recording or filing of any of the Documents, except for normal filing or recording fees.

8. In addition, we advise you that no facts have come to our attention that would lead us to believe that the information set forth in the Official Statement under the captions "THE IA #1 IMPROVEMENTS," "THE PROJECT," "THE OWNER" and "BONDHOLDERS' RISK FACTORS" (only as it pertains to the Owner and the Project) does not fairly and accurately present the information purported to be shown therein, and (except for Appendices A, C and E, as well as any other financial, engineering and statistical data contained therein or elsewhere in the Official Statement or included therein by reference, as to which we express no view) as of the date hereof, nothing has come to the attention of those individuals working on this matter on behalf of this firm which would lead us to believe that such information contains an untrue statement of a material fact or that such information omits to state a material fact required to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

9. To our knowledge, the execution and delivery of the Owner Basic Documents and the Documents do not, and the transactions contemplated thereby may be consummated and the terms and conditions thereof may be observed and performed in a manner that does not, conflict with or constitute a breach of or default under any loan agreement, indenture, bond note, resolution, agreement or other instrument to which the Owner is a party or is otherwise subject which violation, breach or default would materially adversely affect the Owner or the transactions contemplated by the Documents; nor will any such execution, delivery, adoption, fulfillment, or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Owner, except as expressly contemplated by the Documents (a) under the terms of any such law, administrative regulation, judgment or decree or (b) under any such loan agreement, indenture, bond note, resolution, agreement, or other instrument.

Qualifications

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

- (a) We have not examined any court dockets, agency files or other public records regarding the entry of any judgments, writs, decrees or orders or the pendency of any actions, proceedings, investigations or litigation.
- (b) We have relied upon the Owner Certificates, as well as the representations of the Owner contained in the Documents, with respect to certain facts material to our

opinion. Except as otherwise specifically indicated herein, we have made no independent investigation regarding any of the foregoing documents or the representations contained therein.

(c) Our opinion delivered pursuant to Section 5 above is subject to the effect of any applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other laws affecting creditors' rights generally and to the effect of general principles of equity, including (without limitation) remedies of specific performance and injunctive relief and concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether considered in a proceeding in equity or at law).

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

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

(f) This letter is strictly limited to the matters expressly set forth herein and no statements or opinions should be inferred beyond such matters.

(g) Notwithstanding anything contained herein to the contrary, we express no opinion whatsoever concerning the status of title to any real or personal property.

(h) We express no opinion as to the laws of any jurisdiction other than the laws of the State of Texas and the laws of the United States of America. The opinions expressed above concern only the effect of the laws (excluding the principles of conflict of laws, except as specifically provided herein) of the State of Texas and the United States of America as currently in effect. We assume no obligation to supplement this opinion if any applicable laws change after the date of this opinion, or if we become aware of any facts that might change the opinions expressed above after the date of this opinion.

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

the extent of any economic consequences of any procedural delays which may result therefrom.

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

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

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

(m) The opinions expressed herein are subject to the effect of generally applicable rules of law that provide that forum selection clauses in contracts are not necessarily binding on the court(s) in the forum selected.

(n) We express no opinion as to the enforceability of any provisions in the Documents purporting to entitle a party to indemnification in respect of any matters arising in whole or in part by reason of any negligent, illegal or wrongful act or omission of such party.

This opinion is furnished to you solely in connection with the transactions, for the purposes and on the terms described above and may not be relied upon by you for any other purpose or by any other person in any manner or for any purpose.

Very truly yours,

APPENDIX E

[Letterhead of Appraiser]

[Date]

[Include City, Underwriter, Bond Counsel and Trustee as addressees]

Re: City of Austin, Texas, Special Assessment Revenue Bonds, Series 2013 (Estancia Hill Country Public Improvement District) (the "Bonds")

Ladies and Gentlemen:

The undersigned, Paul Hornsby, of Paul Hornsby & Company, appraiser of the property contained in the Estancia Hill Country Public Improvement District (the "District"), does hereby represent the following:

1. On behalf of Paul Hornsby & Company, I have supplied certain information contained in the Preliminary Official Statement for the Bonds, dated June 6, 2013, and the Official Statement for the Bonds, dated June 20, 2013 (together, the "Official Statement"), relating to the issuance of the Bonds by the City of Austin, Texas, as described above. The information I have provided is the real estate appraisal of the property in the District, located in Appendix E to the Official Statement.

2. To the best of my professional knowledge and belief, as of the date of my report, the portion of the Official Statement described above does not contain an untrue statement of a material fact as to the information and data set forth therein, and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

3. I agree to the use of the name of my firm in the Official Statement for the Bonds.

4. I agree that, to the best of my ability, I will inform you immediately should I learn of any event(s) or information of which you are not aware subsequent to the date of this letter and prior to the actual time of delivery of the Bonds (anticipated to occur on or about July 16, 2013) which would render any such information in the Official Statement untrue, incomplete, or incorrect, in any material fact or render any statement in the appraisal materially misleading.

5. The undersigned hereby represents that he has been duly authorized to execute this letter of representation.

Sincerely yours,

PAUL HORNSBY & COMPANY

By: Paul Hornsby, MAI, SRA, CRE
Its: President

EXHIBIT F

[Letterhead of DPFPG]

[Date]

[Include City, Underwriter, Bond Counsel and Trustee as addressees]

Re: City of Austin, Texas, Special Assessment Revenue Bonds, Series 2013 (Estancia Hill Country Public Improvement District) (the "Bonds")

Ladies and Gentlemen:

The undersigned, _____, of Development Planning Finance Group Inc., financial consultant in connection with the creation by the City of Austin, Texas (the "City"), of the Estancia Hill Country Public Improvement District (the "District"), does hereby represent the following:

1. On behalf of Development Planning Finance Group Inc., I have supplied certain information contained in the Preliminary Official Statement, dated June 6, 2013, and the Official Statement, dated June 20, 2013, both in connection with the Bonds (the "Official Statement"), relating to the issuance of the Bonds by the City, as described above. The information I have provided is the Service and Assessment Plan (the "SAP") for the District located in Appendix B to the Official Statement.

2. To the best of my professional knowledge and belief, as of the date of the SAP, the portion of the Official Statement described above does not contain an untrue statement of a material fact as to the information and data set forth therein, and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

3. I agree to the inclusion of the SAP and the use of the name of my firm in the Official Statement for the Bonds.

4. I agree that, to the best of my ability, I will inform you immediately should I learn of any event(s) or information of which you are not aware subsequent to the date of this letter and prior to the actual time of delivery of the Bonds (anticipated to occur on or about July 16, 2013) which would render any such information in the Official Statement untrue, incomplete, or incorrect, in any material fact or render any statement in the SAP materially misleading.

5. The undersigned hereby represents that he has been duly authorized to execute this letter of representation.

Sincerely yours,

DEVELOPMENT PLANNING FINANCE
GROUP INC.

By: _____
Its: _____

EXHIBIT C
FINANCING AGREEMENT

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 __, 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. 2013-0606-054(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. 2013_____ - _____ 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 Landowner 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 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 [REDACTED], 20 [REDACTED] and June [REDACTED], 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 [REDACTED], 20 [REDACTED] and [REDACTED], 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 \$ [REDACTED] (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 Acknowledgement 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: _____
Title: _____

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]

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>
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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>
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ATTACHMENT B TO CERTIFICATION OF PAYMENT (CONSTRUCTION)

[bills paid affidavit – attached]

ATTACHMENT C TO CERTIFICATION OF PAYMENT (CONSTRUCTION)

[receipts – attached]

Exhibit "F"

IMPROVEMENT AREA #1

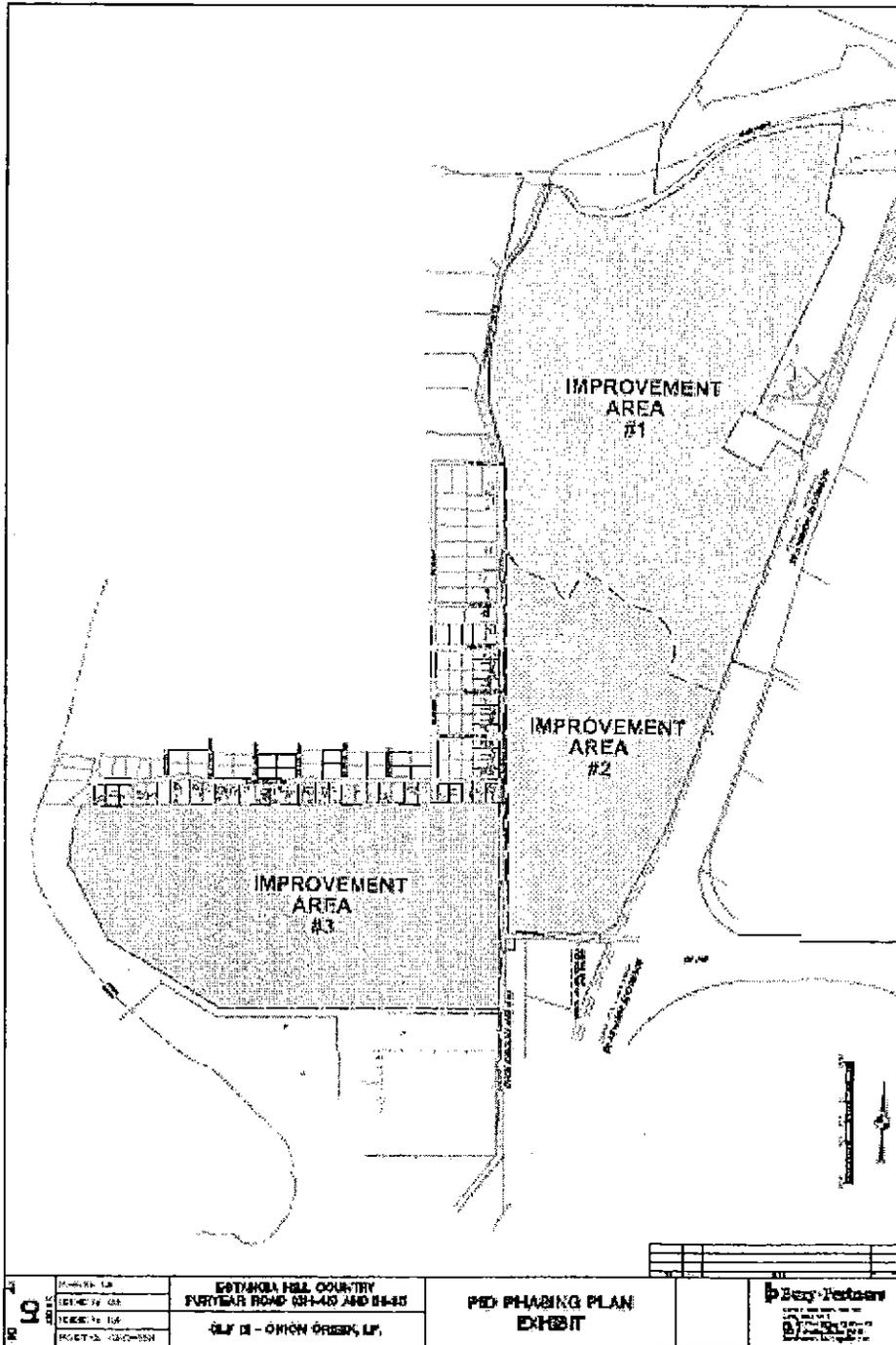


Exhibit "G"

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	\$90,000	\$ 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	\$5,000	
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	

EXHIBIT "H"

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 F. 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

EXHIBIT D
LANDOWNER AGREEMENT

ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT DISTRICT

LANDOWNER AGREEMENT

among

THE CITY OF AUSTIN, TEXAS

and

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

Dated as of:

June 1, 2013

LANDOWNER AGREEMENT
(Estancia Hill Country Public Improvement District)

This **LANDOWNER AGREEMENT** (the or this "Agreement") is entered into among the CITY OF AUSTIN, TEXAS, a municipal corporation of the State of Texas (the "City"), and SLF III – ONION CREEK, L.P., Sevengreen One, Ltd., Quartersage II, Ltd., Reverde Three, Ltd., IV Capitol Pointe, Ltd., Stone Point Five, Ltd., Saladia VI, Ltd., Palo Grande Seven, Ltd., High Point Green VIII, Ltd., Golondrina Nine, Ltd., X Cordoniz, Ltd., Ciervo Eleven, Ltd., Zagan XII, Ltd., Thirteen Canard, Ltd., Ruisseau XIV, Ltd., Dindon Fifteen, Ltd., Bois de Chene XVI, Ltd., Etourneau Seventeen, Ltd., and Moineau XVIII, Ltd. (collectively, the "Landowner") (individually "Party" or collectively "Parties"). This Agreement shall be effective on the latest date it is executed by all the Parties (the "Effective Date").

RECITALS

WHEREAS, the Landowner owns approximately 600 acres of land located in Travis County, Texas more particularly described in Exhibit "A" attached hereto (the "Land").

WHEREAS, the Land constitutes taxable, privately-owned land located within the Estancia Hill Country Public Improvement District (the "District") created pursuant to the authority of Chapter 372, Texas Local Government Code, as amended (the "PID Act");

WHEREAS, SLF III-Onion Creek, L.P. and the City have entered into that certain Estancia Hill Country Public Improvement District Financing Agreement (as such agreement may be amended from time to time as provided therein, the "PID Finance Agreement"), relating to, among other matters, for the levy of assessments on Improvement Area #1 within the Land, the issuance of revenue bonds secured by such assessments, and the construction of the "Public Improvements" as defined therein;

WHEREAS, it is intended that the Land will be developed in phases over time;

WHEREAS, the City Council of the City (the "City Council") has contemporaneously herewith adopted an assessment ordinance (Ordinance No. 2013 _____) (including all exhibits, the "Assessment Ordinance for Improvement Area # 1") that levied a Special Assessment on each Parcel within Improvement Area # 1, which Special Assessments will be pledged as security for the payment of PID Bonds issued by the City to pay for, among other things, the costs of constructing the Public Improvements that will confer a special benefit on Improvement Area # 1;

WHEREAS, a copy of the Assessment Ordinance for Improvement Area # 1 is attached hereto as Exhibit B;

WHEREAS, the Assessment Ordinance for Improvement Area # 1 includes a "Service and Assessment Plan";

WHEREAS, the Service and Assessment Plan includes an "Assessment Roll" setting forth the amount of the Special Assessment for each Assessed Parcel within Improvement Area # 1, including the amount of the "Annual Installment" for each Special Assessment paid in installments; and

WHEREAS, as future Improvement Areas are developed within the Land and additional PID Bonds are sold, it is intended that the City Council will (i) adopt an Assessment Ordinance for the applicable Improvement Area (or amend the existing Assessment Ordinance), (ii) adopt the Assessment Plan to incorporate additional Improvement Areas (or amend the existing Assessment Plan), and (iii) amend the existing Assessment Roll to include the Assessed Parcels within the applicable Improvement Area.

NOW THEREFORE, for and in consideration of the mutual promises, covenants, obligations, and benefits hereinafter set forth, the Parties agree as follows:

ARTICLE I
DEFINITIONS; APPROVAL OF AGREEMENTS

Definitions. Capitalized terms used but not defined in this Agreement (including the exhibits hereto) shall have the meanings given to them in the PID Financing Agreement.

Affirmation of Recitals. The matters set forth in the Recitals of this Agreement are true and correct and are incorporated in this Agreement as official findings of the City Council.

ARTICLE II
AGREEMENT OF LANDOWNER

A. Landowner ratifies, confirms, accepts, agrees to, and approves:

(i) the creation of the District, the boundaries of the District, and the boundaries of the Assessed Parcels;

(ii) the location and construction of the Public Improvements;

(iii) the determinations and findings of special benefit to the Assessed Parcels made by the City Council in the Assessment Ordinance and Service and Assessment Plan; and

(iv) the Assessment Ordinance and the Service and Assessment Plan.

B. Landowner consents, acknowledges, accepts, and agrees:

(i) to the Special Assessments to be levied against the applicable Assessed Parcels as shown on the Assessment Roll, as the Assessment Roll may be amended from time to time;

(ii) that the Public Improvements confer a special benefit on the Assessed Parcels in an amount that exceeds the Special Assessments against the Assessed Parcels as shown on the Assessment Roll;

(iii) that the Special Assessments against the Assessed Parcels are final, conclusive, and binding upon the Landowner and its successors and assigns;

(iv) to pay the Special Assessments against the Assessed Parcels when due and in the amounts stated in the Assessment Ordinance, Service and Assessment Plan, and Assessment Roll;

(v) that each Special Assessment or reassessment against the Assessed Parcels, with interest, the expense of collection, and reasonable attorney's fees, if incurred, is a first and prior lien against the Assessed Parcels, superior to all other liens and monetary claims except liens or monetary claims for state, county, school district, or municipal ad valorem taxes, and is a personal liability of and charge against the owner of the Assessed Parcels regardless of whether the owner is named;

(vi) that the Special Assessment liens on the Assessed Parcels are liens and covenants that run with the land and are effective from the date of the Assessment Ordinance and continue until the Special Assessments are paid in full and may be enforced by the governing body of the City in the same manner that ad valorem tax liens against real property may be enforced;

(vii) that delinquent installments of Special Assessments against the Assessed Parcels shall incur and accrue interest, penalties, and attorney's fees as provided in the PID Act;

(viii) that the owner of an Assessed Parcel may pay at any time the entire Assessment against the Assessed Parcel, with interest that has accrued on the Assessment to the date of such payment;

(ix) that Annual Installments may be adjusted, decreased, and extended and that owners of the Assessed Parcels shall be obligated to pay such Annual Installments as adjusted, decreased, or extended, when due and without the necessity of further action, assessments, or reassessments by the City Council;

(x) that the Landowner has received, or hereby waives, all notices required by State law (including, but not limited to the PID Act) in connection with the creation of the District and the adoption and approval by the City Council of the Assessment Ordinance, the Service and Assessment Plan, and the Assessment Roll; and

(xi) after the initial PID Bonds (and any subsequent Parity Bonds) are paid in full, additional Special Assessments may be placed on the Land.

C. Landowner further agrees that the City may record in the real property records of Travis County a "Notice of Creation of Special Assessment District" and "Imposition of Special Assessment" (the contents of which shall be consistent with the Assessment Ordinance, the

Service and Assessment Plan, and this Agreement as reasonably determined by the City) that evidence the lien and encumbrance created upon the Landowner's Assessed Parcels by the Assessment Ordinance.

D. Landowner hereby waives:

(i) any and all defects, irregularities, illegalities or deficiencies in the proceedings establishing the District, defining the Assessed Parcels, adopting the Assessment Ordinance, Service and Assessment Plan, and Assessment Roll, levying of the Special Assessments, and determining the amount of the annual installments of the Special Assessments;

(ii) any and all notices and time periods provided by the PID Act including, but not limited to, notice of the establishment of the District and notice of public hearings regarding the approval of the Assessment Ordinance, Service and Assessment Plan, and Assessment Roll and regarding the levying of the Special Assessments and determining the amount of the annual installments of the Special Assessments;

(iii) any and all actions and defenses against the adoption or amendment of the Assessment Ordinance, Service and Assessment Plan, and Assessment Roll;

(iv) any and all actions and defenses against the City's finding of "special benefit" pursuant to the PID Act and as set forth in the Service and Assessment Plan and the levying of the Special Assessments and determining the amount of the annual installments of the Special Assessments; and

(v) any right to object to the legality of the Assessment Ordinance, Service and Assessment Plan, Assessment Roll, or Special Assessments or to any proceedings connected therewith.

ARTICLE III TEXAS PROPERTY CODE SECTION 5.014 NOTICE

The following notice is applicable if your property is "residential real property" as defined in Section 5.014 of the Texas Property Code:

NOTICE OF OBLIGATION TO PAY PUBLIC IMPROVEMENT DISTRICT ASSESSMENT TO THE CITY OF AUSTIN, TRAVIS COUNTY, TEXAS, CONCERNING ASSESSED PARCELS.

As the purchaser of a parcel of residential real property located in a public improvement district, you are obligated to pay a Special Assessment to the City for improvement projects undertaken by the District under Chapter 372, Local Government Code. Information about the Special Assessment (such as its due date or how it is paid) may be obtained by contacting the City. The Assessment against your parcel may be paid in full at any time together with interest through the

date of payment. If you do not elect to pay the Assessment in full, it will be due and payable in annual installments, including interest and collection costs. Your failure to pay the Special Assessment or any annual installment could result in a lien on and the foreclosure of your Parcel.

ARTICLE IV
DEDICATION OF PUBLIC IMPROVEMENTS

Landowner acknowledges that the Public Improvements, together with the land, easements, or other rights-of-way needed for the Public Improvements, shall be dedicated to the City or County (as applicable). Landowner will execute such conveyances and/or dedications as may be reasonably required to evidence the same.

ARTICLE V
MISCELLANEOUS

A. Notices. Any notice or other communication (a "Notice") required or contemplated by this Agreement shall be given at the addresses set forth below. Notices as to one or more Assessed Parcels shall only be given to the Landowner that owns the applicable Assessed Parcels. Notices as to all of the Land shall be given to all Landowners. Notices shall be in writing and shall be deemed given: (i) five business days after being deposited in the United States Mail, Registered or Certified Mail, Return Receipt Requested; or (ii) when delivered by a nationally recognized private delivery service (e.g., FedEx or UPS) with evidence of delivery signed by any person at the delivery address. Each Party may change its address by written notice to the other Parties in accordance with this section.

Landowner
c/o The Stratford Company
Attn: Asset Management
5949 Sherry Lane, Suite 1750
Dallas, Tx 75225

City
CITY OF AUSTIN, TEXAS
Attn: City Treasurer
PO Box 1088
Austin, Texas 78767

B. Parties in Interest. In the event of the sale or transfer of an Assessed Parcel or any portion thereof, the purchaser or transferee shall be deemed to have assumed the obligations of the Landowner with respect to such Assessed Parcel or such portion thereof, and the seller or transferor shall be released with respect to such Assessed Parcel or portion thereof. Notwithstanding the foregoing, the holders of Bonds are express beneficiaries of this Agreement

and shall be entitled to pursue any and all remedies at law or in equity to enforce the obligations of the Parties.

C. Amendments. This Agreement may be amended only by a written instrument executed by all the Parties. No termination or amendment shall be effective until a written instrument setting forth the terms thereof has been executed by the then-current owners of the Land and recorded in the Real Property Records of Travis County, Texas.

D. Estoppels. Within 10 days after written request from any Party, the other Parties shall provide a written certification indicating whether this Agreement remains in effect as to an Assessed Parcel and whether any Party is then in default hereunder.

E. Termination. This Agreement shall terminate as to each Assessed Parcel upon payment in full of the Special Assessment against the Assessed Parcel.

[SIGNATURE PAGES TO FOLLOW]

EXECUTED by the Parties on the dates stated below.

THE CITY OF AUSTIN, TEXAS

By: _____
Marc Ott, City Manager

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

BEFORE ME, a Notary Public, on this day personally appeared, by Marc Ott, City Manager of the City of Austin, a Texas municipal corporation, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed on behalf of that municipal corporation.

GIVEN UNDER MY HAND AND SEAL of office this ____ day of _____, 2013.

(SEAL)

Notary Public, State of Texas

LANDOWNERS:

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: _____

THE STATE OF TEXAS
COUNTY OF DALLAS

THIS INSTRUMENT is acknowledged before me on this ___ day of _____, 2013, by _____, as _____ of Stratford Fund III GP, LLC, general partner of Stratford Land Fund III, L.P., sole and managing member of SLF III Property GP, LLC, general partner of SLF III – Onion Creek, L.P.

[SEAL]

Notary Public, State of Texas

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: _____
Title: _____

THE STATE OF TEXAS
COUNTY OF DALLAS

THIS INSTRUMENT is acknowledged before me on this ____ day of _____, 2013, by _____, as _____ of Stratford Fund III GP, LLC, general partner of Stratford Land Fund III, L.P., sole and managing member of SLF III Property GP, LLC, general partner of Sevensgreen One, Ltd., on behalf of that limited partnership.

[SEAL]

Notary Public, State of Texas

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: _____
Title: _____

THE STATE OF TEXAS
COUNTY OF DALLAS

THIS INSTRUMENT is acknowledged before me on this ____ day of _____, 2013, by _____, as _____ of Stratford Fund III GP, LLC, general partner of Stratford Land Fund III, L.P., sole and managing member of SLF III Property GP, LLC, general partner of Quartersage II, Ltd., on behalf of that limited partnership.

[SEAL]

Notary Public, State of Texas

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: _____
Title: _____

THE STATE OF TEXAS
COUNTY OF DALLAS

THIS INSTRUMENT is acknowledged before me on this ___ day of _____, 2013, by _____, as _____ of Stratford Fund III GP, LLC, general partner of Stratford Land Fund III, L.P., sole and managing member of SLF III Property GP, LLC, general partner of Reverde Three, Ltd., on behalf of that limited partnership.

[SEAL]

Notary Public, State of Texas

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: _____
Title: _____

THE STATE OF TEXAS
COUNTY OF DALLAS

THIS INSTRUMENT is acknowledged before me on this ____ day of _____, 2013, by _____, as _____ of Stratford Fund III GP, LLC, general partner of Stratford Land Fund III, L.P., sole and managing member of SLF III Property GP, LLC, general partner of IV Capitol Pointe, Ltd., on behalf of that limited partnership.

[SEAL]

Notary Public, State of Texas

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: _____
Title: _____

THE STATE OF TEXAS
COUNTY OF DALLAS

THIS INSTRUMENT is acknowledged before me on this ___ day of _____, 2013, by _____, as _____ of Stratford Fund III GP, LLC, general partner of Stratford Land Fund III, L.P., sole and managing member of SLF III Property GP, LLC, general partner of Stone Point Five, Ltd., on behalf of that limited partnership.

[SEAL]

Notary Public, State of Texas

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: _____
Title: _____

THE STATE OF TEXAS
COUNTY OF DALLAS

THIS INSTRUMENT is acknowledged before me on this ____ day of _____, 2013, by _____, as _____ of Stratford Fund III GP, LLC, general partner of Stratford Land Fund III, L.P., sole and managing member of SLF III Property GP, LLC, general partner of Saladia VI, Ltd., on behalf of that limited partnership.

[SEAL]

Notary Public, State of Texas

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: _____
Title: _____

THE STATE OF TEXAS
COUNTY OF DALLAS

THIS INSTRUMENT is acknowledged before me on this ____ day of _____, 2013, by _____, as _____ of Stratford Fund III GP, LLC, general partner of Stratford Land Fund III, L.P., sole and managing member of SLF III Property GP, LLC, general partner of Palo Grande Seven, Ltd., on behalf of that limited partnership.

[SEAL]

Notary Public, State of Texas

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: _____
Title: _____

THE STATE OF TEXAS
COUNTY OF DALLAS

THIS INSTRUMENT is acknowledged before me on this ___ day of _____, 2013, by _____, as _____ of Stratford Fund III GP, LLC, general partner of Stratford Land Fund III, L.P., sole and managing member of SLF III Property GP, LLC, general partner of High Point Green VIII, Ltd., on behalf of that limited partnership.

[SEAL]

Notary Public, State of Texas

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: _____
Title: _____

THE STATE OF TEXAS
COUNTY OF DALLAS

THIS INSTRUMENT is acknowledged before me on this ___ day of _____, 2013, by _____, as _____ of Stratford Fund III GP, LLC, general partner of Stratford Land Fund III, L.P., sole and managing member of SLF III Property GP, LLC, general partner of Golondrina Nine, Ltd., on behalf of that limited partnership.

[SEAL]

Notary Public, State of Texas

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: _____
Title: _____

THE STATE OF TEXAS
COUNTY OF DALLAS

THIS INSTRUMENT is acknowledged before me on this ___ day of _____, 2013, by _____, as _____ of Stratford Fund III GP, LLC, general partner of Stratford Land Fund III, L.P., sole and managing member of SLF III Property GP, LLC, general partner of X Cordoniz, Ltd., on behalf of that limited partnership.

[SEAL]

Notary Public, State of Texas

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: _____
Title: _____

THE STATE OF TEXAS
COUNTY OF DALLAS

THIS INSTRUMENT is acknowledged before me on this ___ day of _____, 2013, by _____, as _____ of Stratford Fund III GP, LLC, general partner of Stratford Land Fund III, L.P., sole and managing member of SLF III Property GP, LLC, general partner of Ciervo Eleven, Ltd., on behalf of that limited partnership.

[SEAL]

Notary Public, State of Texas

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: _____
Title: _____

THE STATE OF TEXAS
COUNTY OF DALLAS

THIS INSTRUMENT is acknowledged before me on this ____ day of _____, 2013, by _____, as _____ of Stratford Fund III GP, LLC, general partner of Stratford Land Fund III, L.P., sole and managing member of SLF III Property GP, LLC, general partner of Zagan XII, Ltd., on behalf of that limited partnership.

[SEAL]

Notary Public, State of Texas
Expires: _____

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: _____
Title: _____

THE STATE OF TEXAS
COUNTY OF DALLAS

THIS INSTRUMENT is acknowledged before me on this ____ day of _____, 2013, by _____, as _____ of Stratford Fund III GP, LLC, general partner of Stratford Land Fund III, L.P., sole and managing member of SLF III Property GP, LLC, general partner of Thirteen Canard, Ltd., Ltd., on behalf of that limited partnership.

[SEAL]

Notary Public, State of Texas

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: _____
Title: _____

THE STATE OF TEXAS
COUNTY OF DALLAS

THIS INSTRUMENT is acknowledged before me on this ___ day of _____, 2013, by _____, as _____ of Stratford Fund III GP, LLC, general partner of Stratford Land Fund III, L.P., sole and managing member of SLF III Property GP, LLC, general partner of Ruisseau XIV, Ltd., on behalf of that limited partnership.

[SEAL]

Notary Public, State of Texas

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: _____
Title: _____

THE STATE OF TEXAS
COUNTY OF DALLAS

THIS INSTRUMENT is acknowledged before me on this ____ day of _____, 2013, by _____, as _____ of Stratford Fund III GP, LLC, general partner of Stratford Land Fund III, L.P., sole and managing member of SLF III Property GP, LLC, general partner of Dindon Fifteen, Ltd., on behalf of that limited partnership.

[SEAL]

Notary Public, State of Texas

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: _____
Title: _____

THE STATE OF TEXAS
COUNTY OF DALLAS

THIS INSTRUMENT is acknowledged before me on this ___ day of _____, 2013, by _____, as _____ of Stratford Fund III GP, LLC, general partner of Stratford Land Fund III, L.P., sole and managing member of SLF III Property GP, LLC, general partner of Bois De Chene XVI, Ltd., on behalf of that limited partnership.

[SEAL]

Notary Public, State of Texas

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: _____
Title: _____

THE STATE OF TEXAS
COUNTY OF DALLAS

THIS INSTRUMENT is acknowledged before me on this ____ day of _____, 2013, by _____, as _____ of Stratford Fund III GP, LLC, general partner of Stratford Land Fund III, L.P., sole and managing member of SLF III Property GP, LLC, general partner of Etourneau Seventeen, Ltd., on behalf of that limited partnership.

[SEAL]

Notary Public, State of Texas

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: _____
Title: _____

THE STATE OF TEXAS
COUNTY OF DALLAS

THIS INSTRUMENT is acknowledged before me on this ____ day of _____, 2013, by _____, as _____ of Stratford Fund III GP, LLC, general partner of Stratford Land Fund III, L.P., sole and managing member of SLF III Property GP, LLC, general partner of Moineau XVIII, Ltd., on behalf of that limited partnership.

[SEAL] _____

EXHIBIT A to LANDOWNER AGREEMENT
Assessed Parcels within Improvement Area # 1

PARCEL DESCRIPTIONS	TAX ACCOUNT NUMBER (OR PROPERTY DESCRIPTION)	SPECIAL ASSESSMENT PER LOT/PARCEL

**EXHIBIT B to LANDOWNER AGREEMENT
Assessment Ordinance for Improvement Area # 1**

EXHIBIT E
CONTINUING DISCLOSURE AGREEMENT

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

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement dated as of June 1, 2013 (this "Disclosure Agreement") is executed and delivered by and among the City of Austin, Texas (the "Issuer"), U.S. Bank National Association (the "Dissemination Agent") and SLF III - Onion Creek, L.P. (the "Property Owner") with respect to the Issuer's Special Assessment Revenue Bonds, Series 2013 (Estancia Hill Country Public Improvement District) (the "Bonds"). The Issuer, the Dissemination Agent and the Property Owner covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer, the Dissemination Agent and the Property Owner for the benefit of the Owners (as hereinafter defined) and beneficial owners of the Bonds.

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust dated as of June 1, 2013 (the "Indenture"), which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Bond Disclosure Report" shall mean any Annual Bond Disclosure Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Disclosure Representative" shall mean the City Treasurer of the Issuer or his or her designee, and the general partner of the Property Owner or his or her designee, or such other officer or employee as the Issuer or the Property Owner, as applicable, may designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean the Trustee, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

"Fiscal Year" means the calendar year from October 1 through September 30.

"Improvement Area #1" means Improvement Area #1 of the Estancia Hill Country Public Improvement District established by the Issuer and related to the Bonds.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" means the Municipal Securities Rulemaking Board.

“Owner” means the registered owner of any Bonds.

“Participating Underwriter” shall mean Jefferies LLC and its successors and assigns.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Tax-exempt” shall mean that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax liability.

“Trustee” shall mean U.S. Bank National Association, or any successor trustee pursuant to the Indenture.

SECTION 3. Provision of Annual Bond Disclosure Reports.

(a) The Issuer shall cause and hereby direct the Dissemination Agent to, not later than six months after the end of the Issuer’s Fiscal Year, commencing with the Fiscal Year ending September 30, 2013, provide or cause to be provided to the MSRB, in the electronic or other form required by the MSRB, an Annual Bond Disclosure Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. In each case, the Annual Bond Disclosure 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; *provided* that the audited financial statements of the Issuer, if prepared and when available, may be submitted separately from the balance of the Annual Bond Disclosure Report, and later than the date required in this paragraph for the filing of the Annual Bond Disclosure Report if audited financial statements are not available by that date and unaudited financial information is submitted not later than six months after the end of the Issuer’s Fiscal Year. If the Issuer’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(d). All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(b) 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 Bond Disclosure Report on the date required in subsection (a);

(ii) file the Annual Bond Disclosure Report (excluding the audited financial statements of the Issuer, if any, which shall be filed by the Issuer or the Dissemination Agent upon receipt from the Issuer) containing or incorporating by reference the information set forth in Section 4 hereof; and

(iii) file a report with the Issuer and the Property Owner certifying that the Annual Bond Disclosure 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 of Annual Bond Disclosure Reports. The Annual Bond Disclosure 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, the following:

(a) 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 of the Issuer are not available by the date required by Section 3(a), the Issuer shall provide unaudited financial information not later than such date.

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

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

(ii) The amounts in the funds and accounts securing the Bonds and a description of the related investments.

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

(d) Listing of any Improvement Area #1 property or property owner representing more than fifteen percent (15%) of the Assessments, the amount of the levy of Assessments against such landowners, and the percentage of such Assessments relative to the entire levy of Assessments, all as of the previous October 1.

(e) The total amount of Annual Installments assessed and collected during such Fiscal Year, together with the amount of Assessments prepaid during such Fiscal Year.

(f) The amount of Assessments collected from the property owners during such Fiscal Year.

(g) The amount of Assessments delinquent greater than six months, one year and two years, and, if delinquencies amount to more than five percent (5%) of aggregate amount of Assessments due in any year, a list of property owners whose Assessments are delinquent.

(h) The amount of delinquent Assessments by Fiscal Year: (1) which are subject to institution of foreclosure proceedings (but as to which such proceedings have not been instituted); (2) which are currently subject to foreclosure proceeding which have not been concluded; (3) which have been reduced to judgment but not collected; (4) which have been reduced to judgment and collected; and (5) the result of any foreclosure sales of assessed property within Improvement Area #1 if the assessed property represents more than three percent (3%) of the total amount of Assessments.

(i) 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;

(j) Any changes to the methodology for levying the Assessments in Improvement Area #1 since the report of the most recent Fiscal Year;

(k) A description of any amendment to this Disclosure Agreement and a copy of any restatements to the Issuer's audited financial statements.

See Exhibit B hereto for a form for submitting the information set forth in the preceding paragraph.

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. Modifications to rights of Owners, if material.
4. Optional or unscheduled redemptions or repayments of the Bonds, if material.
5. Defeasances.
6. Rating changes.
7. Unscheduled draws on debt service reserves reflecting financial difficulties.
8. Unscheduled draws on credit enhancements reflecting financial difficulties.
9. Substitution of credit or liquidity providers, or their failure to perform.
10. Release, substitution, or sale of property securing repayment of the Bonds, if material.
11. 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.
12. Tender offers to any Owners, if material.
13. Bankruptcy, insolvency, receivership or similar event of the Issuer or the Property Owner.
14. The consummation of a merger, consolidation, or acquisition of the Issuer or the Property Owner, or the sale of all or substantially all of the assets of the Issuer or the Property Owner,

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.

15. Appointment of a successor or additional trustee under the Indenture or the change of name of a trustee, if material.

16. Failure to provide annual audited financial statements or unaudited financial information as required under this Disclosure Agreement.

Whenever the Issuer obtains knowledge of the occurrence of a Listed Event applicable to it, 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. Whenever the Property Owner obtains knowledge of the occurrence of a Listed Event applicable to it, the Property Owner shall promptly notify the Issuer and the Dissemination Agent in writing and the Issuer shall direct the Dissemination Agent to immediately file a notice of such occurrence with the MSRB. 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 paragraph shall be accompanied with the text of the disclosure that the Issuer or the Property Owner, as the case may be, 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).

In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures.

(b) The Dissemination Agent shall, within one (1) 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. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Issuer or the Property Owner 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 and the Property Owner 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 Property Owner 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 request under subsection (b), the Issuer determines that the Listed Event under number 2, 3, 4, 10, 12, 14 or 15 of subparagraph (a) above is not material under applicable federal securities laws, the Issuer shall promptly notify the Property Owner, 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. Quarterly Reporting Obligations of the Property Owner.

(a) The Property Owner shall provide, or cause to be provided at its cost and expense, to the Issuer and the Dissemination Agent the information described in this Section 6, and the Dissemination Agent shall, upon receipt from the Property Owner or its designee, promptly provide such information to the MSRB. The Property Owner shall provide, or cause to be provided, the information described in this Section 6 during the period from the delivery of the Bonds until such time as the Property Owner is no longer responsible for the payment of Annual Installments of Assessments equal to at least 20% of the total Annual Installments of Assessments for any year. Such information shall be provided by the Dissemination Agent to the MSRB not later than thirty (30) days after each January 1, April 1, July 1 and October 1 (beginning October 1, 2013). The Dissemination Agent shall (i) notify the Property Owner at least thirty (30) days prior to each such quarterly reporting date that such report is due, and (ii) within fifteen (15) days of its receipt thereof, provide the following information to the MSRB:

(i) Statement with respect to the Property Owner or any affiliate of the Property Owner as to the status of development loans and any permanent financing with respect to any development undertaken by the Property Owner in Improvement Area #1 not financed with Bond proceeds, including loan balance, existence of deeds of trust or other similar encumbrances against the property within Improvement Area #1, existence of any default and remaining term;

(ii) Statement as to available funds to complete Improvement Area #1 development under construction as contemplated (both Bond financed and non-Bond financed development undertaken by the Property Owner or any affiliate of the Property Owner);

(iii) Status of parcel and/or lot sales from the Property Owner to any other party by type and average pricing, as well as anticipated future absorption sales;

(iv) A statement as to material changes, if any, in the form, organization or controlling ownership of the Property Owner;

(v) The status of any governmental approvals (other than customary home building permits required after a delivery of a finished lot) required for completion of Improvement Projects within Improvement Area #1;

(vi) Any information regarding the Improvement Projects within Improvement Area #1 or other information as may be reasonably requested by the Issuer relating to the ability of the Property Owner or any affiliate of the Property Owner to fulfill its obligations under the Indenture or the SAP; and

(vii) Written notification of any significant zoning or land use entitlement changes or any other matter that would have a material adverse impact on land values

within Improvement Area #1, development potential of lands within Improvement Area #1 or the likelihood of the timely payment of the Assessments levied on land or parcels owned by the Property Owner; and

(viii) Any changes to the land use designation for the property in Improvement Area #1 that might negatively impact its development for those purposes identified in the final SAP, as the same may be amended and supplemented from time to time.

(b) Additionally, the Property Owner shall provide or cause to be provided filings as follows:

(i) The number, dollar amount, and property type (e.g., developed lots, undeveloped pads, parcels, raw land) under contract with purchasers and the name of each purchaser;

(ii) For each residential home builder, on a per quarter and running total basis, (A) the number of residential units for which construction has begun, (B) the number of residential units for which construction has been completed, and (C) the number of residential units which have been sold to end users and the average sales price therefor; and

(iii) For each residential home builder, the estimated date of completion for all residential units expected to be constructed in Improvement Area #1.

(c) With respect to the design-engineering and the Project Fund for the Improvement Projects, the Property Owner will establish an accounting and budgeting system that will show:

(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 progress "Milestones;"

(iv) Forecast construction "Milestones" of progress;

(v) Forecast completion date; and

(vi) Forecast Issuer acceptance date.

The Property Owner shall prepare, within 90 days of the Bond closing, a schedule reflecting the points listed above for each of the Improvement Projects to be funded by the Bond proceeds. Monthly design and construction expenditure progress reports, reflecting the points listed above, will be summarized on a quarterly basis and sent to the Trustee, reflecting the progress and conformance with the overall project budget. These quarterly reports will be filed with the Dissemination Agent. Budget overruns in excess of \$250,000 or delays of greater than 60 days will be highlighted and explained and the Property Owner shall include a plan to remedy the situation.

(d) If the Property Owner sells, assigns or otherwise transfers ownership of real property in Improvement Area #1 to a third party, which results in such third party owning property representing at least twenty percent (20%) of the total Annual Installments of the Assessments first coming due after such transfer of ownership, the Property Owner shall require such third party to comply with the Property Owner's disclosure obligations hereunder with respect to such acquired real property for so long as such third party is the owner of property representing at least twenty percent (20%) of the total of Annual Installments of the Assessments next coming due.

SECTION 7. Event Reporting Obligations of Property Owner. Whenever the Property Owner or an affiliate of the Property Owner obtains actual knowledge of the occurrence of one or more of the following events, the Property Owner shall notify, or cause such affiliate to notify, the Issuer and Dissemination Agent of such occurrences and the Dissemination Agent shall immediately report and file a notice of such event in the manner as provided in Section 5 for the Listed Events specified therein:

(i) Failure to pay any real property taxes or Assessments levied within Improvement Area #1 on a parcel owned by the Property Owner, or an affiliate of the Property Owner;

(ii) Material damage to or destruction of any development or improvements, including the Improvement Projects, within Improvement Area #1;

(iii) Material default by the Property Owner or any affiliate of the Property Owner on any loan with respect to the development or permanent financing of District development undertaken by the Property Owner or any affiliate of the Property Owner;

(iv) Material default by the Property Owner or any affiliate of the Property Owner on any loan secured by property within Improvement Area #1 owned by the Property Owner or any affiliate of the Property Owner;

(v) The bankruptcy filing of the Property Owner or of any affiliate of the Property Owner or any determination that the Property Owner or any affiliate of the Property Owner is unable to pay its debts as they become due;

(vi) The filing of any lawsuit with claim for damage, in excess of \$1,000,000 against the Property Owner or any affiliate of the Property Owner which may adversely affect the completion of Improvement Area #1 development or litigation which would materially adversely affect the financial condition of the Property Owner or any affiliate of the Property Owner; and

(vii) Any change in the legal structure, chief executive officer or controlling ownership of the Property Owner or any affiliate of the Property Owner.

For purposes of Section 6 and 7, the term "affiliate" shall mean an entity that owns property within Improvement Area #1 and is controlled by, controls, or is under common control of the Property Owner.

SECTION 8. Termination of Reporting Obligations. The obligations of the Issuer, the Property Owner and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer or the Property Owner 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. 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(d).

SECTION 9. 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 10. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Issuer, the Property Owner 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 the Property Owner), 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 Bond Disclosure 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(d), and (ii) the Annual Bond Disclosure 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 consent (which consent will not be unreasonably withheld or delayed).

SECTION 11. 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 Bond Disclosure 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 Bond Disclosure 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 Bond Disclosure Report or notice of occurrence of a Listed Event.

SECTION 12. Default. In the event of a failure of the Issuer or the Property Owner 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 or the Property Owner, 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 or the Property Owner to comply with this Disclosure Agreement shall be an action to mandamus or specific performance.

SECTION 13. Duties, Immunities and Liabilities of Dissemination Agent. 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 and the Property Owner agree 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 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 and the Property Owner 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 relationship with the Issuer or the Property Owner or any person with whom the Issuer or the Property Owner 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. 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.

The Dissemination Agent may, from time to time, consult with legal counsel of their 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, THE PROPERTY OWNER, 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, THE PROPERTY OWNER, 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 14. Assessment Timeline. The basic expected timeline for the collection of Assessments and the anticipated procedures for pursuing the collection of delinquent Assessments is set forth in Exhibit C which is intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Assessments.

SECTION 15. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer, Property Owner or 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 Issuer, Property Owner or Dissemination Agent in other than that person's official capacity.

SECTION 16. 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 17. Sovereign Immunity. The Property Owner and the Dissemination Agent agree 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 18. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Property Owner, 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 19. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 20. 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.

[remainder of page left blank intentionally]

CITY OF AUSTIN, TEXAS

By: _____
Elaine Hart, Chief Financial Officer

[signature page of Continuing Disclosure Agreement]

U.S. BANK NATIONAL ASSOCIATION,
(as Dissemination Agent)

By: _____
Authorized Officer

[signature page of Continuing Disclosure Agreement]

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

[signature page of Continuing Disclosure Agreement]

EXHIBIT A

**NOTICE TO MSRB OF FAILURE TO FILE
ANNUAL BOND DISCLOSURE REPORT**

Name of Issuer: City of Austin, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2013 (Estancia Hill
Country Public Improvement District)
Date of Delivery: _____, 20__

NOTICE IS HEREBY GIVEN that the City of Austin, Texas, has not provided an Annual Bond Disclosure Report with respect to the above-named bonds as required by the Continuing Disclosure Agreement dated June 1, 2013, between the Issuer, SLF III - Onion Creek, L.P., a Texas limited partnership (the "Property Owner"), and _____, as dissemination agent. The Issuer anticipates that the Annual Bond Disclosure Report will be filed by _____.

Dated: _____

_____, on behalf of the City of
Austin, Texas

By: _____

Title: _____

cc: City of Austin, Texas

EXHIBIT B

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

ANNUAL BOND DISCLOSURE REPORT*

Delivery Date: _____, 20__

TRUSTEE

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 & 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

Parity Ratio

Form of Accounting Cash Accrual Modified
Accrual

ITEMS REQUIRED BY SECTION 4(c) - (k)
[Insert a line item for each applicable listing]

EXHIBIT C

BASIC TIMELINE FOR ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES

<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

delinquent by more than one year or if the 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

Trustee pays bond interest payments to bondholders.

90

Reserve Fund payment to Bond Fund 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 bondholders may request a meeting with the City Treasurer 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%, bondholders 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 bondholders may seek an action for mandamus or specific performance to direct the Issuer to pursue the collections of delinquent Assessments.

EXHIBIT F

AGREEMENT REGARDING CONVEYANCE OF RIGHT OF
REDEMPTION AND WAIVER OF AGRICULTURAL VALUATION-
ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT DISTRICT

**AGREEMENT REGARDING CONVEYANCE OF RIGHT OF REDEMPTION AND
WAIVER OF AGRICULTURAL VALUATION—ESTANCIA HILL COUNTRY PID**

THIS AGREEMENT REGARDING CONVEYANCE OF RIGHT OF REDEMPTION AND WAIVER OF AGRICULTURAL VALUATION—ESTANCIA HILL COUNTY PID ("Agreement"), dated as of June 1, 2013 (the "Effective Date"), by and among SLF III – Onion Creek, L.P., a Texas limited partnership ("Landowner"), the CITY OF AUSTIN, TEXAS (the "City"), a municipal corporation, acting by and through its duly authorized representative, and U.S. Bank National Association and any successor thereto permitted under the Indenture ("Trustee"). The City, the Trustee, and Landowner are sometimes referred to herein individually as "Party", and together as the "Parties."

RECITALS

A. WHEREAS, upon the petition of the Petitioners (defined below), on June 6, 2013 the City authorized the formation of the Estancia Hill Country Public Improvement District (the "District") on the District Property (defined below) and in accordance with Chapter 372 of the Texas Local Government Code, as amended. For purposes herein, the, "District Property" shall mean that certain approximately 600 acres of land located in Travis County, Texas and more particularly described on **Exhibit "A"** attached hereto and (ii) "Petitioners" shall collectively mean SLF III – Onion Creek, L.P., Sevengreen One, Ltd., Quartersage II, Ltd., Reverde Three, Ltd., IV Capitol Pointe, Ltd., Stone Point Five, Ltd., Saladia VI, Ltd., Palo Grande Seven, Ltd., High Point Green VIII, Ltd., Golondrina Nine, Ltd., X Cordoniz, Ltd., Ciervo Eleven, Ltd., Zagan XII, Ltd., Thirteen Canard, Ltd., Ruisseau XIV, Ltd., Dindon Fifteen, Ltd., Bois de Chene XVI, Ltd., Etourneau Seventeen, Ltd., and Moineau XVIII, Ltd.;

B. WHEREAS, Landowner owns approximately 215 acres of land located in Travis County, Texas as described in the attached **Exhibit "B"** (the "Property"), and the City Council has approved the limited purpose annexation of the Property;

C. WHEREAS, the Property constitutes a portion of District Property;

D. WHEREAS, it is intended that the Property will be developed as a mixed use development which may include single family and multifamily residential, office, light industrial, retail and other uses (the "Project");

E. WHEREAS, Landowner proposes to construct certain Public Improvements (as defined in the Financing Agreement) to serve the Property and transfer certain of those improvements to the City in accordance with the terms and provisions of the Estancia Hill Country Public Improvement District Financing Agreement, dated as of June 1, 2013 between

the Landowner and the City ("the Financing Agreement") and the Annexation and Development Agreement, dated as of June 1, 2013 between the Petitioners and the City;

F. WHEREAS, the City intends to (upon satisfaction of the conditions and in accordance with the terms set forth in the Financing Agreement), at the request, and with the consent, approval and agreement of the Petitioners, adopt the Assessment Ordinance and adopt the Assessment Plan that provides for the construction and financing of certain Public Improvements for the benefit of the Assessed Property (as defined) within the District pursuant to the Assessment Plan (as defined in the Financing Agreement), payable in whole or in part, by and from assessments levied against Assessed Property, as more specifically provided for in the Assessment Plan;

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

H. WHEREAS, pursuant to the Assessment Plan, the City will maintain Assessment Rolls (as defined in the Assessment Plan) that identifies all parcels within the District that are Assessed Property and all parcels that are not subject to an assessment;

I. WHEREAS, from the proceeds of the bonds the City issues in connection with the Public Improvements, the City or County (as applicable), will, upon satisfaction of the conditions and in accordance with the terms set forth in the Financing Agreement, acquire and accept those certain Public Improvements provided for in the Financing Agreement and the applicable Petitioners will be paid or reimbursed for all or a portion of the costs of acquisition, construction, and improvement of the Public Improvements;

J. WHEREAS, as a condition precedent to the City's performance of its obligations under the Financing Agreement, Landowner has agreed to execute this Agreement conveying all rights to redeem any portion of the Property that is subject to an assessment levied pursuant to the District as identified on the Assessment Rolls maintained by the City and has an agricultural use valuation following a tax sale, and to execute and deliver into escrow with the Trustee multiple originals of waivers of agricultural use valuation in the form attached as "**Exhibit C**" hereto; and

K. WHEREAS, U.S. Bank National Association, is the trustee under the Indenture (as defined in the Financing Agreement).

NOW, THEREFORE, in consideration of the premises set forth above, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereto hereby agree as follows:

SECTION 1. DEFINITIONS

(a) "Exempt Property" shall include any portion of the Property that is designated for agricultural use (which shall include, but not be limited to, any of the uses described in Section 23.51 of the Texas Tax Code, as amended) or is otherwise claimed for agricultural use by the owner thereof for ad valorem tax purposes pursuant to Section 23.41 of the Texas Tax Code or any other applicable statute, law or right.

(b) "Lender" means a lender or mortgagee that holds a lien or security interest in all or a portion of the Assessed Property.

(c) "Non-Redeemable Property" shall be those portions of the Property that are Assessed Property and have an Exempt Property status at the time either the applicable ad valorem taxes become past due or at the time that the annual payment on the Special Assessment levied against the property becomes past due.

SECTION 2. CONVEYANCE OF RIGHT OF REDEMPTION.

Landowner has GRANTED, BARGAINED, SOLD, and CONVEYED, and by these presents do hereby GRANT, BARGAIN, SELL, and CONVEY, without warranty, unto the Trustee all rights that Landowner and its successors and assigns now have or in the future may have in equity, or under common law, statutory law, the Constitution of the State of Texas or otherwise to redeem, repurchase or reacquire Non-Redeemable Property following a foreclosure of a tax lien or sale, transfer or conveyance in connection with a tax sale, including, without limitation, any and all rights arising under Section 34.21 of the Texas Tax Code, as amended ("Tax Redemption Rights").

TO HAVE AND TO HOLD the Tax Redemption Rights in the Non-Redeemable Property belonging in any way to Landowner, unto the Trustee, its successors and assigns, forever, subject to the Restrictions and Reservations set forth herein.

So long as the Trustee holds the Tax Redemption Rights, the exercise of such Tax Redemption Rights shall be in the sole and absolute discretion of the Trustee.

Restrictions and Reservations

IT IS EXPRESSLY UNDERSTOOD AND AGREED that if all or a portion of the Non-Redeemable Property ceases to be Assessed Property, as shown on the Assessment Rolls, then the owner of such land shall have the right to assume ownership of Tax Redemption Rights for said portion of the Non-Redeemable Property. Upon written request by an owner of land located within the Property that is Non-Redeemable Property that has ceased to be Assessed Property, the City and the Trustee shall execute a Release from this Agreement in the form attached hereto as **Exhibit "D"**.

SECTION 3. RESTRICTION AGAINST REDEMPTION OF NON-REDEEMABLE PROPERTY

In the event that a court of competent jurisdiction enters a final judgment that the foregoing conveyance of Tax Redemption Rights is not effective, Landowner hereby absolutely, unconditionally and irrevocably waives, releases, relinquishes and surrenders forever, on behalf of itself and its respective successors and assigns, and agrees not to assert or exercise any and all Tax Redemption Rights it now has or in the future may have in equity, pursuant to statute, the Constitution of the State of Texas or otherwise to redeem, repurchase or reacquire any portion of the Property that is Non-Redeemable Property following a foreclosure of a tax lien or sale, transfer or conveyance in connection with a tax sale, including, without limitation, any and all rights arising under Section 34.21 of the Texas Tax Code, as amended.

SECTION 4. WAIVER OF AGRICULTURAL USE VALUATION.

(a) Concurrently with the closing on the initial PID Bonds (as defined in the Financing Agreement) for the Property, the Landowner will deposit \$_____ with the Trustee ("Special Assessment Fund") which is estimated to be two years of ad valorem taxes levied by all taxing units on the Property, subject to agricultural valuation for the calendar years 2013 and 2014. As part of the annual update and Special Assessment calculation, the Landowner will determine how much land, in acres, remains subject to agricultural valuation versus the prior year and then estimate the anticipated ad valorem tax burden based on the prior year tax bill and any other known or published tax increases and such information will be confirmed by the Administrator. In the event that the ad valorem taxes increase so that the estimated sum of two years of ad valorem taxes on land subject to agricultural valuation is greater than the amount held in the Property Tax Reserve Fund, then the Landowner shall be required to deposit additional funds into the Special Assessment Fund with the Trustee within 30 days after Trustee's written notice to Landowner. In the event the Landowner does not subsequently pay the ad valorem property taxes on Parcels with an agricultural land use designation under the Texas Tax Code, the Trustee will notify Landowner and thereafter will take action pursuant to this Agreement. In the event that the Landowner continues to pay the ad valorem taxes and portions of the Property are converted out of agricultural use valuation, it is anticipated that the required balance within the Special Assessment Fund be released to the Landowner within thirty (30) days of Landowner's written request to Trustee.

(b) Delivery of Agricultural Use Waiver Into Escrow. Concurrently with the execution and delivery of this Agreement, Landowner has executed and has delivered or will promptly deliver to the Trustee to be held in escrow ten (10) originals of the form attached hereto as **Exhibit "C"** (the "Agricultural Use Waiver") waiving any agricultural use valuation and any right to special appraisal arising based on agricultural use with respect to Non-Redeemable Property. The Agricultural Use Waiver shall be held in escrow, and shall only be released from escrow in accordance with the provisions of this Section 4.

(c) Authorization to File Agricultural Use Waiver.

(i) Prior to the Trustee taking any action described in subsection 4(c)(ii) below, the Trustee shall deliver to the Travis County Tax Assessor/Collector or its successors (the "County") an amount equal to past due or delinquent taxes using funds in the Special Assessment Fund. If the funds in the Special Assessment Fund are not sufficient to pay all past due ad valorem taxes, including any accrued interest and penalties, then the Trustee shall notify Landowner of such deficiency and provide Landowner thirty (30) days to deliver to the Trustee the requisite amount of funds to transfer to the County an amount equal to all past due taxes and the amount necessary to restore the applicable Special Assessment Fund to the level required by this Agreement.

(ii) In the event that any taxes secured by a lien against any portion of the Non-Redeemable Property have not been paid by March 1st following the year for which such taxes are levied, the Trustee shall provide Landlord and Lender (if applicable) notice of the deficiency and provide Lender ten (10) days to cure said deficiency. If neither Landowner nor Lender cures the deficiency, Trustee shall (unless otherwise instructed by holders of not less than twenty percent (20%) of the Bonds, as defined in the Financing Agreement, secured by the applicable Indenture then outstanding) and Landowner hereby irrevocably authorizes the Trustee to, release the Agricultural Use Waiver from escrow and deliver same to the County. The Trustee shall, and Landowner further authorizes the Trustee to, attach to the Agricultural Use Waiver a description of that portion of the Non-Redeemable Property for which taxes are delinquent; provided, however, that the Trustee shall not be required to take any such action until it receives from the County the descriptions of the Non-Redeemable Property to be attached to such waiver. In the event that the Trustee receives notice that delinquent taxes and all penalties and interest have been paid prior to Trustee's transmittal of the Agricultural Use Waiver to the County, then Trustee shall not transmit the Waiver of Agricultural Use to the County and such waiver shall be returned to escrow. In the event that the number of Agricultural Use Waivers held by Trustee is less than three (3) and some portion of the Property is Non-Redeemable Property, the Landowner agrees to promptly execute and deliver to the Trustee, to be held in and released from escrow as provided herein, another Agricultural Use Waiver for use with any remaining Non-Redeemable Property owned by Landowner; provided, however, the Trustee shall deliver to the County an Agricultural Use Waiver with respect to the remaining Non-Redeemable Property owned by a Landowner that has not paid taxes as required by this section, if said Landowner does not execute and deliver to the Trustee such additional Agricultural Waivers within thirty (30) days of a written request by the Trustee. Notwithstanding anything to the contrary contained herein, Lender is under no obligation to cure any deficiency.

(iii) Except as provided in Section 4(c)(iv), in the event that any Special Assessments levied by the City pursuant to the Assessment Ordinance that are secured by a lien against any portion of the Non-Redeemable Property have not been paid by March 1st following the year for which such Special Assessment are levied (or ten (10) days before such assessments

become delinquent, if earlier), the Trustee shall provide Landowner and Lender notice of the failure to pay Special Assessments. If neither Landlord nor Lender cure, and upon receipt of written notification of such failure to cure from the Trustee shall (unless otherwise instructed by holders of not less than twenty percent (20%) of the Bonds secured by the Indenture) and Landowner hereby irrevocably authorizes the Trustee to, release the Agricultural Use Waiver from escrow and deliver same to the County. The Trustee shall, and Landowner further authorizes the Trustee to, attach to the Agricultural Use Waiver a description of that portion of the Non-Redeemable Property for which Special Assessments are delinquent. In the event that the number of Agricultural Use Waivers held by Trustee is less than three (3) and some portion of the Property is Non-Redeemable, the Landowner agrees to promptly execute and deliver to the Trustee, to be held in and released from escrow as provided herein, another Agricultural Use Waiver for use with any remaining Non-Redeemable Property owned by Landowner; provided, however, the Trustee shall deliver to the County an Agricultural Use Waiver with respect to the remaining Non-Redeemable Property owned by Landowner that has not paid the Special Assessments as required by this section, if Landowner does not execute and deliver to the Trustee such additional Agricultural Waivers within thirty (30) days of a written request by the Trustee. Notwithstanding anything to the contrary contained herein, Lender is under no obligation to cure the failure to pay.

(iv) If, by case law, statute or an opinion of the Attorney General it is determined that Tax Redemption Rights do not apply to the Special Assessments levied on behalf of the District, then Section 4(c)(iii) shall immediately become non-operative and non-effective upon Trustee's receipt of written notice of such decision, statute or opinion.

SECTION 5. REPRESENTATIONS AND WARRANTIES.

The Landowners hereby represents and warrants to the City as follows:

(a) Landowner represents and warrants that it is a limited partnership duly organized and validly existing under the laws of the State of Texas, is qualified to do business in and is in good standing 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 own business as now being conducted and as now contemplated.

(b) Landowner represents and warrants that it 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 such Landowner.

(c) Landlord represents and warrants that this Agreement is valid and enforceable obligation of the Developer and is enforceable against the Landowner 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.

SECTION 6. DEFAULT AND REMEDIES.

In the event that Landowner shall violate, or indicate that such Landowner intends to violate, any of the terms and provisions set forth in this Agreement, in addition to any other remedies available at law or in equity, the Trustee shall have the right, but shall not be obligated, to sue such Landowner for and obtain a prohibitive or mandatory injunction or any other equitable remedy to prevent the breach of, or to enforce the observance of, the terms of this Agreement. The foregoing remedies shall be cumulative with, in addition to, and non-exclusive of one another, and the exercise of any one remedy shall not bar the exercise of any other remedy. In the event of any legal action commenced by the Trustee to enforce the obligations of Landowner hereunder, the Trustee shall be entitled to recover its reasonable attorney's fees and costs from such Landowner. Trustee shall provide ten (10) days' notice to Lender prior to taking any enforcement action. Notwithstanding anything to the contrary set forth in this Agreement, the obligations of Landowner under this Agreement shall be several, not joint.

SECTION 7. RESPONSIBILITIES OF THE TRUSTEE.

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

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

(c) Any action against the Trustee under this Agreement shall be limited to specific performance.

SECTION 8. MISCELLANEOUS.

(a) Term of Agreement. This Agreement shall continue in full force and effect so long as any obligations remain outstanding under any Indenture. In the event the Trustee ceases serving as trustee under the Indentures, the Trustee's obligations under this Agreement shall terminate provided that the Trustee has delivered to a successor Trustee under this Agreement the Agricultural Use Waivers held in escrow.

(b) Headings Descriptive. The headings of the several Sections and subsections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

(c) Interpretation. The singular number includes the plural and the masculine gender includes the feminine and neuter.

(d) Covenants Run the Land; Transfers of the Property. This Agreement shall run with the land and the ownership of any Non-Redeemable Property and will act as an appurtenant burden on the Non-Redeemable Property and shall be binding upon the Non-Redeemable Property and all owners, tenants, subtenants, licensees, assignees and occupants thereof and any other party having any interest therein. Upon the acquisition by any party of any interest in the Non-Redeemable Property, such party shall automatically and without further action by such party or any other party be deemed to have assumed and agreed to be bound by this Agreement. Without limiting the foregoing any person who acquires a fee interest in any portion of the Non-Redeemable Property ("Subsequent Owner") shall, and hereby shall be deemed to have agreed to, (i) execute and record in the Real Property Records of Travis County, Texas promptly following the recording of the conveyance instrument, an agreement in form attached hereto as **Exhibit "E"** (the "Acknowledgment and Agreement") to acknowledge that such person is subject to the terms of this Agreement, expressly agreeing to comply with the terms and provisions of this Agreement applicable to the portion of the Non-Redeemable Property acquired by such person, and waiving such person's right to redeem such portion of the Non-Redeemable Property, and (ii) execute and deliver to the Trustee, concurrently with the recording of the Acknowledgment and Agreement, four (4) Waiver of Special Appraisal Agricultural Use Waivers in the form attached hereto as **Exhibit "C"** for that portion of the Non-Redeemable Property acquired by such person. In the event that the number of Agricultural Use Waivers signed by a Subsequent Owner that are held by Trustee is less than two (2) and some portion of the Property owned by Subsequent Owner is the Non-Redeemable Property such Subsequent Owner agrees to promptly execute and deliver to the Trustee, to be held in and released from escrow as provided herein, another Agricultural Use Waiver for use with any remaining Non-Redeemable Property owned by such Subsequent Owner; provided, however, the Trustee shall deliver to the County an Agricultural Use Waiver with respect to the remaining Non-Redeemable Property owned by a Subsequent Owner that has not paid taxes or Special Assessments as required by this Agreement, if said Landowner does not execute and deliver to the Trustee such additional Agricultural Waivers within thirty (30) days of a written notice by Trustee.

(e) Indemnification. Landowner shall to the fullest extent permitted by law, defend, indemnify and hold harmless Trustee and each director, officer, employee, attorney, agent and affiliate of Trustee (collectively, the "Indemnified Parties") against any and all actions, claims (whether or not valid), losses, damages, liabilities, costs and expenses of any kind or nature whatsoever (including without limitation reasonable attorneys' fees, costs and expenses) incurred by or asserted against any of the Indemnified Parties as a result of or arising from or in any way relating to any claim, demand, suit, action or proceeding by any person, including without limitation such Landowner, asserting a claim for any legal or equitable remedy against any person arising from or in connection with the negotiating, execution, performance or failure of performance of this Agreement by Landowner, whether or not any such Indemnified Party is a party to any such suit, action or proceeding; provided, however, that no Indemnified Party shall have the right to be indemnified hereunder for any liability finally determined by a court of

competent jurisdiction, subject to no further appeal, to have resulted solely from the negligence or willful misconduct of such Indemnified Party.

Trustee may consult legal counsel selected by it in the event of any dispute or question as to the construction of any of the provisions hereof or of its duties hereunder, or relating to any dispute involving any party hereto, and shall incur no liability and shall be fully indemnified from any liability whatsoever in acting in accordance with the opinion or instruction of such counsel. The Landowner shall promptly pay, upon demand, the reasonable fees and expenses of any such counsel.

(f) Trustee's Fees. The Landowner agrees to pay (or cause the payment to) the Trustee for the performance of services hereunder an annual fee of \$ _____ and, except for reimbursement of costs and expenses incurred by the Trustee in its performance of its duties and obligations under this Agreement, the Trustee hereby agrees said amount is full and complete payment for the administration of this Agreement.

(g) Material Agreement. Landowner acknowledges that the agreements and obligations of the Parties set forth herein are a material inducement to the City's entering into the Financing Agreement, that Landowner is represented by counsel of their own choice with respect to this Agreement, and that Landowner is entering into this Agreement freely and voluntarily and not acting under coercion or duress.

(h) Binding Effect. This Agreement shall be binding upon the Landowner and its successors, receivers, trustees and assigns and shall inure to the benefit of the City, the Trustee and the successors and assigns of the Trustee.

(i) Amendments. This Agreement may be modified or amended only by a written agreement executed by the Trustee, the City, and each owner of that portion of the Property to be affected by such amendment and recorded in the Real Property Records of Travis County, Texas.

(j) Severability; No Waiver. If any provision of this Agreement is held invalid or unenforceable, no other provision of this Agreement will be affected by such holding and all other provisions of this Agreement will continue in full force and effect. 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 of such requirement 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.

(k) 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 address set forth below or at such other address as may be any 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
700 Lavaca, Suite 940
Austin, Texas 78701
Attn: City Treasurer
Facsimile: 512.370.3838

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

With a copy to: Metcalf Wolff Stuart & Williams, LLP
Attn: Steven C. Metcalfe
221 W. 6th Street, Suite 1300
Austin, Texas 78701
Facsimile: 512.404.2245

(l) Third Party Beneficiaries. The provisions of this Agreement are and will be for the benefit of the Parties, the Trustee and the holders of the Bonds only and are not for the benefit of any other third party and, accordingly, no other third party shall have the right to enforce the provisions of this Agreement

(m) Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

(n) Further Assurances. The applicable Parties agree to take all further action and execute and deliver to the City such additional documents as may be necessary or as the City may reasonably request to carry out the purposes of this Agreement.

(o) Governing Law. This Agreement and the rights and obligations of the Parties hereunder shall be governed by, and construed in accordance with the laws of the State of Texas (without giving effect to the principles thereof relating to conflicts of law).

(p) Exhibits. The following exhibits are attached to and incorporated into this Agreement for all purposes:

Exhibit "A"- Description of the Project

Exhibit "B"- Description of the Property

Exhibit "C"- Form of Agricultural Use Waiver

Exhibit "D"- Form of Release From Agreement

Exhibit "E"- Acknowledgement of Assumption of Waiver of Right of Redemption

[Signature page follows]

IN WITNESS WHEREOF, the Parties to this Agreement have caused this Agreement to be executed by their duly authorized representatives on dates set forth in the acknowledgements below, to be effective as of the day and year first above written.

CITY OF AUSTIN

By: _____
Name: Elaine Hart
Title: Chief Financial Officer

ATTEST:

City Clerk

THE STATE OF TEXAS §

COUNTY OF TRAVIS §

This instrument was acknowledged before me on _____, 2013, by Elaine Hart, Chief Financial Officer, on behalf of said City.

Notary Public, State of Texas

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: _____

THE STATE OF TEXAS §

COUNTY OF DALLAS §

THIS INSTRUMENT is acknowledged before me on this ___ day of _____, 2013, by _____, as _____ of Stratford Fund III GP, LLC, general partner of Stratford Land Fund III, L.P., sole and managing member of SLF III Property GP, LLC, general partner of SLF III – Onion Creek, L.P.

[SEAL]

Notary Public, State of Texas

Exhibit "A"

Description of 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 "B"

Description of Property

Exhibit "C"

WAIVER OF SPECIAL APPRIASAL

THE STATE OF TEXAS §
 § KNOW EVERYONE BY THESE PRESENTS:
COUNTY OF TRAVIS §

THAT this Wavier of Special Appraisal (this "Wavier") is made and entered into as of the _____ date of _____, 20____, for the benefit of the City of Austin, Texas (the "City") and the Trustee (as defined below), by _____ ("Landowner," whether one or more), owner of the property described on Schedule I hereto (the "Property"), which Property is located within the Estancia Hill Country Public Improvement District (the "District"), a public improvement district of the City, pursuant to Texas Tax Code Ann. §23.20.

RECITALS

A. The City has the right to levy special assessments on land located within the District pursuant to a separate ordinance enacted by the City County of the City, which assessments are intended to provide for the financing of certain improvements for the benefit of the District.

B. The purpose of the City in selling its special assessments revenue bonds is to provide, among other things, financing for certain improvements to serve the District (the "Facilities").

C. Trustee is described in that certain Estancia Hill Country Public Improvement District Financing Agreement having an effective date of June ____, 2013 by and between _____, and the City.

D. In furtherance of this purpose, the City has agreed to reimburse Landowner or has reimbursed Landowner's predecessor in interest for payments made for certain Public Improvements pursuant to that certain Indenture of Trust dated as of _____ between the City and the Trustee.

E. Landowner acknowledges that the election by Landowner to claim agricultural use exemptions or valuations arising under Section 34.21 of the Texas Tax Code, as amended (collectively, the "Exemptions"), but not including any residential homestead exemption, for the Property would be detrimental to the property valuation base and may significantly impair the ability to the City to meet its debt obligations for its special assessments revenue bonds.

WAIVER

Section 1. Waiver of Exemptions. Landowner, on behalf of itself, its successors and assigns, (i) irrevocably waives its right to claim any of the Exemptions with respect to the Property for a period of thirty (30) years beginning on the date of this Waiver is received by the Travis County Tax Assessor/Collector; (ii) authorizes the City and/or the Trustee to file this Waiver with the Chief Appraiser of the Travis County Appraisal District, or its successors, in accordance with the terms of the Agreement Regarding Conveyance of Right of Redemption and Waiver of Agricultural Valuation-Estancia Hill Country PID having an effective date of June ___, 2013; and (iii) covenants that it will not make any claim for a special appraisal except on written authorization of the Trustee. Landowner acknowledges that it may have the right under Article 8 of the Texas Constitution to assert some or all of the Exemptions which it is waiving herein, and agrees that it shall be estopped from claiming such Exemptions for so long as this Waiver shall remain in effect, provided, however, it is expressly acknowledged and agreed by Landowner that mechanisms for single family residences now available or to be made available by any change in Texas laws for the reduction of ad valorem tax liability or of valuation for the purposes of ad valorem taxes or other assessments with respect to real property, such as exemptions for homesteads, disabled veterans, and elderly homesteads, are not included in the definition of Exemptions and are expressly allowed, to the extent such exemptions would be otherwise available, with respect to the Property.

Section 2. Disclosures of Lienholders. Landowner represents and warrants that there is no lienholder on the Property.

Section 3. Intentionally Omitted.

Section 4. Covenants to Run with Land. The terms and provisions hereof shall be deemed to be restrictive covenants encumbering and running with the Property and shall be binding upon the Landowner and its successors and assigns. In particular, each successive purchaser of the Property shall, upon purchase thereof (or such portion thereof) be deemed to have waived its right to claims of the Exemptions with respect to the Property (or such portions thereof) for so long as this Waiver shall remain in effect.

Section 5. Enforceability. The covenants and restrictions binding the Property hereunder shall be enforceable only by the City, the Trustee and their respective successors and assigns. This Waiver is for the sole benefit of the parties hereto, and of the Trustee, and no other third party is intended to be a beneficiary of this Waiver.

Section 6. Termination. This Waiver shall continue in full force and effect until the earlier to occur of the following: (i) thirty (30) years; or (ii) such time as the Trustee approves a revocation in writing.

Section 7. Severability. Every provision of this Waiver is intended to be severable. In the event any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable to the maximum extent permitted by law, it being the intent of the parties hereto to give full force and effect to the agreements made hereunder to the maximum extent permitted by law.

Section 8. Headings. The Section headings are included in this Waiver for convenience and reference only, and shall not be deemed to affect the substantive provisions of this Waiver.

Section 9. Remedies. If Landowner breaches its obligations hereunder, the Trustee or the City (on behalf of the Trustee), in addition to all other remedies set forth herein or otherwise available at law or in equity, shall be entitled to recover from Landowner the amount of assessments that would have been due to the City had Landowner complied with this Waiver. Such payment will be due and payable, and will incur penalties and charges under the same terms as if the payment had been an assessment obligation of Landowner to City.

[EXECUTION PAGES FOLLOW]

IN WITNESS WHEREOF, the Parties to this Agreement have caused this Agreement to be executed by their duly authorized representatives on dates set forth in the acknowledgements below, to be effective as of the day and year first above written.

CITY OF AUSTIN

By: _____
Name: _____
Title: _____

ATTEST

City Secretary

THE STATE OF TEXAS §

COUNTY OF TRAVIS §

This instrument was acknowledged before me on _____, 20__, by _____, _____, on behalf of said City.

Notary Public, State of Texas

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: _____

THE STATE OF TEXAS

COUNTY OF DALLAS

THIS INSTRUMENT is acknowledged before me on this ___ day of _____, 2013, by _____, as _____ of Stratford Fund III GP, LLC, general partner of Stratford Land Fund III, L.P., sole and managing member of SLF III Property GP, LLC, general partner of SLF III – Onion Creek, L.P.

[SEAL]

Notary Public, State of Texas

Exhibit "D"

RELEASE OF REDEMPTION AGREEMENT

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

WHEREAS, the land described in the attached Exhibit "A" ("Property") is located within the Estancia Hill Country Public Improvement District ("District");

WHEREAS, _____ is the owner of the Property ("Owner");

WHEREAS, the Property is subject to the terms of the Agreement Regarding Conveyance of Right of Redemption And Waiver of Agricultural Valuation-Estancia Hill Country PID with an effective date of _____, 2013, and recorded in Document No. _____, Official Public Records of Travis County, Texas ("Redemption Agreement");

WHEREAS, the City of Austin and the Trustee are parties to the Redemption Agreement;

WHEREAS, pursuant to the Redemption Agreement certain rights to redeem the Property under the Texas Tax Code (as described in the Redemption Agreement) were conveyed to the Trustee (defined below);

WHEREAS, _____ is the Trustee, as defined in the Redemption Agreement;

WHEREAS, pursuant to Section 4 of the Redemption Agreement, the Trustee is authorized to deliver a Waiver of Agricultural Use to the appropriate Tax Assessor/Collector office in the event that delinquent taxes or Special Assessments are owed on the Property;

WHEREAS, pursuant to Section 2 of the Redemption Agreement, the City and the Trustee are authorized to release property from the terms of the Redemption Agreement; and

WHEREAS, the City and the Trustee have determined that the Property should be released from the terms of the Redemption Agreement

NOW, THEREFORE, for and in consideration of the above stated premises, and for other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged by the City of Austin and the Trustee, the City of Austin and the Trustee do hereby forever release and discharge the Property from all terms, restrictions, covenants and conditions of the Redemption Agreement in its entirety, and release any and all rights that the City of Austin and the Trustee had, have or may have by virtue of the Redemption Agreement. In no event shall this release have any impact on land within the District other than the Property described in the attached Exhibit "A".

Trustee has GRANTED, BARGAINED, SOLD, and CONVEYED, and by these presents

does hereby GRANT, BARGAIN, SELL, and CONVEY, unto Owner all rights that Trustee and its successors and assigns now have or in the future may have in equity, or under common law, statutory law, the Constitution of the State of Texas or otherwise in the "Tax Redemption Rights," as defined in the Redemption Agreement with respect to the Property described in the attached Exhibit "A".

TO HAVE AND TO HOLD the Tax Redemption Rights in the Property, described in the attached Exhibit "A", belonging in any way to Trustee, unto the Owner, its successors and assigns, forever, and Trustee does hereby bind itself and its respective successors and assigns, to WARRANT AND FOREVER DEFEND all and singular, the Tax Redemption Rights in the Property, described in the attached Exhibit "A", unto the Owner, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same, or any part thereof by, through, or under Trustee, but not otherwise.

[SIGNATURE PAGE FOLLOWS]

WITNESS THE EXECUTION HEREOF this the __ day of _____, 20__.

City of Austin

By: _____

THE STATE OF TEXAS §

COUNTY OF TRAVIS §

This instrument was acknowledged before me on _____, 20__, by _____, the _____ of the City of Austin, Texas, a home rule city and Texas municipal corporation, on behalf of said city and municipal corporation.

Notary Public, State of Texas

WITNESS THE EXECUTION HEREOF this the ___ day of _____, 20__.

Trustee

By: _____

THE STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on this _____ day of _____, 20__,
by _____ the _____, on behalf of said entity.

Notary Public, State of _____

* Attached description of the Land as **Exhibit A** prior to recording.

After Recording Mail to:

Exhibit "D"

EXHIBIT "E"

ACKNOWLEDGMENT OF ASSUMPTION AND CONVEYANCE OF RIGHT OF REDEMPTION

This Acknowledgment of Assumption and Conveyance of Right of Redemption (this "Acknowledgment and Agreement") is entered into effective, 20_ by _____, a (whether one or more, the "Buyer") in favor of the City of Austin, Texas (the "City") and the Trustee, as such term is defined in the Redemption Agreement (defined below).

RECITALS

A. WHEREAS, Buyer has purchased and acquired certain land described on Exhibit A attached hereto (the "Land"); and

B. WHEREAS, the Land is subject to that certain Agreement Regarding Conveyance of Right of Redemption and Wavier of Agricultural Valuation, dated on or about _____, 2013 (the "Redemption Agreement"); and

C. WHEREAS, pursuant to a the requirements of the Redemption Agreement, it is a condition to the acquisition of the Land that the Buyer execute this Acknowledgment and Agreement and record same in the Real Property Records of Travis County, Texas; and

D. WHEREAS, the purchase price paid by Buyer for the Property was calculated and determined, in part, based upon the benefits and restrictions applicable to the Land and arising in connection with the Redemption Agreement and the other agreements executed in connection therewith and the requirement that Buyer execute this Acknowledgment and Agreement.

NOW, THEREFORE, in consideration of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Buyer hereby represents, warrants and agrees as follows:

1. Buyer acknowledges that the Redemption Agreement continues to affect the Land, and that Buyer has assumed, and Buyer hereby does assume and agree to perform, the obligations of the Landowners (as such term is defined in the Redemption Agreement) under the Redemption Agreement with respect to the Land.

2. Buyer hereby grants, sells, conveys and assigns to the Trustee all rights Buyer and its successors and assigns now have or in the future may have in equity, pursuant to statute, the Constitution of the State of Texas or otherwise to redeem, repurchase or reacquire, following any foreclosure of a tax lien or sale, transfer or conveyance in connection with a tax sale, any portion of the Land that constitutes Exempt Property (as defined in the Redemption Agreement), including, without limitation, any and all rights arising under Section 34.21 of the Texas Tax Code, as amended but excluding any redemption rights arising out of the homestead status of the Property. In the event that the foregoing conveyance is not effective, Buyer hereby absolutely, unconditionally and irrevocably waives, releases, relinquishes and surrenders forever, on behalf of itself and its successors and assigns, and agrees not to assert or exercise any and all rights it now has or in the future may have in equity, pursuant to statute, the Constitution of the State of Texas or otherwise to

redeem, repurchase or reacquire, following any foreclosure of a tax lien or sale, transfer or conveyance in connection with a tax sale, any portion of the Land that constitutes Exempt Property, including, without limitation, any and all rights arising under Section 34.21 of the Texas Tax Code, as amended.

3. Concurrently with the execution and delivery of this Acknowledgment and Agreement, Buyer has executed and has delivered (or will promptly deliver) to the Trustee to be held in escrow a Waiver of Special Appraisal in the form attached as **Exhibit C** to the Redemption Agreement waiving any agricultural use valuation and any right to special appraisal arising based on agricultural use with respect to the Land. Such agreement shall be held in, and released from, escrow in accordance with the provisions of Section 4 of the Redemption Agreement.

EXECUTED to be effective as of the date first above written.

[SIGNATURE PAGES FOLLOW]

BUYER:

THE STATE OF TEXAS §

COUNTY OF §

This document was acknowledged before me on _____, 20 __, by
_____, the _____ of _____,
a _____, on behalf of said entity.

Notary Public in and for the State of TEXAS

* Attached description of the Land as **Exhibit A** prior to recording.

Exhibit "E"