

**CONSENT AGREEMENT
CASCADES MUNICIPAL UTILITY DISTRICT NO. 1**

THE STATE OF TEXAS

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COUNTY OF TRAVIS

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This Consent Agreement (this “Agreement”) is entered into between the **City of Austin, Texas**, a home-rule municipality located in Travis, Hays and Williamson Counties, Texas (“the City”), and **Onion Associates, Ltd., a Texas limited partnership** (the “Developer”), effective as of _____, 2014 (the “Effective Date”). At the organizational meeting of **Cascades Municipal Utility District No. 1** (the “District”), a proposed municipal utility district to be created under the authority of Chapter 8477, Subtitle F, Title 6, Texas Special District Local Laws (the “Enabling Legislation”) and City Ordinance No. _____ (the “Consent Ordinance”), as contemplated by this Agreement, the District will join in and agree to be bound by this Agreement.

INTRODUCTION

The Enabling Legislation became effective on June 14, 2013, and created the District, subject to the consent of the City to the creation. Pursuant to the Consent Ordinance, the City Council of the City has granted its consent to the creation of the District over the 135.796 acre tract or parcel of land more fully described on the attached **Exhibit A** (the “Land”).

As a condition to its consent, the City has required that the Developer and, at the organizational meeting of its Board of Directors, the District enter into this Agreement in order to set forth certain agreements between the City, the Developer, and the District. The City further desires to negotiate and enter into a strategic partnership agreement with the District in order to set forth the terms and conditions of the City’s annexation of the Land and on which the District will continue to exist as a limited district in accordance with Section 43.0751, Texas Local Government Code, and the Enabling Legislation following the City’s full purpose annexation of the Land as provided in Article IV of this Agreement.

The Land will be developed as part of a master-planned, mixed-use community (the “Project”) that will also include approximately 87.8 acres of land within the City’s incorporated city limits and outside of the District, as shown on the attached **Exhibit B**. The Project will include commercial, multi-family, and residential uses, together with park, recreational, and other facilities to serve the community. Because the Project constitutes a significant development that will occur in phases under a master development plan, the Developer and the City wish to enter into this Agreement in order to provide certainty with regard to the regulatory requirements applicable to the Project

and to provide the City with assurance of a superior quality of development for the benefit of the present and future residents of the City and the Project.

Therefore, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I. DEFINITIONS

Section 1.01 Definitions. In addition to the terms defined in the introduction to this Agreement, the following terms and phrases, when used in this Agreement, will have the meanings set out below:

Agreement: This Consent Agreement between the City, the Developer, and the District.

Applicable Rules: The provisions of the City Code and City Rules that are applicable to the Project.

Board: The duly qualified and acting Board of Directors of the District.

Bonds: Bonds, notes, and other indebtedness issued by the District under Article X of this Agreement.

CCN: A certificate of convenience and necessity issued by the Commission.

City Charter: The City Charter of the City.

City Code: The Austin, Texas Code of Ordinances.

City Council: The City Council of the City.

City Manager: The City Manager of the City, or his designee.

City Rules: The administrative rules and technical criteria manuals related to the ordinances contained in the City Code.

Civic Reserve: The areas within the Project reserved by the Developer for Civic Uses in accordance with Section 5.05 of this Agreement.

Civic Reserve Community Center: The community center within the Project that will be owned by the District and the Limited District upon the City's full purpose annexation of the District, in accordance with the SPA.

Civic Uses: A fire Station, the Civic Reserve Community Center and other land uses that relate to educational, governmental, cultural or law enforcement functions and

services or other functions and services that have a high degree of public or social importance.

Commission: The Texas Commission on Environmental Quality or its successor agency.

Constructing Party: The Developer or the District, whichever has contracted for and is causing the construction of any Internal Water and Wastewater Facilities or Major Water and Wastewater Facilities as provided in this Agreement.

County: Travis County, Texas.

Drainage Facilities: Any drainage improvements designed and constructed to serve the Project, or that naturally receive and convey drainage through the Project, including water quality and flood mitigation facilities, storm drain systems, drainage ditches, open waterways, and other related facilities that convey or receive drainage.

Effective Date: August 28, 2014.

EPA: The United States Environmental Protection Agency.

ESD: Travis County Emergency Services District No. 11 or any successor entity created to provide fire protection services to the Land.

Finance Director: The director of the City's finance department, or its successor department within the City.

Impact Fees: Water and wastewater capital recovery fees or impact fees imposed by the City against new development in order to generate revenue for funding or recouping the costs of capital improvements or facility expansions in accordance with State law.

Internal Water and Wastewater Facilities: All water and wastewater improvements, including Reclaimed Water improvements, located within and sized only to serve the Project.

Land: The land contained within the boundaries of the District, currently consisting of the 135.796 acres of land described by metes and bounds on **Exhibit A**, as such boundaries may be revised from time to time in accordance with the terms of this Agreement or otherwise with the consent of the City.

Land Plan: The master development plan for the Land and other land to be developed by the Developer as part of the Project, a copy of which is attached as **Exhibit C**, as amended from time to time, and as superseded and replaced by the PUD, if, as and when the PUD is approved by the City in accordance with this Agreement.

Limited District: Cascades Limited District No. 1, which will be created upon the City's full purpose annexation of the District, in accordance with the SPA.

Limited Purpose Annexation: Annexation by the City for the limited purposes of planning and zoning, as authorized by Article I, Section 7 of the City Charter.

Major Water and Wastewater Facilities: Any water and wastewater improvements, including Reclaimed Water improvements, designed and constructed to serve, in addition to the Project, areas outside of the Project.

Owners Association: A Texas nonprofit corporation that will be created by the Developer to, among other things, enforce Restrictive Covenants and own and operate the OA Amenities.

OA Amenities: Swimming pools, splash pads, community centers other than the Civic Reserve Community Center, and other parks and recreational facilities for the Project and related improvements, land and infrastructure that are owned, operated and maintained by the Owners Association. Drainage Facilities, utility infrastructure, public roads and sidewalks, and other utility or public infrastructure that are owned, operated, and maintained by the District, the City, another governmental entity or a public utility will not constitute OA Amenities.

Parks and Recreational Facilities. Parks, open space, landscaping, parkways, greenbelts, sidewalks, trails, public right-of-way beautification projects, and recreational equipment and facilities, including street and security lighting associated with parks and trails, that are owned, operated and maintained by the District or, after full purpose annexation of the District, the Limited District.

Post-Annexation Surcharge: A surcharge on the City's water and wastewater rates that may be charged to customers within the Land after the full purpose annexation of the District as authorized by Section 54.016(h), Texas Water Code.

PDRD Director: The director of the City's Planning and Development Review Department, or its successor department within the City.

PUD: The Planned Unit Development for the Project, which will provide for a superior quality of development for the Project.

Reclaimed Water: Domestic or municipal wastewater that has been treated to a quality suitable for a Type I Reclaimed Water Use pursuant to the requirements of the Commission under 30 Texas Administrative Code 210 and any other applicable regulatory entities with jurisdiction.

Reimbursement Agreement: An agreement between the District and a developer within the District, including the Developer, that provides for the District's repayment of costs incurred for capital improvements and other costs which are eligible for reimbursement under the rules of the Commission.

Restrictive Covenants: Declarations of covenants, conditions, and restrictions applicable to land within the Project that will be enforced by an Owners Association and not by the District, as provided in Article IX.

Roadway Improvements: The roadways required for the development of the Land.

SPA: The strategic partnership agreement to be negotiated and entered into by the City and the District to provide for the limited purpose and full purpose annexation of the District.

Title 30: Title 30 of the City Code, which establishes the Austin/Travis County Subdivision Regulations, as amended from time to time.

Type I Reclaimed Water Use: The use of Reclaimed Water where contact between humans and the Reclaimed Water is likely.

UIR: A utility infrastructure review.

Utility Director: The director of the Austin Water Utility, or its successor department within the City.

Section 1.02 Developer's Obligations Relating to the Project. Any property that is required to be dedicated by the Developer under this Agreement may be located in the portion of the Project located outside the District's boundaries.

ARTICLE II. CONSENT ORDINANCE; INITIAL DISTRICT BOUNDARIES

Section 2.01 Consent Ordinance; Conditions to Effectiveness. The City, through the Consent Ordinance, has consented to the inclusion of the Land within the District. Anything herein to the contrary notwithstanding, the Consent Ordinance and this Agreement will be void and of no force or effect if (a) an original of this Agreement, executed by the District and the Developer, is not returned to the City on or before August 30, 2014; or (b) the SPA is not negotiated by the City and the District and an original SPA, executed by the District, returned to the City on or before August 30, 2014.

Section 2.02 Public Hearing. The parties confirm that, prior to the execution of this Agreement, the City has conducted a public hearing for the purpose of considering the adoption of this Agreement.

Section 2.03 Other Annexations to District. If the District desires to annex additional territory outside of the Land, such annexation will be subject to City's review and approval, as described in the City Code. The landowner will be required to request and participate in the voluntary Limited Purpose Annexation by the City of the additional territory; to waive the requirements of Sections 43.035, 43.071(e)(1)(b), 43.121(b)(2), and 43.127(a), Texas Local Government Code; to agree to the postponement of the date for full purpose annexation; and to execute any documents reasonably required by the City in connection with such Limited Purpose Annexation.

ARTICLE III. GOVERNANCE

Section 3.01 City-Appointed Board Member. In accordance with the Enabling Legislation, the City will have the right to appoint one member to the District's permanent Board. In making its appointments to the Board, the City will follow the procedure set forth in Section 2-1-4 of the City Code for appointment of a board with fewer than seven members. The City will make its initial appointment and deliver a copy of the resolution setting forth the appointment to the District on or before June 30, 2015. The City's initial appointed Board member will take office at the first Board meeting following the date of his or her appointment. Thereafter, the City will appoint a replacement Board member to fill any vacancy in the City's appointed director position and deliver a copy of the resolution setting forth its appointment to the District within 60 days of the date the vacancy is created. If the City does not provide a resolution to the District setting forth its initial Board member appointment on or before June 30, 2015, or does not provide a resolution approving a replacement Board member appointment within 60 days of the date any vacancy in its appointed director position is created, the City agrees that the remaining members of the Board may fill the vacancy in accordance with Section 49.105(a), Texas Water Code.

Section 3.02 Term Limits for Permanent Directors. No member of the District's permanent Board may serve more than two four-year terms of office.

Section 3.03 Maximum Fees of Office. Notwithstanding any contrary provision of applicable law, no member of the District's Board may receive fees of office for more than 16 days of service in any District fiscal year.

Section 3.04 District Information to be Provided to City.

(a) Agendas. The District agrees to provide a copy of the agenda for each meeting of its Board to the PDRD Director and the Utility Director, in the manner provided in Section 12.01(b), concurrently with the posting of the agenda at the Travis County Courthouse.

(b) Minutes. The District agrees to provide a copy of the minutes of each meeting of its Board to the PDRD Director and the Utility Director, in the manner provided in Section 12.01(b), within 15 business days of the date of approval of such minutes by the Board.

(c) Financial Dormancy Affidavit, Financial Report or Audit. The District agrees to file a copy of its annual financial dormancy affidavit, annual financial report or annual audit of its debt service and general fund accounts, whichever is required under the Texas Water Code, with the PDRD Director and the Utility Director, in the manner provided in Section 12.01(b), within 30 days after approval of each financial dormancy affidavit, financial report or audit by the Board. Any required audit must be prepared by an independent certified public accountant.

(d) Budgets. The District agrees to file a copy of its approved budget for each fiscal year with the PDRD Director and the Utility Director, in the manner provided in Section 12.01(b), within 30 days after approval of such budget by the Board.

Section 3.05 Interlocal Agreements. The District is authorized to enter into interlocal agreements with Travis County and the City for purposes permitted by the Interlocal Cooperation Act, Chapter 791, Texas Government Code; the Enabling Legislation; and this Agreement. Any other interlocal agreements must be submitted to the PDRD Director and the Utility Director and will be subject to their review and approval prior to execution, which approval will not be unreasonably withheld, conditioned or delayed. The PDRD Director and the Utility Director will timely review all interlocal agreements submitted under this Section and either approve them or provide written comments specifically identifying any changes required for approval within 45 days of receipt.

Section 3.06 Other Contracts. The District will not, without the prior approval of the PDRD Director and the Utility Director, enter into any service contracts with terms that would extend beyond the date of the City's full purpose annexation of the District and (a) that require the payment of a termination fee upon their termination or (b) that are not terminable upon 60 days' notice or less. The prohibition contained in the preceding sentence will not apply to contracts with utility providers or contracts that will be assumed by the Limited District after full purpose annexation. The PDRD Director and the Utility Director will timely review all contracts submitted under this Section and either approve them or provide written comments specifically identifying any changes required for approval within 45 days of receipt.

Section 3.07 District Property. The District may not sell, convey, lease, mortgage, transfer, assign or otherwise alienate any of its water, Reclaimed Water, or wastewater facilities or other District property, including any facilities or property deemed to be surplus, to any third party other than the City without the prior approval of the City Manager, which approval will not be unreasonably withheld, conditioned or delayed. The foregoing prohibition will not apply to the District's disposal or recycling of equipment or material that has passed its useful life or the grant of easements necessary in connection with the development of the Project, for which no approval will be required.

Section 3.08 City Services. The City will not provide City services other than services related to planning and zoning (including environmental quality); enforcement of planning and zoning regulations (including environmental regulations); retail water, Reclaimed Water, and wastewater services; solid waste services; and other services that the City agrees to provide under separate contract with the District or the Developer to any area within the District boundaries prior to the City's annexation of such land for full purposes.

ARTICLE IV. STRATEGIC PARTNERSHIP AGREEMENT; POST-ANNEXATION SURCHARGE

Section 4.01 Strategic Partnership Agreement. At the organizational meeting of the District's Board, the Board will authorize the negotiation and execution of a SPA setting forth the terms and conditions of the City's annexation of the Land and the terms and conditions upon which the District will be converted to a the Limited

District and continue to exist following the City's full purpose annexation of all of the land within the District in accordance with Section 43.0751, Texas Local Government Code, and the Enabling Legislation. The SPA must be approved by the District and an original, executed by the District, returned to the City on or before August 27, 2014.

Section 4.02 Election on Operation and Maintenance Tax for the Limited District. Concurrently with the District's confirmation election, which will be held as required by the Enabling Legislation, the District must conduct an election on a proposition to authorize the Limited District to levy an operation and maintenance tax, as authorized by Section 49.107, Texas Water Code, to provide funds to operate the Limited District and to operate and maintain the facilities of the Limited District following full purpose annexation of the District. The District agrees that it may not issue bonds until this proposition has been submitted to and approved by the voters within the District.

Section 4.03 Post-Annexation Surcharge. After the date the District is annexed by the City for full purposes, the City may charge customers within the District a Post-Annexation Surcharge, as permitted by Section 54.016(h), Texas Water Code, to compensate the City for its assumption of the obligations of the District, provided that, at the time of annexation, at least 90% of the facilities for which District Bonds are authorized have been installed. The District agrees that at least 90% of the facilities for which District Bonds are authorized will be installed on or before December 31, 2024. If 90% of such facilities are not installed by that date, then the City will have the right to revoke the District's authority to issue its remaining authorized but unissued Bonds and to proceed with annexation of the District for full purposes at any time thereafter. For purposes of this Section, 90% of the facilities for which District Bonds are authorized will be deemed to have been installed when such facilities required to serve 90% of the Land have been constructed. The Post-Annexation Surcharge will be calculated based on the criteria and in accordance with the formula attached as **Exhibit D**. The Post-Annexation Surcharge may be charged and collected by the City, in addition to the City's water and sewer rates, until the bonded indebtedness of the District has been retired or for a period of 30 years after the date of full purpose annexation of the District, whichever occurs first. The City will have the right to recalculate the amount of the Post-Annexation Surcharge if necessary to compensate the City for additional outstanding obligations of the District assumed by the City or if the variables used to calculate the Post-Annexation Surcharge change, and such recalculated surcharge may be charged and collected as provided herein. The provisions of this Section will be disclosed at closing to each purchaser of land within the District. The parties agree that the formula set forth on **Exhibit D** meets the requirements of Section 54.016(h)(4), Texas Water Code.

ARTICLE V. SUPERIOR DEVELOPMENT; DEVELOPMENT RIGHTS

Section 5.01 Development in Accordance with Land Plan and PUD. The City hereby confirms its approval of the Land Plan, including the land uses and densities shown on the Land Plan. The Land Plan will be effective until the City has approved the PUD, which approval will be subject to the terms of the City Code and this

Agreement and will be within the City's sole discretion. Upon City approval of the PUD, the PUD will supersede and replace the Land Plan. The City and the Developer acknowledge that changes to the Land Plan may become desirable due to changes in market conditions or other factors. Variations of a preliminary plat or final plat from the Land Plan that do not increase the overall density of development of the Land will not require an amendment to the Land Plan. Minor changes to street alignments, lot line locations, or lot sizes that do not result in an increase in the total number of lots within the Land will not require an amendment to the Land Plan. Changes to the location of Civic Uses may be approved administratively. Other changes to the Land Plan and all changes to the PUD will be subject to review and approval by the City in accordance with the process set forth in the City Code, which approval will not be unreasonably withheld, conditioned or delayed.

Section 5.02 Applicable Rules; Application of Title 30. The Developer will be entitled to take advantage of all rights conferred under Chapter 245, Texas Local Government Code, without forfeiting any rights under this Agreement. Except as specifically modified by this Consent Agreement, all development shall comply with development regulations in effect at the time of application. If there is any conflict or inconsistency between the requirements of this Agreement and the provisions of Title 30, the provisions of Title 30 will control over any conflicting or inconsistent requirement of this Agreement.

Section 5.03 Planned Unit Development. The Developer agrees to prepare and submit a proposed PUD for the Land for the City's review and consideration in accordance with the City Code and this Agreement. The PUD will include the uses shown on the Land Plan and a variety of housing types and prices. The PUD will provide for a compact, connected community in accordance with the City's comprehensive plan and will meet the superior development standards contained in this Agreement. PUD Tier Two superiority criteria included in this Agreement will be considered in the City Staff's recommendation and will be given consideration in the deliberation of the PUD. Additional cost participation that exceeds the requirements set forth in this Agreement and the Applicable Rules will not be required as a condition to approval of the PUD. The Developer acknowledges that the densities and land uses reflected on the Land Plan are not guaranteed levels of development. The City Staff has recommended that the Land be initially zoned according to the land uses shown on the Land Plan. The Developer agrees that it will apply for this initial zoning as a part of its application for approval of the PUD. The I-RR zoning category would be established as only an interim category for purposes of the City's Limited Purpose Annexation of the District and will not be utilized to establish baseline zoning for the PUD. Until the PUD is approved by the City, the City will not be required to issue any site development permits for any portion of the Land other than permits consistent with this interim category and the terms of this Agreement. A reference to this Agreement will be included on the face of all preliminary plans covering portions of the Land. If, as, and when the City approves the PUD, the PUD zoning will supersede and replace the Land Plan, which will be of no further force or effect.

Section 5.04 Development and Construction Standards. The Developer agrees that all development, construction, and infrastructure within the

District will comply with City design standards, specifications, and requirements in effect at the time of permit application, unless otherwise provided in this Agreement or approved by the City. The Developer agrees that the Restrictive Covenants for the Land will require that all buildings within the District be constructed in a manner sufficient to achieve a two star rating under the City's Austin Energy Green Building Program using the applicable ratings versions in effect at the time the ratings applications are submitted for individual buildings. The Developer also agrees that the Restrictive Covenants will require that toilets, bathroom sink faucets and shower heads that are labeled as meeting the standards of the EPA WaterSense program, or a comparable program approved by the Developer and the City, be installed in all residential buildings within the District and that all residential irrigation system components are certified as meeting the standards of the EPA WaterSense program, or a comparable program approved by the Developer and the City, or, if the EPA WaterSense program ceases to exist, that such fixtures and irrigation system components be labeled, certified or approved through a comparable program established or approved by the EPA or the City.

Section 5.05 Civic Uses. The Developer agrees to provide land for Civic Uses as described on the attached **Exhibit E**.

Section 5.06 Drainage Facilities and Environmental Protection. The Land will be developed with an integrated storm water system and enhanced regional water quality system that will comply with City Code and the requirements set forth on the attached **Exhibit F**. Because the Drainage Facilities within the District will be owned, financed, operated and maintained by the District and not the City, customers and developers within the District will not be assessed any City drainage or water quality fees or charges prior to full purpose annexation. Upon full purpose annexation, the City will assume the responsibility for maintenance of all Drainage Facilities and all standard City drainage fees will apply.

Section 5.07 Tree and Landscaping Requirements. The Developer will comply with the City's Tree Preservation Ordinance, Protected and Heritage Tree, and the minimum landscape requirements of Chapter 25 of the Land Development Code for the entirety of the Project and meet the minimum landscaping requirements for the Land set forth on the attached **Exhibit G**.

Section 5.08 Fire Protection. The Developer agrees to donate a fire station site containing two net buildable acres to the City. The location of the site within the Project will be determined by mutual agreement of the Developer and the Austin Fire Department during the PUD process. The City agrees that the Developer may, in the future, relocate the initially designated fire station site to another site within the Project, subject to agreement by the Austin Fire Department.

Section 5.09 Transportation. Subject to Title 30 and the County's agreement to accept the roadway, sidewalk and bicycle lane improvements described on **Exhibit H**, the Developer agrees to comply with the transportation requirements attached as **Exhibit H**. The City and the Developer acknowledge that certain of the transportation-related requirements set forth on **Exhibit H** are subject to the

procedures and approvals contained in Title 30 and agree that, if any such requirements are not approved as set forth in Title 30 or the County declines to accept any proposed improvements for operation and maintenance, those requirements or improvements will be deleted from and will not be required under this Agreement. The foregoing notwithstanding, the City and the Developer will act in good faith and cooperate to support all of the transportation requirements set forth on **Exhibit H**.

Section 5.10 Building and Urban Design. The Developer agrees that the design standards set forth on the attached **Exhibit I** will be included in the PUD and shown on the face of all preliminary plans covering property within the District.

Section 5.11 Art in Public Places. The Developer agrees to participate in the City's Art in Public Places Program as provided in the attached **Exhibit J**.

Section 5.12 Affordable Housing. The Developer will support the City's affordable housing goals and programs as provided in the attached **Exhibit K**.

ARTICLE VI. WATER AND WASTEWATER FACILITIES AND SERVICES

Section 6.01 City To Provide Retail Water and Wastewater Utility Services. The City will be the sole provider of retail water and wastewater services within the District and will provide water and wastewater service to customers within the District in the same manner and on the same terms and conditions as the City provides service to retail customers inside its corporate limits. Except as otherwise provided in this Agreement, the City's standard water and wastewater rates, charges, and other fees, including engineering review and inspection fees, that are applicable within the City's corporate limits will be applicable to facilities constructed, connections made, and services provided within the District. The City's Impact Fees applicable to areas within the City's extraterritorial jurisdiction will be applicable to development within the District. The foregoing notwithstanding, the City acknowledges that it would not be equitable for the District or the Developer to construct and fully finance the water and wastewater facilities under this Agreement and to also pay costs associated with the same facilities through Impact Fees. Accordingly, if costs of any Internal Water and Wastewater Facilities and/or Major Water and Wastewater Facilities (other than costs associated with replacement or refurbishment) are, now or in the future, included in the City's Impact Fees, the City agrees that, until the full purpose annexation of the District, the Developer will receive a credit, which may only be applied to Impact Fees payable for development within the Project, against the City's Impact Fees in an amount equal to the portion of the cost of Internal Water and Wastewater Facilities and/or Major Water and Wastewater Facilities included in the Impact Fees. All fees, rates, and charges for water and wastewater service will be billed and collected by the City. The District will not contract with any retail public utility other than the City for water or wastewater services and will not provide any retail or wholesale water or wastewater services.

Section 6.02 Service Level. The City agrees and commits to provide water and wastewater service in the time and manner required for the full build-out of all of the land within the Project. The City agrees to provide written confirmation of the

availability of service upon the District's request if required in connection with any District bond sale.

Section 6.03 Responsibility for Design, Financing and Construction. Unless otherwise specifically provided in this Agreement, the District or the Developer will design, finance, construct, and convey to the City all Internal Water and Wastewater Facilities required to provide retail water and wastewater services to the District. The Developer or the District will also design, finance, construct, and convey to the City the Major Water and Wastewater Facilities required to serve the Project as set forth on the conceptual utility plan attached as **Exhibits L-1 and L-2**, as amended from time to time, in accordance with the attached **Exhibit M**. As indicated on **Exhibit M**, certain facilities depicted on **Exhibits L-3 and L-4** will only be required if the Buratti Tract identified in Exhibits L-3 and L-4 is added to the District; therefore, in the event of a conflict between **Exhibits L-1, L-2, L-3, L-4** and **Exhibit M**, **Exhibit M** will control. All Internal Water and Wastewater Facilities and Major Water and Wastewater Facilities will be bid in accordance with the requirements applicable to the District under the rules of the Commission and Chapters 49 and 54, Texas Water Code. If, in the future, the City cost participates with the District or the Developer in any oversized water or wastewater facilities not currently contemplated by this Agreement, those facilities will be bid in accordance with applicable City requirements.

Section 6.04 Utility Planning and Phasing. The City approves the conceptual plan for the type, sizing, and alignment of the Major Water and Wastewater Facilities required for the full-build out of the Project and, if applicable, the Additional Project Area, shown on the conceptual utility plan attached as **Exhibits L-1, L-2, L-3 and L-4**, including the oversizing and cost participation by the Developer described on **Exhibit M**. The conceptual utility plan has been developed and approved by the Developer and the City based on current conditions and anticipated future utility requirements. If, in the future, the City's or the Developer's requirements change, changes to **Exhibits L-1, L-2, L-3, L-4 and M** that are acceptable to the Developer, the District, and the Utility Director may be approved administratively by the Utility Director on behalf of the City. For each phase of development, the Constructing Party will be required to submit a UIR that is consistent with **Exhibits L-1, L-2, L-3, L-4 and M**, as amended from time to time. In conjunction with each UIR, the Constructing Party will provide the Utility Director with all information pertaining to the related phase of development that is necessary for the Utility Director to confirm the level of service and the appropriateness of the type, sizing, and alignment of the water and wastewater infrastructure. The City agrees that no fees will be required for filing or processing any UIR under this Section. The Utility Director will timely review all UIRs submitted under this Section and either approve them or provide written comments specifically identifying the changes required for approval within 90 days of receiving a complete UIR from the Constructing Party. The City will utilize the infrastructure constructed pursuant to each approved UIR to provide service to the related phase of development at the requested level of service. The City will not require that the Developer or the District to oversize any Internal Water and Wastewater Facilities or to finance or construct any Major Water and Wastewater Facilities in addition to those identified on **Exhibits L-1, L-2, L-3, L-4 and M**, as amended from time to time, for

any phase of development unless (a) the Developer or the District has materially modified its requested level of service in a manner that would reasonably require additional Major Water and Wastewater Facilities; or (b) the City has identified oversizing requirements other than those set forth on **Exhibits L-1, L-2, L-3, L-4 and M**, as amended from time to time, in its response. If subsection (b) of the preceding sentence of this Section applies, the City agrees to pay the cost of such additional oversizing in accordance with City ordinances.

Section 6.05 Design of Water and Wastewater Facilities; Points of Connection. All water and wastewater facilities required to serve the Project will be designed in accordance with applicable City requirements and design standards as well as any applicable regulations of other governmental entities with jurisdiction. The plans and specifications for such facilities will be subject to review and approval by the City prior to the commencement of construction, and the City will collect all applicable fees in accordance with its policies and procedures, subject to the terms of this Agreement. The sizing and routing of all such facilities will be consistent with **Exhibits L-1, L-2, L-3 and L-4**. The initial points of connection are shown conceptually on **Exhibits L-1, L-2, L-3 and L-4**. All other points of connection to the City's water and wastewater system will be subject to approval by the City.

Section 6.06 Easements and Land. All Internal Water and Wastewater Facilities to the customer side of the meter will be constructed within dedicated utility easements or public rights-of-way, and all required easements will be dedicated to the City, on forms approved by and at no cost to the City, upon the City's approval of construction plans for the facilities or a final plat for the land within which the facilities will be constructed, whichever occurs first. Land and easements required for Major Water and Wastewater Facilities will be conveyed to the City, in lengths and widths that are consistent with the City's Utility Design Criteria and this Agreement, on forms approved by the City and at no cost to the City, upon the City's approval of construction plans for the facilities or a final plat for the land within which the facilities will be constructed, whichever occurs first, but the Developer will be entitled to reimbursement for such lands and easements from the District as permitted under the rules of the Commission, except as otherwise provided in Section 10.12. The Developer and the District agree to use reasonable, good faith efforts to acquire all easements required for Major Water and Wastewater Facilities located outside the Project through negotiation; however, if the Developer and the District are unable to obtain any required easement by agreement, the City agrees, upon request, to promptly request City Council approval to acquire the easement in question utilizing the City's power of eminent domain and, upon such approval, to promptly initiate and diligently pursue the condemnation of the easement in question. If the Developer and/or the District are unable to obtain any required easement outside of the Project by negotiation and the City Council does not approve proceeding with condemnation of that easement within 120 days of the Developer's or the District's written request that the City staff initiate a Council action item for such condemnation, then the parties agree the easement in question will be deemed to be an easement that cannot be secured and the Developer or the District may request approval of an alternative routing for the facility in question. The City agrees that its approval of such alternative routing will not be unreasonably withheld, conditioned or delayed. The City's actual and reasonable cost of acquiring any required

easement by eminent domain, if the City Council elects to do so, will be reimbursed by the Developer within 30 days of receipt of an invoice, including all supporting documentation, from the City. The Developer will be entitled to reimbursement by the District for all costs paid by the Developer for offsite easement acquisition as permitted by the rules of the Commission.

Section 6.07 City's Reimbursement and Cost Participation Policies; Oversizing. To the extent the City requires that any Internal Water and Wastewater Facilities be oversized to serve areas outside of the Project, requires any Major Water and Wastewater Facilities to be oversized beyond what is indicated on **Exhibits L-1, L-2, L-3, L-4 and M**, or requires that any easements for Major Water and Wastewater Facilities or Internal Water and Wastewater Facilities be sized for facilities larger than or in addition to the facilities required to serve the Project or set forth on **Exhibits L-1, L-2, L-3, L-4 and M**, the City will reimburse the Developer for such easements and oversizing in accordance with City ordinances.

Section 6.08 Major Water and Wastewater Facilities. All Major Water and Wastewater Facilities will be constructed in phases as development occurs and will be extended through each tract within the Project that is being developed to the boundary of any adjacent, undeveloped land within the Project in order to allow service to be extended in an orderly and consistent manner to the adjoining land at the time it is developed. The phasing plan for any Major Water and Wastewater Facilities will be subject to approval of the Utility Director, which approval will not be unreasonably withheld, conditioned, or delayed as long as it is consistent with the Developer's development plan. The District and the Developer agree to cooperate with the City in order to assure that Major Water and Wastewater Facilities in which the District participates are extended in a manner that does not result in the City becoming responsible for the completion of any Major Water and Wastewater Facilities after full purpose annexation of the District. If the Developer sells any tract out of the Project prior to (a) recordation of a final subdivision plat covering such tract and (b) dedicating all of the easements required to extend the Major Water and Wastewater Facilities through that tract as provided in **Section 6.06**, above, the Developer will, prior to the closing of such sale, either (a) convey the easement or easements in question to the City as provided in **Section 6.06**, or (b) convey the tract subject to a restrictive covenant, in the form attached as **Exhibit N**, which requires the purchaser to donate the easement or easements in question as provided in that Section. If the Developer conveys any tract in violation of this provision, the City, at its sole discretion, may withhold water and wastewater service to the tract until the required easement is conveyed or restrictive covenant is recorded or may pursue any other remedy available to the City for a default by the Developer under this Agreement.

Section 6.09 Construction by City. The City reserves the right, at its discretion, to construct or require a third party to construct any portion of the Major Water and Wastewater Facilities. The City will notify the Developer and the District of its intention to do so, however, and no construction by the City or a third party will be permitted if it would materially impair the construction of Major Water and Wastewater Facilities or Internal Water and Wastewater Facilities by the Developer or the District, or materially delay the availability of service to the Project.

Section 6.10 Commencement of Construction; Notice; Inspections.

Following City approval of the plans and specifications for each water and wastewater utility project and prior to the commencement of construction, the Constructing Party will give written notice to the Utility Director in order to allow the City to assign an inspector. The City will inspect all Major Water and Wastewater Facilities and Internal Water and Wastewater Facilities for compliance with the approved plans and specifications. The City will also, for each connection, conduct the series of plumbing inspections required by the Texas Plumbing License Law and issue a customer service inspection certificate when all inspections are satisfactorily completed. The City will provide the inspections contemplated by this Section for the standard fees charged by the City for inspections inside the City limits, which fees will be collected by the City from the customer requesting the inspection. The City will retain copies of all inspection reports for the City's applicable records retention period, and provide them to the District upon request.

Section 6.11 Record Drawings. The Constructing Party will provide one set of record drawings of all Internal Water and Wastewater Facilities and Major Water and Wastewater Facilities that it constructs to the City, at no cost to the City. The Constructing Party will use good faith efforts to obtain and furnish such drawings within 30 days of approval of the final pay estimate for each project.

Section 6.12 Conveyance to City; Ownership, Operation, and Maintenance of Internal Water and Wastewater Facilities and Major Water and Wastewater Facilities. Following a Constructing Party's completion of any Major Water and Wastewater Facilities or Internal Water and Wastewater Facilities and the City's issuance of a letter to the Constructing Party confirming acceptance of such facilities, the Constructing Party will promptly convey those facilities to the City, on forms approved by and at no cost to the City, subject to the City's obligation to provide service to the land within the Project as provided in this Agreement. Any failure of a Constructing Party to promptly convey facilities as required in this Section will constitute a default by the Constructing Party under this Agreement. The Constructing Party will also assign all contract rights, warranties, guarantees, assurances of performance, and bonds related to the facilities conveyed to the City, at no cost to the City and on forms approved by the City. The City agrees that its acceptance of facilities and the related assignments will not be unreasonably withheld, conditioned, or delayed as long as the facilities have been constructed in accordance with the plans approved by the City and all outstanding "punch list" items have been resolved. Upon any such conveyance and acceptance, the City agrees to operate and maintain such facilities to provide service to the land within the Project in accordance with this Agreement. Conveyance will not affect the Developer's right to reimbursement from the District for the cost of any facilities or capacity in facilities constructed or financed by the Developer.

Section 6.13 Availability of Service. The City agrees to provide service as required for development within the Project including water service at flow rates and pressures sufficient to meet the minimum requirements of the Commission and provide sufficient fire flows. The Developer and the District agree that the City may use the Major Water and Wastewater Facilities and Internal Water and Wastewater Facilities to

serve third parties, so long as such use does not impair the City's commitment of and ability to provide water and wastewater service to the Project as and when required. The City further agrees that, upon the payment of the City's Impact Fees as required by this Agreement, the City will guarantee the District service from the City's water and wastewater utility system for the Land as requested in accordance with the applicable UIR and this Agreement.

Section 6.14 Water Conservation. The District will comply with the City's Water Conservation Ordinance, as amended from time to time.

Section 6.15 Fire Hydrants. The City will maintain any fire hydrants that are a part of the public water system serving the Project and are conveyed to the City. The Developer agrees that the Restrictive Covenants will require that any privately-owned fire hydrants, such as those located within commercial developments, including apartment complexes, located outside of a water easement dedicated to the City will be owned, operated, and maintained by the owner of the property on which the hydrants are located. The Restrictive Covenants will also require that commercial property owners perform maintenance of all privately-owned fire hydrants on their property in accordance with the City's maintenance recommendations applicable to City-owned fire hydrants. The City agrees to include a note on the construction plans for any commercial property within the Project that identifies any fire hydrants on that property that will be owned and must be maintained by the property owner. The City will have no responsibility for maintenance of privately-owned hydrants, but may require the reservation of appropriate easements on all properties on which privately-owned fire hydrants will be located in order to assure access to the fire hydrants for fire-fighting purposes.

ARTICLE VII. OTHER UTILITIES AND SERVICES

Section 7.01 Generally. The Developer will have the right to select the providers of cable television, gas, telephone, telecommunications, and all other utilities and services not specifically covered by this Agreement, or to provide "bundled" utilities within the Land.

Section 7.02 Street Lighting. The Developer will construct street lighting within the boundaries of the District in compliance with applicable City standards. The District will operate and maintain the street lighting within its boundaries until the District is annexed by the City for full purposes.

Section 7.03 Solid Waste and Recycling Service. The City will be the sole provider of residential solid waste services, as defined in Chapter 15-6 of the City Code, within the District. The District will contract with the City to provide solid waste services to all of the District's residences. The City will provide solid waste services to the District's residences for the same rates, in the same manner and on the same terms and conditions that the City provides solid waste services to residences located within the City limits. The City's charges for solid waste services will be included on the City's

regular monthly water and wastewater bills to customers within the District and the District will have no liability for such charges.

ARTICLE VIII. PARKS AND RECREATIONAL FACILITIES AND OTHER COMMUNITY AMENITIES

Section 8.01 Park Plan. The Project will be developed as a master-planned community with parkland, open space, greenbelts, trails, and park improvements. The Developer will prepare a park facilities plan acceptable to the City in its sole discretion for the Project that will identify the Parks and Recreational Facilities that will be owned and operated by the District and the OA Amenities that will be owned and operated by the Owners Association. A copy of the plan will be provided to the Parks and Recreation Department Director at least 60 days before the Board meeting at which the District will consider approval of the plan. The Developer and the District agree that any design or construction plans related to the park and open space land within the Project will be subject to approval by the City.

Section 8.02 ADA Compliance. The Parks and Recreational Facilities for the Project will be designed to comply with the accessibility requirements of the Americans with Disabilities Act and will meet any applicable consumer product safety standards.

Section 8.03 Project Park Requirement. The Developer agrees to provide the park and open space land improvements and to make the fee-in-lieu payment described on the attached **Exhibit O** in satisfaction of all park and open space requirements for the Project. The foregoing notwithstanding, if any additional land is annexed to the District, then additional parkland dedication requirements will be applicable for that additional land.

Section 8.04 Ownership, Operation and Maintenance of Parks and Recreational Facilities. Except for property to be dedicated to the Owners Association or dedicated to or reserved for the City or another governmental entity under this Agreement, the Developer will dedicate all Parks and Recreational Facilities located within the Project to the District for ownership, operation, and maintenance. All pool facilities and amenity centers other than the Civic Reserve Community Center will be OA Amenities. The Civic Reserve Community Center will be owned and maintained by the District. The District agrees not to convey or transfer any Parks and Recreational Facilities to the Owners Association without the approval of the City. The District agrees to operate and maintain the Parks and Recreational Facilities conveyed to it in a good state of repair and in a manner so as not to create a nuisance or danger to the public health and safety. The City will have no obligation to operate or maintain the Parks and Recreational Facilities dedicated to the District.

ARTICLE IX. RESTRICTIVE COVENANTS; LIMITATION ON DISTRICT POWERS; DUTIES OF OWNERS ASSOCIATION

Section 9.01 Restrictive Covenants. The Developer will impose Restrictive Covenants on all of the Land within the Project in order to assure high quality development and high quality maintenance of all improvements constructed for the benefit of the community that are not maintained by a public entity. The Restrictive Covenants, which will include any provisions specifically required by this Agreement, will be enforced by the Owners Association. Any Restrictive Covenants to be imposed on property owned or to be conveyed to the District will be subject to the review and approval of the PDRD Director prior to recordation, which approval will not be unreasonably withheld, conditioned or delayed.

Section 9.02 Limitation on District Powers. The District agrees that it will not have or exercise the power to enforce Restrictive Covenants nor the power to own, finance, construct, or maintain any OA Amenities. All OA Amenities will be conveyed to and be owned, operated, and maintained by the Owners Association and not the District.

Section 9.03 Creation of Owners Association by the Developer. The Developer agrees to cause the Owners Association to be created as a Texas nonprofit corporation on or before the date the first subdivided lot within the District is sold to a third-party purchaser. This agreement of the Developer will constitute a covenant running with the Land, and will be binding upon the Developer and its successors and assigns until such time as the Owners Association is duly incorporated and notice of the creation is provided to the City and recorded in the Official Public Records of Travis County, Texas.

Section 9.04 Membership in and Duties of the Owners Association. The owners of all developed lots within the Project (other than the Owners Association, the District and/or Limited District, and any other public utility or public entity owning property within the District, including the City and/or Travis County), will be required to be members of the Owners Association under the terms of the Restrictive Covenants. The Owners Association will be granted assessment powers and lien rights under the Restrictive Covenants. The Owners Association will be obligated, among other duties, to enforce the Restrictive Covenants in order to maintain property values in the District and to accept all OA Amenities constructed by the Developer within the Project for ownership, operation, and maintenance. The Owners Association will be required, under the terms of the Restrictive Covenants, to levy assessments sufficient to pay all capital, operations and maintenance expenses associated with the OA Amenities.

ARTICLE X. FINANCIAL AND BONDS

Section 10.01 Tax Rate. The District agrees that, unless otherwise approved in writing by the City Council, the District's total annual ad valorem tax rate must equal or exceed the City's annual ad valorem tax rate. The District agrees to adopt its annual tax rate in compliance with the legal requirements applicable to municipal utility districts, to report the tax rate set by the District each year to the District's tax assessor/collector and to perform all acts required by law for its tax rate to be effective.

Section 10.02 District Fees. The District agrees that the City will be exempt from, and will not be assessed, any District fees.

Section 10.03 Authority to Issue Bonds. The District will have the authority to issue Bonds:

(a) for the purchase, construction, acquisition, repair, extension, and improvement of land, easements, works, improvements, facilities, plants, equipment, and appliances, undivided interests in facilities, and/or contract rights, necessary to:

- (1) provide a water supply for municipal uses, domestic uses, and commercial purposes;
- (2) collect, transport, process, dispose of, and control all domestic, industrial, or communal wastes whether in fluid, solid, or composite state (other than solid waste, as defined in Chapter 15-6 of the City Code); and
- (3) gather, conduct, divert, and control local storm water or other local harmful excesses of water in the District;

(b) to pay expenses authorized by Section 49.155, Texas Water Code, as amended;

(c) to develop and maintain Parks and Recreational Facilities as authorized by Subchapter N of Chapter 49 (Sections 49.461, et seq.), Texas Water Code, as amended;

(d) to develop, construct and maintain the Civic Reserve Community Center; and

(e) in accordance with the Enabling Legislation, to design, acquire, construct, and finance Road Improvements.

The District must issue its Bonds for the purpose of financing reimbursable expenses under Section 49.155, Texas Water Code, and the cost of purchasing, acquiring or constructing water, wastewater, and drainage facilities, interests in facilities, and/or contract rights prior to or simultaneously with issuance of Bonds for any other purpose. The City agrees that the District may issue its Bonds to finance, pay or reimburse 100% of all costs and expenses that it is authorized to finance, pay or reimburse under applicable rules of the Commission, and any conflicting, inconsistent or limiting provisions of Ordinance No. 810819-E, other City ordinances, or any other Applicable Rules are hereby waived.

Section 10.04 Maximum Amount of New Money Bonds. The District agrees that the total principal amount of new money Bonds that may be authorized for issuance by the District may not, without City Council approval, exceed \$36,900,000 if

the Buratti Tract identified in Exhibits L-3 and L-4 is not included in the District or, \$79,800,000 if the Buratti Tract identified in Exhibits L-3 and L-4 is included in the District. This total principal amount of Bonds will be exclusive of the principal amount of any authorized refunding Bonds. At such time as the District canvasses the results of its bond election, it will provide a copy of the Board's order canvassing the returns of such election to the City.

Section 10.05 Timing of Issuance; Amortization Period; Maturities.

In order to provide the City with some assurance as to the timing of the District's issuance and retirement of its debt, the District will use good faith efforts, subject to market conditions and sufficient existing tax base, to sell its last issue of Bonds on or before December 30, 2024. If the District fails or is unable to do so, the City will have the authority to revoke the District's authority to issue its remaining authorized but unissued Bonds and to proceed with annexation of the District for full purposes. All Bonds must be amortized over a period that does not exceed 15 years from the date of issuance, each issue of Bonds must be structured so that substantially level debt service requirements will be maintained throughout the amortization period of the issue, and each Bond issue must include an optional redemption date no later than 10 years after the date of issuance. These requirements may only be modified if the modification is approved in writing by the Finance Director following receipt of a written application from the District, setting forth the justification for the requested modification. The Finance Director will have no obligation to approve any such application.

Section 10.06 Notification for Bond Reviews. The District agrees to include the terms and conditions of this Agreement related to bond issuance in each application for the approval of the issuance of Bonds. The Developer agrees that it will not request reimbursement of and the District agrees it will not request authorization to reimburse any expenses not authorized by this Agreement.

Section 10.07 Notice to City. The District agrees to give notice to the City of its intention to issue Bonds by filing the information described in this Section with the Finance Director.

Section 10.08 Bonds Requiring Commission Approval. The District must give written notice to the Finance Director at the time the District submits any application to the Commission for approval of the issuance of Bonds.

Section 10.09 Refunding Bonds. In connection with: (a) an advance refunding that (i) has a final maturity no longer than the final maturity on the obligations refunded, (ii) will achieve a net present value savings in an amount consistent with the City's financial policies for City refundings, and (iii) has savings that are substantially or fairly uniform over each maturity being refunded; or (b) a current refunding that (i) has a final maturity no longer than the final maturity on the refunded obligations, (ii) will achieve a net present value savings, and (iii) has savings that are substantially or fairly uniform over each maturity of obligations being refunded, no prior notice to or City review or approval will be required; however, the District must deliver a certificate from its financial advisor that demonstrates that the proposed refunding will comply with this Section at least three business days before execution of

the purchase agreement for the refunding and must deliver evidence of its compliance with the requirements of this Section to the City within three business days after the execution of the purchase agreement for the refunding.

Section 10.10 City Review and Approval. Upon Commission approval of any issuance of Bonds, the District must submit a copy of its application to the Commission including the engineering report and projected debt service schedule, a copy of the Commission order approving the issuance of the Bonds, and any other information reasonably required by the PDRD Director to the City for review. The City's approval of any District Bond issue will not be unreasonably withheld, conditioned or delayed. The City will have the right to disapprove any proposed Bond issue only if the District or the Developer is not in compliance with any material term of this Agreement or the SPA. If the District is requested to provide evidence of compliance with this Section 10.10 at the time of the sale of its Bonds, the City agrees that the PDRD Director will be authorized to and will provide written confirmation of City approval to the District promptly upon the District's request.

Section 10.11 Other Funds. The District may use funds obtained from any available, lawful source to acquire, own, operate, and maintain its facilities, as well as to accomplish any purpose or to exercise any function, act, power, or right authorized by law and not prohibited by this Agreement. Such funds may include revenues from any of the systems, facilities, properties, and assets of the District that are not otherwise committed for the payment of indebtedness of the District; maintenance taxes; loans, gifts, grants, and donations from public or private sources; and revenues from any other lawfully available source.

Section 10.12 Expenses Not Eligible for Reimbursement. A District Bond issue may not include more than two years of capitalized interest. Proceeds from a District Bond issue may not be used to reimburse a developer for more than two years of developer interest or land costs for the following:

- (a) Easements for water and wastewater facilities within the boundary of the District that are granted to the City;
- (b) Sites for lift stations, pump stations, and other above-ground water and wastewater infrastructure located within the boundary of the District that are conveyed to the City, except for sites for Major Water and Wastewater Facilities that are eligible for reimbursement under the rules of the Commission; and
- (c) Sites for fire and emergency services stations, and library buildings.

Section 10.13 District Debt Service Tax. The District agrees to levy a tax to pay debt service on the District's Bonds in accordance with the terms of each resolution or order approving the issuance of its Bonds in each year while such Bonds are outstanding until the full purpose annexation of the District. All debt service tax revenues will be maintained in a separate account or accounts from the District's

general operating funds. The District will require that its bookkeeper provide an accounting allocation of the debt service fund among the various categories of bonded facilities in order to simplify the City's internal allocation of the debt service fund following the full purpose annexation of the District and transfer of the fund to the City.

Section 10.14 Assumption of the District's Outstanding Obligations, Liabilities, and Assets Upon Full Purpose Annexation. Upon the City's full purpose annexation of the District, the District's outstanding obligations, indebtedness, other liabilities, and assets will be transferred and assumed as provided in the SPA.

Section 10.15 Reimbursement Agreements; Payment to Developer Following Full Purpose Annexation. The District agrees that any Reimbursement Agreements that it enters into with a developer within the District will include the following provision relating to any sums payable by the City upon full purpose annexation of the District under Section 43.0715, Texas Local Government Code:

If, at the time of full purpose annexation of the District, the developer has completed the construction of or financed any facilities or undivided interests in facilities on behalf of the District in accordance with the terms of this agreement, but the District has not issued Bonds to reimburse the developer for the cost of the facilities or undivided interests in facilities, the developer agrees that it will convey the facilities or undivided interests in question to the City, free and clear of any liens, claims or encumbrances, subject to the developer's right to reimbursement under Section 43.0715, Texas Local Government Code, modified as provided in this section. The developer agrees that the amount payable by the City will be determined based on costs and expenses that are eligible for reimbursement under Commission rules, without any waivers or variances, but will be payable to the developer in three equal annual installments, with the first payment being made within 30 days of the date of the City's full purpose annexation.

ARTICLE XI.

TERM, EFFECTIVENESS; ASSIGNMENT AND REMEDIES

Section 11.01 Term. The term of this Agreement will commence on the Effective Date and will end upon the City's full purpose annexation of the entire District, which will occur as provided in the SPA, unless this Agreement is sooner terminated under the provisions hereof.

Section 11.02 Effectiveness. The District acknowledges that this Agreement relates to the City's consent to the creation of the District and, as provided in the Enabling Legislation, the provisions of this Agreement are valid and enforceable.

Section 11.03 Termination and Amendment by Agreement. This Agreement may be terminated or amended as to all of the Land at any time by mutual written agreement of the City, the Developer and, after its creation, the District, or may be terminated or amended only as to a portion of the Land by the mutual written agreement of the City, the owners of a majority of the portion of the Land affected by the amendment or termination and, after its creation, the District. At such time as the Developer no longer owns land within the District, this Agreement may be amended by mutual written agreement of the District and the City, and the joinder of the Developer will not be required.

Section 11.04 Agreement Running with the Land; Assignment.

(a) The terms of this Agreement will run with the land within the Project and be binding upon and insure to the benefit of the Developer and its successors and assigns. This Agreement, and the rights of the Developer hereunder, may be assigned by the Developer to a purchaser of all or a portion of the land within the Project. Any assignment must be in writing, specifically set forth the assigned rights and obligations without modification, hypothecation, or amendment, and be executed by the proposed assignee and a copy of the assignment must be provided to the City.

(b) If the Developer assigns its rights and obligations hereunder as to a portion of the land within the Project, then the rights and obligations of any assignee and the Developer will be severable, and the Developer will not be liable for the nonperformance of the assignee and vice versa. In the case of nonperformance by one developer, the City may pursue all remedies against that nonperforming developer, but will not impede development activities of any performing developer as a result of that nonperformance.

(c) This Agreement is not intended to and will not be binding upon, or create any encumbrance to title as to, any ultimate consumer who purchases a fully developed and improved lot within the Land.

Section 11.05 Cooperation; Agreement Not to Contest or Support Negative Legislation.

(a) The City, the District, and the Developer each agree to execute such further documents or instruments as may be necessary to evidence their agreements hereunder and provide to the other parties any other documents necessary to effectuate the terms of this Agreement.

(b) The City agrees to cooperate with the Developer in connection with any waivers or approvals the Developer may desire from Travis County in order to avoid the duplication of processes or services in connection with the development of the Land.

(c) Neither the Developer nor the District will engage in any litigation or legislative processes to challenge the terms of this Agreement, or to

resolve any disputes related to the annexation process established by this Agreement or any related service plan. If any future legislation would have the effect of prohibiting the annexation of the District or requiring further approval of the District's residents to the annexation of the District as contemplated by this Agreement, it is the intent of the parties that annexation of the District be governed by the provisions of this Agreement notwithstanding such legislation. Neither the Developer nor District will seek or support legislation to incorporate all or any part of the District as a municipality. Neither the Developer nor the District will contest any efforts of the City to assure that future legislation does not prohibit or impose additional requirements on the City's right and ability to annex the District in accordance with this Agreement.

(d) In the event of any third party lawsuit or other claim relating to the validity of this Agreement or any actions taken hereunder, the Developer, the District, and the City agree to cooperate in the defense of such suit or claim, and to use their respective best efforts to resolve the suit or claim without diminution of their respective rights and obligations under this Agreement.

Section 11.06 Default and Remedies.

(a) **Notice of Default; Opportunity to Cure.** If a party defaults in the performance of any obligation under this Agreement, the non-defaulting party may give written notice to the other parties to this Agreement, specifying the alleged event of default and extending to the defaulting party 30 days from the date of the notice in order to cure the default complained of or, if the curative action cannot reasonably be completed within 30 days, 30 days to commence the curative action and a reasonable additional period to diligently pursue the curative action to completion.

(b) **Dispute Resolution.** If any default is not cured within the curative period specified above, the parties agree to use good faith, reasonable efforts to resolve any dispute among them by agreement, including engaging in mediation or other non-binding alternative dispute resolution methods, before initiating any lawsuit to enforce their respective rights under this Agreement. The parties will share the costs of any mediation or arbitration equally. The parties further agree that the City is not obligated to resolve any dispute based on an arbitration decision under this Agreement if the arbitration decision compromises the City's sovereign immunity.

(c) **Other Legal or Equitable Remedies.** If the parties are unable to resolve their dispute through mediation or arbitration, the non-defaulting party will have the right to enforce the terms and provisions of this Agreement by a suit seeking specific performance or such other legal or equitable relief as to which the non-defaulting party may be entitled. Any remedy or relief described in this Agreement will be cumulative of, and in addition to, any other remedies and relief available to such party. The parties acknowledge that the City's remedies will include the right, in the City's sole discretion, to terminate this Agreement and proceed with full purpose annexation of the District. No

additional procedural or substantive requirements of State or local annexation law will apply to such annexation, or to the annexation ordinance.

(d) Waiver of District Sovereign Immunity upon Issuance of Bonds. In accordance with the Enabling Legislation, upon the issuance of Bonds by the District, the District waives sovereign immunity to suit by the City for purposes of adjudicating a claim by the City for the District's breach of this Agreement.

Section 11.07 Notices to Purchasers. In addition to the notice to purchasers required by Section 49.452, Texas Water Code, the District will promulgate and record in the Official Public Records of Travis County, Texas, and the Restrictive Covenants will require that each seller of land within the District provide to each purchaser of land within the District, a supplemental "plain speak" notice in the form attached as **Exhibit P**, which summarizes and gives notice of certain terms of this Agreement. This notice, with appropriate modifications, will also be included in the notice to purchasers included in the District's Information Form required to be recorded in the Official Public Records of Travis County, Texas, pursuant to Section 49.455 of the Texas Water Code, as amended from time to time.

Section 11.08 Dissolution of the District. If the District is dissolved without the prior written approval of the City, this Agreement will automatically terminate and the City will have the right to annex all of the territory within the District for full purposes without restriction. No additional procedural or substantive requirements of State or local annexation law will apply to such annexation and dissolution, or to the annexation and dissolution ordinance. If the District is dissolved, the City, as the successor to the District, will have the authority to execute any documents and to do any and all acts or things necessary to transfer the District's assets, obligations, indebtedness, and liabilities to the City.

ARTICLE XII. MISCELLANEOUS PROVISIONS

Section 12.01 Notice. (a) Any notice given under this Agreement must be in writing, except as provided in Subsection (b) and may be given: (i) by depositing it in the United States mail, certified, with return receipt requested, addressed to the party to be notified and with all charges prepaid; or (ii) by depositing it with Federal Express or another service guaranteeing "next day delivery", addressed to the party to be notified and with all charges prepaid; (iii) by personally delivering it to the party, or any agent of the party listed in this Agreement; or (iv) by facsimile or email with confirming copy sent by one of the other described methods of notice set forth above. Notice by United States mail will be effective on the earlier of the date of receipt or three days after the date of mailing. Notice given in any other manner will be effective only when received. For purposes of notice, the addresses of the parties will, until changed as provided below, be as follows:

The City:

City of Austin
P.O. Box 1088

Austin, Texas 78767-1088
Attn: City Manager

With Required Copy to:

City of Austin
P.O. Box 1088
Austin, Texas 78767-1088
Attn: City Attorney

The Developer:

Onion Associates, Ltd.
2110-A Boca Raton Dr., Ste. 205
Austin, Texas 78747
Attn: Marc Knutsen

With Required Copy to:

Richard Suttle
Armbrust & Brown, PLLC
100 Congress Avenue, Suite 1300
Austin, Texas 78701

The District:

Cascades Municipal Utility District No. 1
c/o Armbrust & Brown, PLLC
Attn: Sue Brooks Littlefield
100 Congress Ave., Ste. 1300
Austin, Texas 78701

(b) Copies of meeting agendas, minutes, budgets; annual financial dormancy affidavits, financial reports, or audits required under Section 3.04 and other notices or submittals given to the PDRD Director, the Utility Director and/or the Finance Director may be delivered by facsimile or email to the following addresses, until changed as provided in Subsection (c):

If to the PDRD Director:

City of Austin
Attn: PDRD Director
Fax: _____
Email: _____

If to the Utility Director:

City of Austin
Attn: Utility Director
Fax: _____
Email: _____

If to the Finance Director:

City of Austin
Attn: Finance Director
Fax: _____
Email: _____

(c) Each of the parties may change its respective address to any other address within the United States of America by giving at least five days' written notice to the

other parties. The Developer may, by giving at least five days' written notice to the City, designate additional parties to receive copies of notices under this Agreement. At such time as the Developer no longer owns land within the District, no further notice to the Developer under this Agreement will be required.

Section 12.02 Severability. If any part of this Agreement or its application to any person or circumstance is held by a court of competent jurisdiction to be invalid or unconstitutional for any reason, the parties agree that they will amend or revise this Agreement to accomplish to the greatest degree practical the same purpose as the part determined to be invalid or unconstitutional, including, without limitation, amendments or revisions to the terms and conditions of this Agreement pertaining to or affecting the rights and authority of the parties in areas of the District annexed by the City pursuant to this Agreement, whether for limited or full purposes. If the parties cannot agree on any such amendment or revision within 90 days of the final judgment of the trial court or any state appellate court that reviews the matter, then either party may proceed in accordance with the procedures specified in this Agreement.

Section 12.03 Frustration of Purpose. If any part of this Agreement is modified as a result of amendments to the underlying State law and statutory authority for this Agreement, the parties agree that such modification may frustrate the purpose of this Agreement. The parties agree that, in such event, they will attempt to amend or revise this Agreement to accomplish to the greatest degree practical (i) the same purpose and objective of the part of this Agreement affected by the modification of the underlying State law and statutory authority and (ii) the original intent and purpose of this Agreement. If the parties cannot agree on any such amendment or revision within 90 days from the effective date of amendment of the State law and statutory authority for this Agreement, then this Agreement will terminate, unless the parties agree to an extension of time for negotiation of the modification.

If this Agreement is to be terminated as a result of the operation of this Section, the City will have the right, for a 90-day period prior to the effective date of termination, in its sole discretion, to annex the District for full purposes and dissolve the District. No additional procedural or substantive requirements of State or local annexation law will apply to such annexation and dissolution, or to the annexation and dissolution ordinance.

Section 12.04 Non-Waiver. Any failure by a party to insist upon strict performance by another party of any material provision of this Agreement will not be deemed a waiver thereof 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 12.05 Applicable Law and Venue. The interpretation, performance, enforcement and validity of this Agreement is governed by the laws of the State of Texas. Venue will be in a court of appropriate jurisdiction in Travis County, Texas.

Section 12.06 Entire Agreement. This Agreement contains the entire agreement of the parties. There are no other agreements or promises, oral or written, between the parties regarding the subject matter of this Agreement. This Agreement supersedes all other agreements between the parties concerning the subject matter.

Section 12.07 Exhibits, Headings, Construction and Counterparts. All schedules and exhibits referred to in or attached to this Agreement are incorporated into and made a part of this Agreement for all purposes. The paragraph headings contained in this Agreement are for convenience only and do not enlarge or limit the scope or meaning of the paragraphs. Wherever appropriate, words of the masculine gender include the feminine or neuter, and the singular includes the plural, and vice-versa. The parties acknowledge that each of them have been actively and equally involved in the negotiation and drafting of this Agreement. Accordingly, the rule of construction that any ambiguities are to be resolved against the drafting party will not be employed in interpreting this Agreement or any exhibits hereto. If there is any conflict or inconsistency between the provisions of this Agreement and any otherwise applicable City ordinances, the terms of this Agreement will control. 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 12.08 Time. Time is of the essence of this Agreement. 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 12.09 Authority for Execution. The City certifies, represents, and warrants that the execution of this Agreement has been duly authorized in conformity with its City Charter and City ordinances. The Developer certifies, represents, and warrants that the execution of this Agreement has been duly authorized in conformity with the articles of incorporation and bylaws or partnership agreement of each entity executing on its behalf. The District certifies, represents and warrants that this Agreement has been duly authorized in conformity with all applicable laws and regulations.

Section 12.10 Exhibits. The following exhibits are attached to this Agreement, and made a part hereof for all purposes:

Exhibit A	-	The Land
Exhibit B	-	Project
Exhibit C	-	Land Plan
Exhibit D	-	Post-Annexation Surcharge Formula
Exhibit E	-	Civic Uses
Exhibit F	-	Stormwater, Drainage, Water Quality and Environmental Protection Requirements
Exhibit G	-	Tree and Landscaping Requirements
Exhibit H	-	Transportation Requirements
Exhibit I	-	Building and Urban Design Standards

- Exhibit J - Art in Public Places Participation
- Exhibit K - Affordable Housing Participation
- Exhibit L-1 - Conceptual Major Water Facilities for Cascades Tract Only
- Exhibit L-2 - Conceptual Major Wastewater Facilities for Cascades Tract Only
- Exhibit L-3 - Conceptual Major Water Facilities for Cascades and Buratti Tracts
- Exhibit L-4 - Conceptual Major Wastewater Facilities for Cascades and Buratti Tracts
- Exhibit M - Terms of Cost Reimbursement and Participation
- Exhibit N - Form of Covenant Requiring Dedication of Easements
- Exhibit O - Park and Open Space Requirements
- Exhibit P - "Plain Speak" Notice Form

IN WITNESS WHEREOF, the undersigned parties have executed this Agreement on the dates indicated below.

CITY:

CITY OF AUSTIN, TEXAS

By: _____
 Name: Marc A. Ott
 Title: City Manager
 Date: _____

APPROVED AS TO FORM:

By: _____
 Name: _____
 Title: Assistant City Attorney

DEVELOPER:

Onion Associates, Ltd., a Texas limited partnership

By: Onion ASGP, Inc., a Texas corporation,
its General Partner

By: _____
Marc Knutsen, President

Date: _____

DRAFT

DISTRICT:

**CASCADES MUNICIPAL UTILITY
DISTRICT NO. 1**

By: _____

Name: _____

Title: President, Board of Directors

Date: _____

ATTEST:

By: _____

Name: _____

Title: Secretary, Board of Directors

Date: _____

EXHIBIT A
The Land

135.796 ACRES, OUT OF THE SANTIAGO DEL VALLE GRANT IN TRAVIS COUNTY, TEXAS BEING ALL OF THAT 223.68 ACRES OUT OF THE SANTIAGO DEL VALLE GRANT IN TRAVIS COUNTY, TEXAS AND BEING ALL OF A CALLED 117.188 ACRE TRACT, ALL OF A CALLED 2.273 ACRE TRACT, ALL OF A CALLED 87.884 ACRE TRACT, ALL A OF CALLED 8.17 ACRE TRACT ALL DESCRIBED IN CORRECTION JOINT PARTNERSHIP CONTRIBUTION GENERAL WARRANTY DEED TO UNION ASSOCIATES, LTD RECORDED IN DOCUMENT NO. 2006236625, ALL OF A CALLED 1.9965 ACRE TRACT DESCRIBED IN DOC. NO. 2006146663 ALL OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS (O.P.R.T.C.T.) AND 6.038 ACRE TRACT OUT OF LOT 1, ST. ALBIN'S ADDITION A SUBDIVISION OF RECORD IN CABINET 86, SLIDE 88C OF THE PLAT RECORD OF TRAVIS COUNTY; AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING at a 1/2" iron rod with cap marked "LANDESIGN" set in the existing east right-of-way line of Interstate Highway 35 (IH 35) (400' right-of-way width), in the west line of said Lot 1 and in the east line of a called 14.771 acre tract described in deed to the State of Texas for right-of-way recorded in Volume 1608, Page 170 of the D.R.T.C.T.;

THENCE North 17°32'12" East 1714.84 feet with the west line of said Lot 1, the west line of said 1.9965 acres and the east line of said 87.884 acres and the existing east right-of-way line of IH 35 to a calculated point in the center of Onion Creek at the northwest corner of the 87.884 acres and the southwest corner of Lot A, Onion Creek Section 1-B, a subdivision of record in Book 79, Page 313 of the Plat Records of Travis County, Texas;

THENCE South 75°57'21" East 450.62 feet with the centerline of Onion Creek, the north line of the 87.884 acres, the south line of said Lot A, and the south line of Lot B, Onion Creek Section 1-C, a subdivision of record in Book 79, Page 311 of the Plat Records of Travis County, Texas to a calculated point;

THENCE South 77°12'21" East 334.57 feet with the centerline of Onion Creek, the north line of the 87.884 acres, the south line of said Lot B, the south line of Lot C, Onion Creek Section 1-D, a subdivision of record in Book 79, Page 309 of the Plat Records of Travis County, Texas, and the

south line of a remainder of a called 960 acre tract described in deed to Onion Creek Development Company recorded in Volume 9111, Page 262 of the D.R.T.C.T. to a calculated point;

THENCE with the centerline of Onion Creek, the north line of the 87.884 acres, and the south line of said remainder of 960 acres the following eight (8) courses:

1. South 59°56'55" East 220.25 feet to a calculated point;
2. South 75°15'28" East 402.24 feet to a calculated point;
3. South 79°40'28" East 357.17 feet to a calculated point;
4. South 42°47'28" East 114.70 feet to a calculated point;
5. South 60°30'58" East 308.12 feet to a calculated point;
6. South 03°38'28" East 131.00 feet to a calculated point;
7. South 27°58'28" East 206.00 feet to a calculated point;
8. South 56°44'22" East 249.40 feet to a calculated point at the northeast corner of the 87.884 acres and the northwest corner of said 117.188 acres;

THENCE with the centerline of Onion Creek, the north line of the 117.188 acres, and the south line of said remainder of 960 acres the following four (4) courses:

1. South 61°45'03" East 450.70 feet to a calculated point;
2. South 53°04'03" East 251.84 feet to a calculated point;
3. South 45°15'03" East 186.54 feet to a calculated point;
4. South 65°01'55 East 50.33 feet to a calculated point at the northeast corner of the 117.188 acres and the northwest corner of a called 64 acre tract described as First Tract in deed to Richard D. Spillman recorded in Volume 6287, Page 218 of the D.R.T.C.T.;

THENCE South 27°48'54" West, passing a capped iron rod stamped "RPLS 4091" at 58.94 feet and continuing a total distance of 838.63 feet with the east line of the 117.188 acres and the west line of the 64 acres to a to a 1/2" iron rod found;

THENCE South 27°33'39" West 498.18 feet continuing with the east line of the 117.188 acres and the west line of the 64 acres to a 7/8" iron rod found at the southwest corner of the 64 acres;

THENCE South 74°32'31" East 1128.82 feet with the north line of the 117.188 acres and the south line of the 64 acres to a 5/8" iron rod found at the northwest corner of a called 24.60 acre tract

described in said deed to Richard D. Spillman recorded in Volume 6287, Page 218 of the D.R.T.C.T.;

THENCE South 27°34'11" West 2048.99 feet with the east line of the 117.188 acres and the west line of the 24.60 acres to a 1/2" iron rod found at the southeast corner of the 117.188 acres, the southwest corner of the 24.60 acres, and in the north line of a called 30 acre tract described as part of the Fifth Tract in said deed to Richard D. Spillman recorded in Volume 6287, Page 218 of the D.R.T.C.T.;

THENCE North 62°29'14" West 1103.84 feet with the south line of the 117.188 acres and the north line of the 30 acres to a 1/2" iron rod found at the northwest corner of the 30 acres and the northeast corner of a called 30.5 acre tract described as part of the Fifth Tract in said deed to Richard D. Spillman recorded in Volume 6287, Page 218 of the D.R.T.C.T.;

THENCE North 65°21'21" West 458.13 feet with the south line of the 117.188 acres and the north line of the 30.5 acres to a 1/2" iron rod found;

THENCE North 65°40'34" West 449.66 feet continuing with the south line of the 117.188 acres and the north line of the 30.5 acres to a 1/2" iron rod with cap stamped "LANDESIGN" found at the southwest corner of the 117.188 acres and the southeast corner of a called 27 acre tract described as part of the Fifth Tract in said deed to Richard D. Spillman recorded in Volume 6287, Page 218 of the D.R.T.C.T.;

THENCE North 27°19'41" East 1665.86 feet with the west line of the 117.188 acres and the east line of the 27 acres to a 60-d found in a hackberry tree;

THENCE North 27°22'02" East 188.61 feet with the west line of the 117.188 acres and the east line of the 27 acres to a 1/2" iron rod found;

THENCE North 25°45'46" East 233.22 feet continuing with the west line of the 117.188 acres and the east line of the 27 acres to a 1/2" iron rod found at the southwest corner of the 87.884 acres and the northeast corner of a the 27 acres;

THENCE North 74°02'03" West 712.31 feet with the south line of the 87.884 acres and the north line of the 27 acres to a 1/2" iron rod with cap stamped "LANDESIGN" set;

THENCE North 73°53'51" West 10.10 feet with the south line of the 87.884 acres and the north line of the 27 acres to a 1/2" iron rod with cap stamped "LANDESIGN" set at the northwest corner of the 27 acres and the northeast corner of the said 2.273 acres;

THENCE with the east line of the 2.273 acres and the west line of the 27 acres the following three (3) courses:

1. South 41°45'45" West 8.27 feet to a 1/2" iron rod with cap marked "LANDESIGN" set;
2. South 81°26'45" West 95.67 feet to a 1/2" iron rod with cap marked "LANDESIGN" set;
3. South 02°46'45" West 125.27 feet to a 1/2" iron rod found at the southeast corner of the 2.273 acres and the northeast corner of a called 8.17 acre tract described in deed to Onion Associates, LTD recorded in Document No. 2006236625 of the O.P.R.T.C.T.;

THENCE with the east line of said 8.17 acre tract, the west line of said 27 acres and with the center of ravine the following seven (7) courses:

1. South 02°45'21" West a distance of 183.65 feet to a 1/2 inch iron rebar with cap marked "LANDESIGN" set;
2. South 30°23'21" West a distance of 196.83 feet to a 1/2 inch iron rebar with cap marked "LANDESIGN" set;
3. South 54°24'14" West a distance of 69.90 feet to a 1/2 inch iron rebar with cap marked "LANDESIGN" set;
4. South 19°24'02" West a distance of 23.32 feet to a 1/2 inch iron rebar with cap marked "LANDESIGN" set;
5. South 38°57'02" East a distance of 47.93 feet to a 1/2 inch iron rebar with cap marked "LANDESIGN" set;
6. South 16°41'39" West a distance of 57.49 feet to a 1/2 inch iron rebar with cap marked "LANDESIGN" set;
7. South 35°10'00" West a distance of 61.07 feet to a 1/2 inch iron rebar found for the southeast corner of said 8.17 acre tract and the northeast corner of a called 58.3885 acre tract described as Tract 1 conveyed to South IH 35 Investors, LP. of record in Document No. 2006214573 of the Official Public Records of Travis County Texas;

THENCE North 66°56'45" West with the south line of said 8.17 acre tract and the north line of said Tract 1 passing the southeast corner of said Tract 1 and the southwest corner of said Lot 1 at 580.62 feet a continuing a total distance of 866.80 feet to a 1/2" iron rod with cap marked "LANDESIGN" set;

THENCE crossing through said Lot 1 the following two (2) courses:

1. North 17°51'38" East a distance of 576.13 feet to a 1/2" iron rod with cap marked "LANDESIGN" set;
2. North 73°51'44" West a distance of 725.16 feet to the POINT OF BEGINNING.

SAVE LESS AND EXCEPT THE 87.884 ACRE TRACT OR PARCEL THEREOF DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING at a 1/2" iron pin found at the Southeast corner of said 26.00 acre tract, being in the West line of that certain 117.20 acre tract of land described in Volume 12150, Page 1255 of the Real Property Records of Travis County, Texas, for the Southeast corner and PLACE OF BEGINNING hereof;

THENCE along the South line of said 26.00 acre tract, N 71°11'45" W for a distance of 712.31 feet to a 1/2 inch capped iron pin set at the Northeast corner of that certain 2.2272 acre tract of land described in Volume 9261, Page 714 of the Real Property Records of Travis County, Texas;

THENCE along the North line of said 2.2272 acre tract, N 71°03'33" W for a distance of 173.66 feet to a 1/2 inch iron pin found and N 67°01'32" W for a distance of 678.95 feet to a 1/2 inch iron pin found at the Northwest corner of said 2.2272 acre tract, being in the South line of said 63.45 acre tract;

THENCE along the South line of said 63.45 acre tract, N 33°32'38" W for a distance of 145.29 feet to a 1/2 inch iron pin found at N 71°03'16" W for a distance of 698.93 feet to a 1/2 inch capped iron pin set at the Southwest corner of said 63.45 acre tract, being on the East r.o.w line of Interstate Hwy. No. 35, for the Southwest corner hereof;

THENCE along the West line of said 63.45 acre tract, being along the East r.o.w. line of Interstate Hwy. No. 35, N 20°25'54" E for a distance of 1499.77 to an "X" found cut in rock in the approximate centerline of Onion Creek, being at the Northwest corner of said 63.45 acre tract,

being at the Southwest corner of Onion Creek Section 1-B, a subdivision recorded in Plat Book 79, Page 313 of the Plat Records of Travis County, Texas, for the Northwest corner hereof;

THENCE along the North lines of said 63.45 acre tract and 26.00 acre tract, being along the approximate centerline of Onion Creek for the following courses:

1. S 73°04'00" E for a distance of 450.65 feet to an angle point
2. S 74°19'00" E for a distance of 334.57 feet to an angle point
3. S 57°11'00" E for a distance of 216.95 feet to an angle point
4. S 72°26'00" E for a distance of 402.24 feet to an angle point
5. S 76°51'00" E for a distance of 357.17 feet to an angle point
6. S 39°52'00" E for a distance of 114.70 feet to an angle point
7. S 57°41'30" E for a distance of 308.12 feet to an angle point
8. S 00°49'00" E for a distance of 131.00 feet to an angle point
9. S 25°09'00" E for a distance of 206.00 feet to an angle point
10. S 53°57'45" E for a distance of 249.20 feet to the Northeast corner of said 26.00 acre tract, being at the Northwest corner of said 117.20 acre tract, for the Northeast corner hereof;

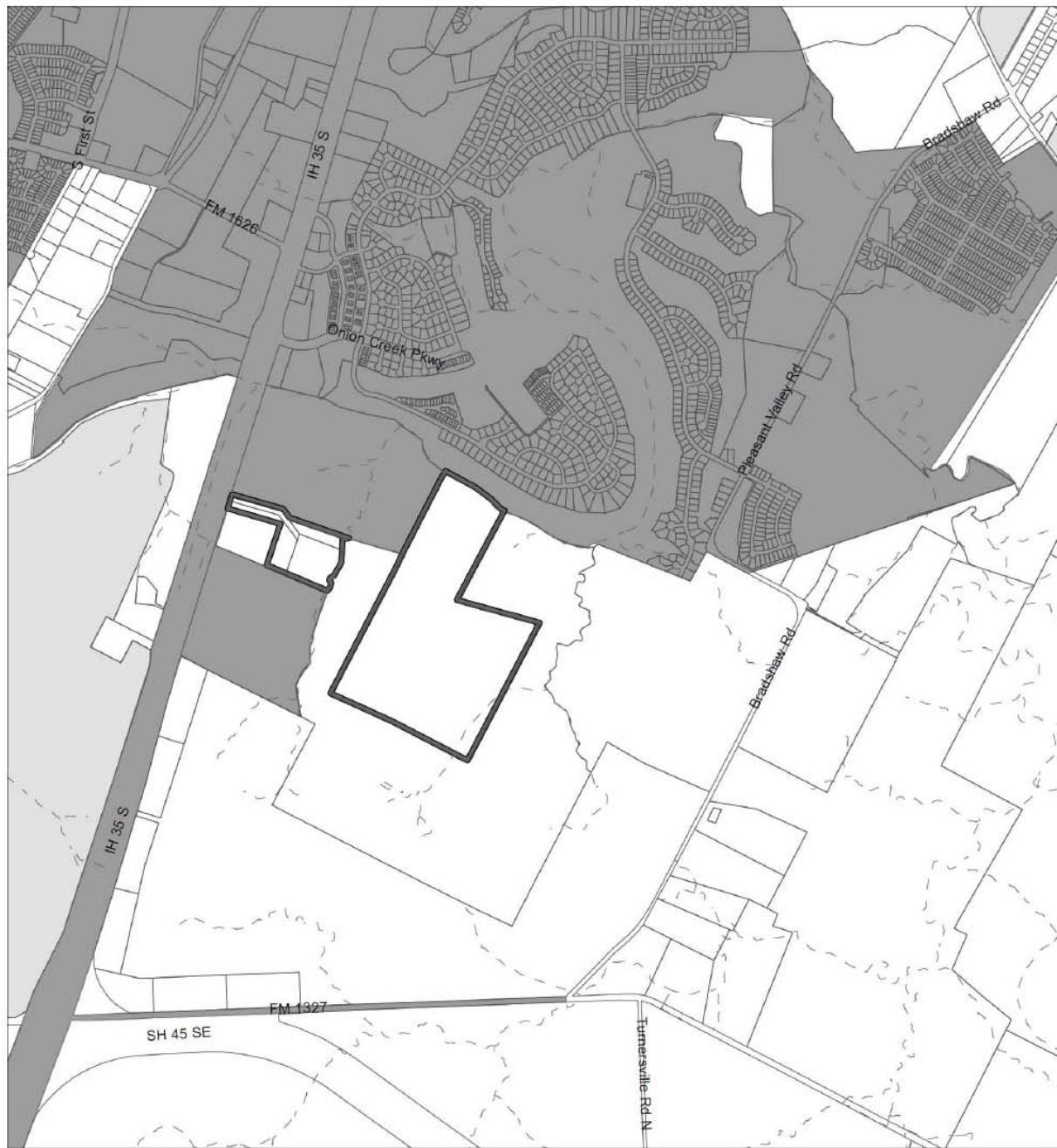
THENCE along the East line of said 26.00 acre tract, being along the West line of said 117.20 acre tract for the following courses:

1. S 35°25'22" W for a distance of 55.37 feet to a ½ inch iron pin found
2. S 29°42'53" W for a distance of 874.40 feet to a ½ inch iron pin found
3. S 30°58'12" W for a distance of 281.26 feet to the PLACE OF BEGINNING and containing 87.884 acres of land, more or less.

EXHIBIT B

Project

DRAFT



Cascades at Onion Creek

C7L-2014-0001



City of Austin
Planning and Development Review
October 28, 2013

- | | |
|-----------------|------------------------|
| Annexation Area | Austin Full Purpose |
| Creeks | Austin Limited Purpose |
| Parcels | Austin ETJ |

0 0.125 0.25 0.5 Miles

This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries.

This product has been produced by the Planning and Development Review for the sole purpose of geographic reference. No warranty is made by the City of Austin regarding specific accuracy or completeness. All data by City of Austin unless otherwise provided.



EXHIBIT C Land Plan

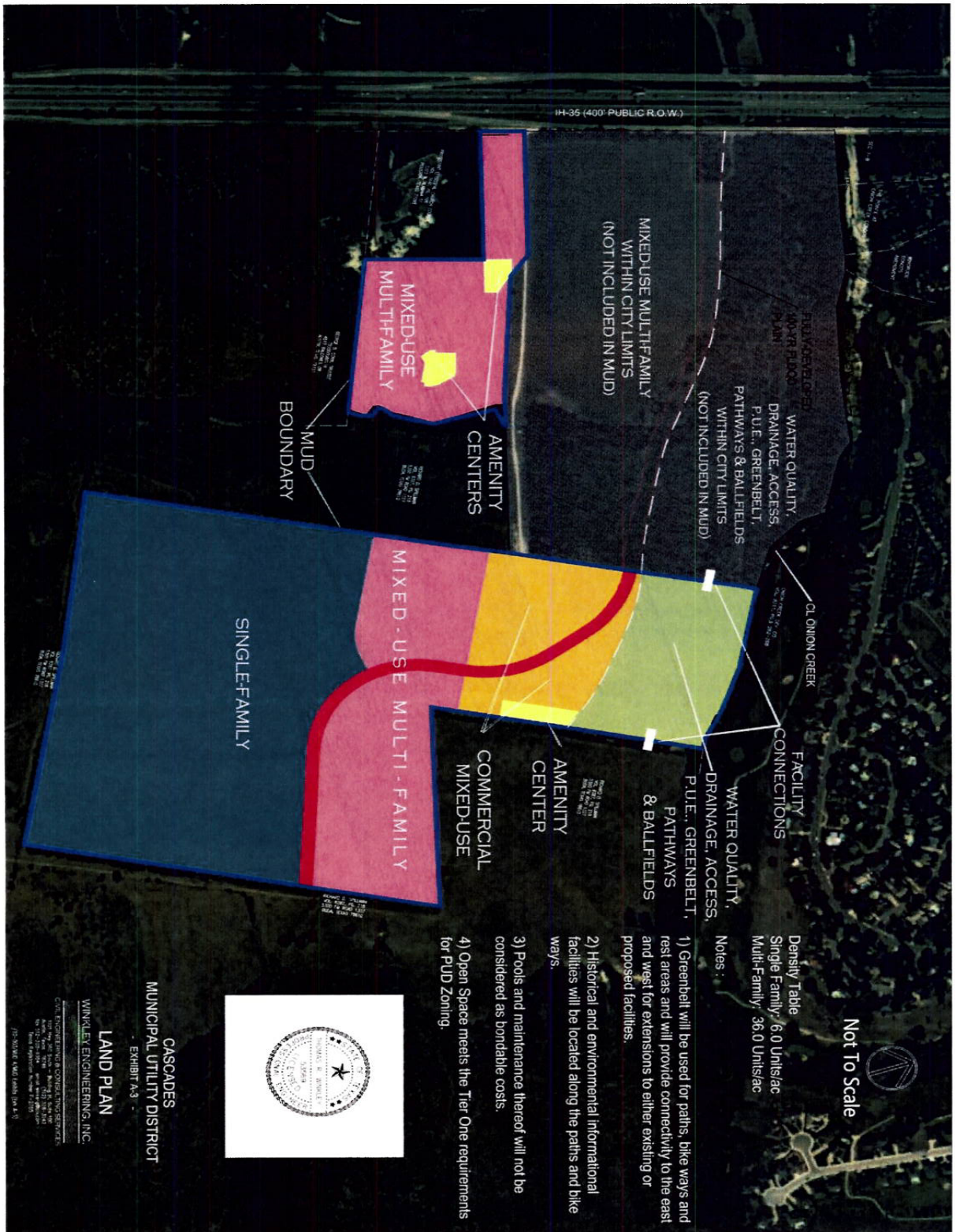


EXHIBIT D
Post Annexation Surcharge Formula

The following calculation is intended to allow the City to collect sufficient funds for payment of the debt service remaining on the District's Bonds at the time of annexation, as authorized by Section 54.016(h), Texas Water Code. After annexation, the water and wastewater rates charged to customers receiving water and sewer services at properties that were within the territorial boundary of the District at the time of annexation may vary from the water and wastewater rates charged to customers receiving services at other properties within the City in order to compensate the City for the assumption of the debt on the District's Bonds. These water and wastewater rates will be reflected as a post annexation surcharge on the customers' monthly utility bills and will be stated as a percentage of the water and sewer rates of the City. The amount of the post-annexation surcharge and the percentage of the City's water and wastewater rates will vary as the City's rates are amended, but in no event will the rates of customers charged the post annexation surcharge exceed 125% of the water and wastewater rates charged to other customers within the City who are not otherwise subject to a post-annexation surcharge.

FORMULA FOR SURCHARGE CALCULATION:

1.	A	=	$\frac{P \times I}{1 - [(1 + I)^{-n}]}$
2.	S	=	$\frac{A}{12 \times \text{ESFCs}}$

where:

A = total annual post annexation surcharge

P = principal outstanding on the District's Bonds, less any reduction provided for by Note 1, below

I = average annual effective interest rate on the District's outstanding Bonds

n = years remaining in debt retirement period

ESFCs = total number of equivalent single family customer connections within the territorial boundary of the District

S = monthly post annexation surcharge per equivalent single family connection, but in no event will S exceed 125% of the water and sewer rates charged to other customers within the City

Note 1: P will be reduced by the amount of District funds transferred to the City at the time of annexation or received by the City after annexation, including any debt service taxes paid to the City for the year of annexation as provided in this Agreement.

Note 2: For purposes of illustration, the following are examples of the application of the formula set forth above and the calculation of the post annexation surcharge under this Exhibit based on certain assumptions:

Example 1:

Principal Remaining: \$3,000,000
Interest Rate: 4.5 %
Remaining Term of bonds: 15 years
Equivalent Single Family Connections: 1,183
Monthly Surcharge: \$19.68

Example 2:

Principal Remaining: \$5,000,000
Interest Rate: 6.25 %
Remaining Term of bonds: 15 years
Equivalent Single Family Connections: 2,500
Monthly Surcharge: \$17.44

Example 3:

Principal Remaining: \$1,000,000
Interest Rate: 6.25 %
Remaining Term of bonds: 5 years
Equivalent Single Family Connections: 3,168
Monthly Surcharge: \$6.29

EXHIBIT E
Civic Uses

1. **Fire Station Site**

The Developer will donate a fire station site containing two net buildable acres within the Project, the location of which will be mutually agreeable to the Developer and Austin Fire Department and designated as part of the PUD process.

The initially designated site may be relocated to another site within the Project in the future with the approval of the City.

2. **Civic Reserve Community Center**

The Civic Reserve Community Center will include a minimum of one shower/changing facility that will be available to residents of the Project and tenants of commercial buildings within the District and their employees.

EXHIBIT F
Stormwater, Drainage and Water Quality and Environmental Protection
Requirements

Storm Water Management

The Developer agrees to participate in the City's Regional Storm Management Plan ("RSMP") for the entire Project. 215 acres of the Project has received conditional approval to participate in the RSMP by letter dated May 1, 2007 and 12 acres has received conditional approval to participate in the RSMP by letter dated September 19, 2012. If participation in RSMP is not approved for any portion of the Project, the Developer will design any required detention ponds to meet the City's Volumetric Design Procedure.

Watershed Protection

The Developer agrees that the following requirements will be applicable within the District:

1. Green water quality controls will be provided, including additional capture volume for approximately 25%. An example is the use of bio-filtration and vegetative filter strips.
2. The use of potable water for onsite irrigation will be reduced, including by providing rainwater harvesting for the Civic Reserve Community Center. Commercial developers will be encouraged to provide rainwater harvesting for their buildings within the District.
3. An Integrated Pest Management Plan in accordance with City of Austin criteria will be implemented.
4. Areas disturbed by development will be revegetated with native plant species (landscaping will not be subject to this requirement).
5. Creek setbacks will be provided consistent with the October 2013 amendments to the City's Watershed Protection Ordinance.
6. Areas of the creek bank that require stabilization will be stabilized using non-engineered methods.
7. Ribbon curbs and vegetative filter strips will be used adjacent to parking in commercial areas.
8. The City's commercial landscape ordinance will apply.
9. Polluting uses will be prohibited through the imposition and enforcement of appropriate restrictive covenants.

10. These requirements will also apply to any additional areas added to the District in the future.
11. Developer agrees to use reasonable efforts to ensure that the Project will not negatively impact surrounding property when considering flood conditions (as determined by the City).

DRAFT

EXHIBIT G
Tree and Landscaping Requirements

1. The Developer will prepare a tree preservation plan in consultation with the City's arborist during the PUD process that, at a minimum, will satisfy the requirements of the City's Tree Preservation Ordinance, Protected and Heritage Tree, with additional emphasis given to trees less than 19" in diameter, where feasible, counting towards or fulfilling the tree planting/preservation requirements.
2. A tree care plan, prepared by a certified arborist, will be provided for construction-related impacts within the critical root zone of all trees that are required to be preserved.
3. The Developer and the District will each properly maintain its landscaping, subject to any applicable water use or other restrictions imposed by the City or other governmental authority.
4. Upon Reclaimed Water being brought to the Project, the District will use Reclaimed Water for irrigation in open space areas where such use is economically feasible, subject to applicable water use restrictions imposed by the City.
5. The Developer will provide a tree corridor, planned in consultation with the City's arborist, along the Onion Creek Trail extension.
6. The Developer will implement species diversity in any landscaping or revegetation requirement, using no more than 25% of any one species.
7. A minimum of three trees selected from the City's appropriate species list will be provided on each residential lot.

EXHIBIT H

Transportation Requirements

Transportation

1. Onion Creek Trail will be extended within the Project in order to provide connectivity between District amenities and City amenities outside the District boundaries.
2. Two ADA-compliant 16-foot wide pedestrian/bicycle tunnels under Cascades Parkway will be provided to provide access to schools, parks, and other destinations without crossing major roads within the Project.
3. Bicycle routes, including a connection to the Onion Creek greenway, will be provided to connect to existing or planned bicycle routes.
4. A publicly accessible 12-foot wide concrete multi-use path with a two-foot graded area with a maximum 1V:6H slope on each side as identified as the Onion Creek Greenway/Route 963.0002 within COA Bicycle Master Plan will be dedicated and constructed in accordance with American Association of State Highway and Transportation Officials standards within the boundaries of the District.
5. For collector street(s) with the District, buffered bicycle lanes (comprised of a six-foot six-inch bicycle lane with a two-foot buffer between bicycle lane and motor vehicle lane in accordance with National Association of City Transportation Officials guidance) with restricted on-street parking and minimum five-foot sidewalks (seven-foot sidewalks in a 15-foot module if Commercial Design Standards apply) will be provided.
6. For local street(s) within the District, minimum four-foot sidewalks (five-foot sidewalks in a 12-foot module if Commercial Design Standards apply) will be provided.
7. Bicycle parking meeting City Code requirements will be provided for multi-family, amenity center(s), and mixed-use/commercial.
8. A minimum of one shower/changing facility will be provided within the Civic Reserve Community Center that will be available for use by all residents of the Project and tenants of commercial buildings within the District and their employees.
9. If any additional land is added to the District, additional connectivity will be provided through that area.
10. An appropriately sized and City approved golf course path crossing Onion Creek, with an access easement dedicated to City, will be constructed and

maintained by the District. This path will be included in the Project's first site plan.

11. Within 60 days after the effective date of this consent agreement, Developer will meet with City and Capital Metro representatives to discuss the necessary actions for the Project to contain a multi-model transit location and service provided by Capital Metro.

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EXHIBIT I
Building and Urban Design Standards

Urban Design

1. Sidewalk modules and building placement for the commercial and mixed-use multifamily areas will be designed in accordance with the Commercial Design Standards (Subchapter E) with:
 - Cascades Parkway designated as a Core Transit Corridor;
 - Other roadways within these areas designated as Urban Roadways; and
 - Lots over five acres designed according to Internal Circulation Route standards.
2. A pedestrian tunnel connecting the commercial areas on both sides of Cascades Parkway will be provided.

EXHIBIT J
Art in Public Places Participation

The Developer will prepare a Public Art Master Plan, which will identify opportunities, guiding principles and locations within the Project for outdoor art installations to be implemented and managed by the Developer. All subsequent operations and maintenance of the artwork will be the responsibility of the Developer or the Owners Association.

The Developer will provide interpretive signage and related artwork along the Onion Creek trail system within the District. The signage will describe the history of the area and include information on the heritage Live Oak trees along the trail.

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EXHIBIT K
Affordable Housing Participation

In order to meet the City's affordable housing goals, the Developer agrees as follows:

1. Ten percent of the residential rental units within the District will, by restrictive covenant, be set aside for households with an income level of 60% or less of the median family income in the Austin metropolitan statistical area for a period of 40 years from the Effective Date of this Agreement. Rents will be established annually based on the 60% annual income x 28%/12.
2. Ten percent of the owner-occupied residential units within the District will be priced, at the time of their initial offering for sale, at a price that is affordable to a household with an income level of 80% of the median family income in the Austin metropolitan statistical area for a period of 99 years. On-site affordable housing units offered for sale shall be sold at a price affordable to persons whose household income is 80 percent or below the median family income in the Austin statistical metropolitan area. The affordable sales price shall not exceed 3 times the 80% income level established annually by HUD. On-site affordable housing units offered for sale shall be reserved, sold, and transferred to an income eligible buyer subject to a resale restricted, shared equity agreement approved by the director of Neighborhood Housing and Community Development and in compliance with Austin Housing Finance Corporation (AHFC) land trust policies. To ensure long term affordability, AHFC shall hold the shared equity agreement and/or ground lease for the affordable units. AHFC may also elect to purchase the homes at the affordable price and resell the units to an income eligible buyer.
3. Income limits are established annually as determined by the director of the Neighborhood Housing and Community Development Office (NHCD) and the United States Department of Housing and Urban Development (HUD). Compliance and monitoring will be performed by the Neighborhood Housing and Community Development Office. The Director of NHCD will establish rules and criteria for implementation of the affordability section. Affordable means households spend no more than 30% of their income towards rent or mortgage (PITI) and utilities.

Per Section 25-1-704(B)(2)(b), the development may be eligible for a waiver of 100% of the fees as provided by the S.M.A.R.T. Housing program. Participation is subject to application approval and certification by NHCD.

4. The Developer will make a financial contribution to the City's affordable housing program equal to two percent of the net reimbursements for "hard" construction costs actually received by the Developer out of the proceeds of bonds issued by the District. This contribution will be calculated as follows:

Total District Bond Issue Amount: \$ _____

Less:

Non-Construction Costs, including:

Legal and Financial Advisory Fees: \$ _____

Interest Costs, including \$ _____

Capitalized and Developer Interest

Bond Discount \$ _____

Administrative and Organizational \$ _____
(including creation costs and operating
advances)

Bond Application Engineering Report,
Market Study \$ _____

Bond Issuance Expenses, including
TCEQ Bond Issuance Fee, Attorney
General Review Fee, Rating Agency Fees,
Bond Insurance \$ _____

Application, Review and Inspection Fees \$ _____

Site Costs \$ _____

Offsite Costs \$ _____

Engineering and Geotechnical: \$ _____

Total Non-construction Costs: \$ _____

NET ELIGIBLE MUD BOND ISSUE AMOUNT

\$ _____ *

AFFORDABLE HOUSING CONTRIBUTION

PERCENTAGE:

X 2%

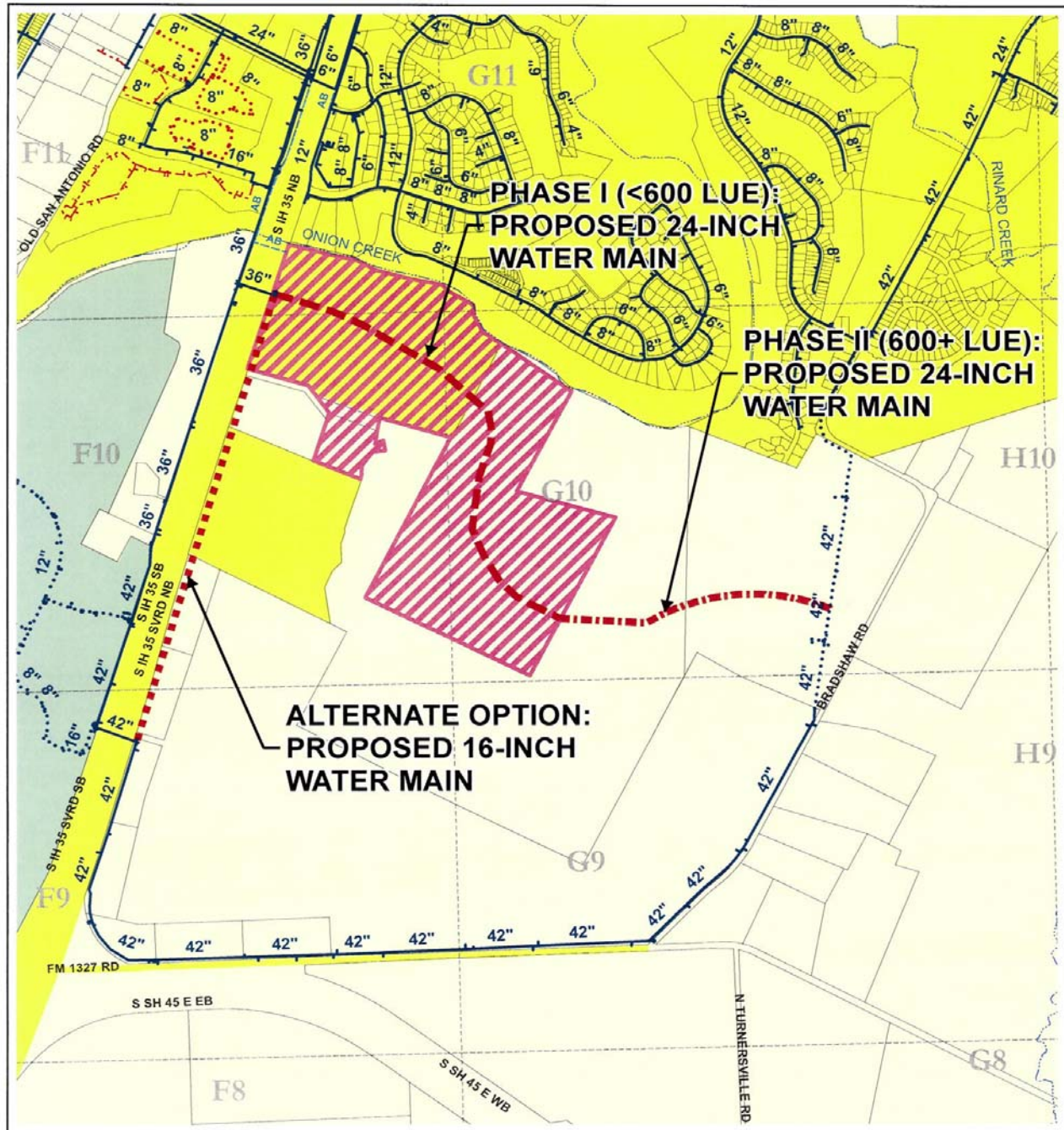
AFFORDABLE HOUSING CONTRIBUTION:

\$ _____

5. Each contribution will be calculated based upon costs approved for reimbursement under applicable Commission rules and a report on reimbursable costs prepared by a certified professional accountant on behalf of the District at the time of each Bond issue.

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EXHIBIT L-1 **Conceptual Major Water Facilities for Cascades Tract Only**



0 750 1,500 3,000 Feet

Cascades MUD **Water Exhibit - Cascades Tract Only**

This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries. This product has been produced by the City of Austin for the sole purpose of geographic reference. No warranty is made by the City of Austin regarding specific accuracy or completeness. Utility Development Services Plotted 09/11/2013





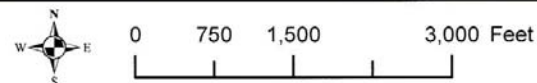
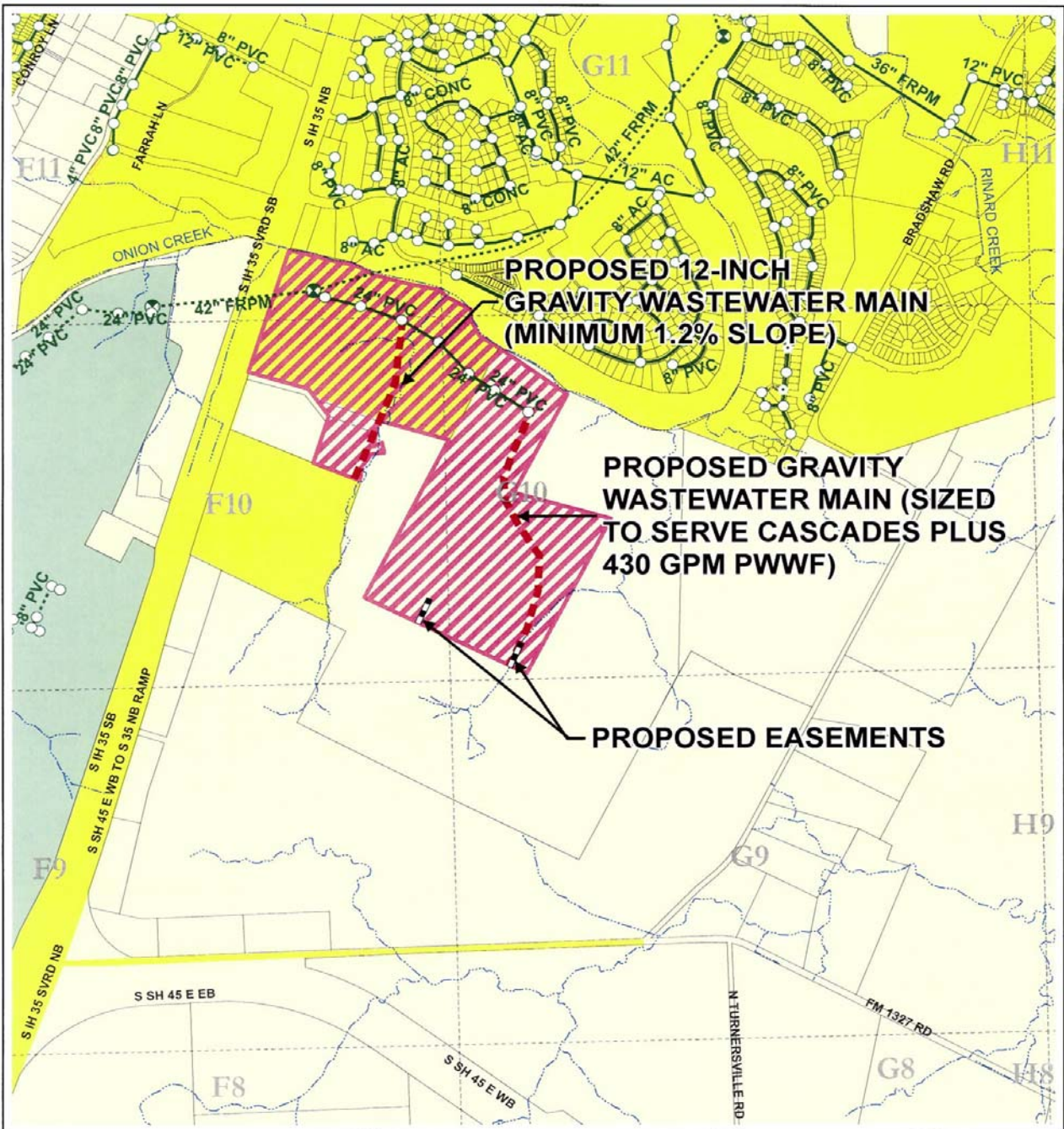
-  Cascades Tract
-  Full-Purpose City Limit
-  2-Mile ETJ
-  Limited Purpose City Limit

EXHIBIT L-2 **Conceptual Major Wastewater Facilities for Cascades Tract Only**

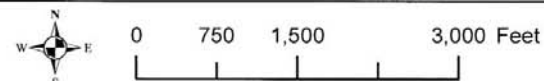
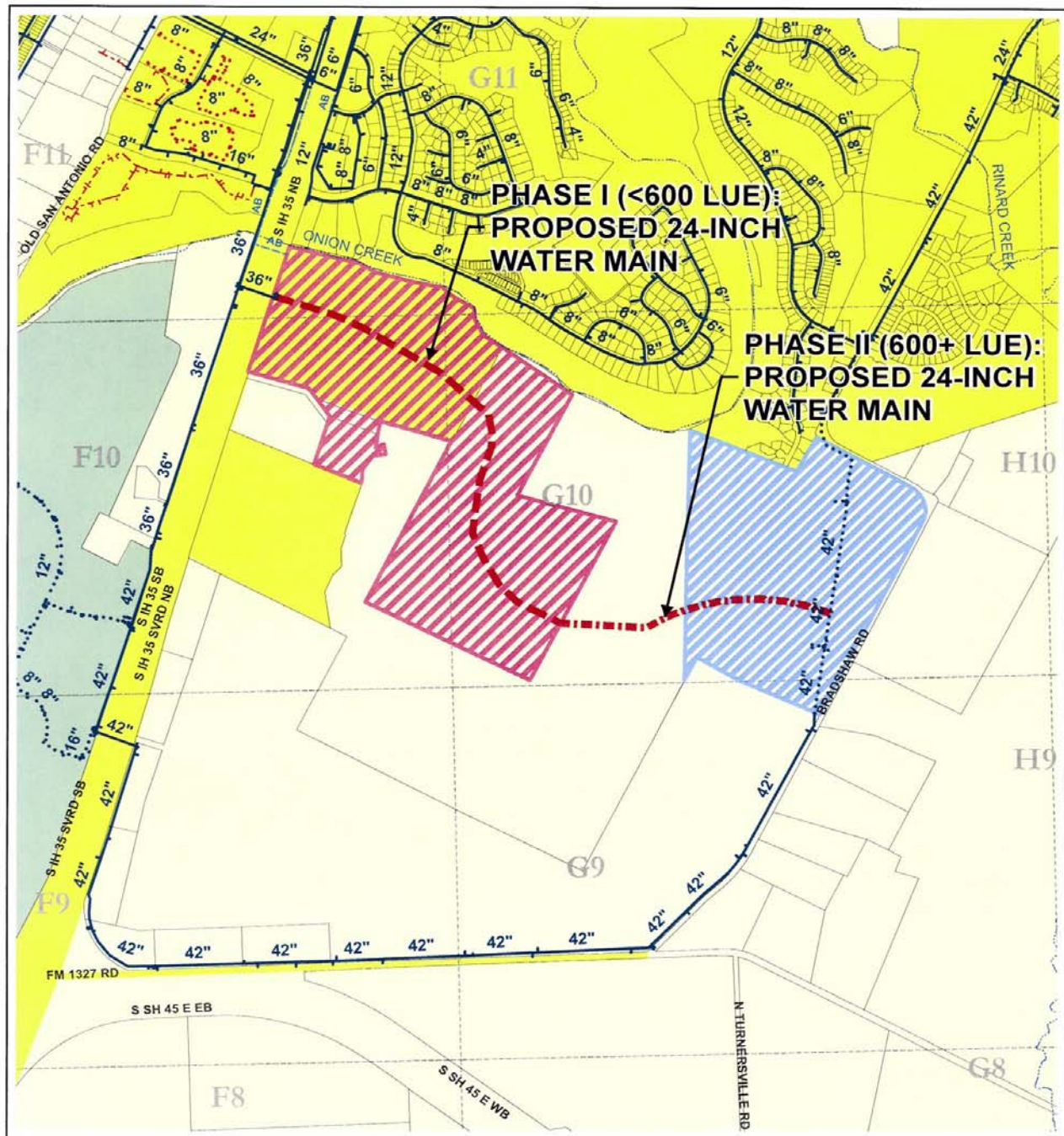


Cascades MUD **Wastewater Exhibit - Cascades Tract Only**

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- Cascades Tract
- Full-Purpose City Limit
- 2-Mile ETJ
- Limited Purpose City Limit

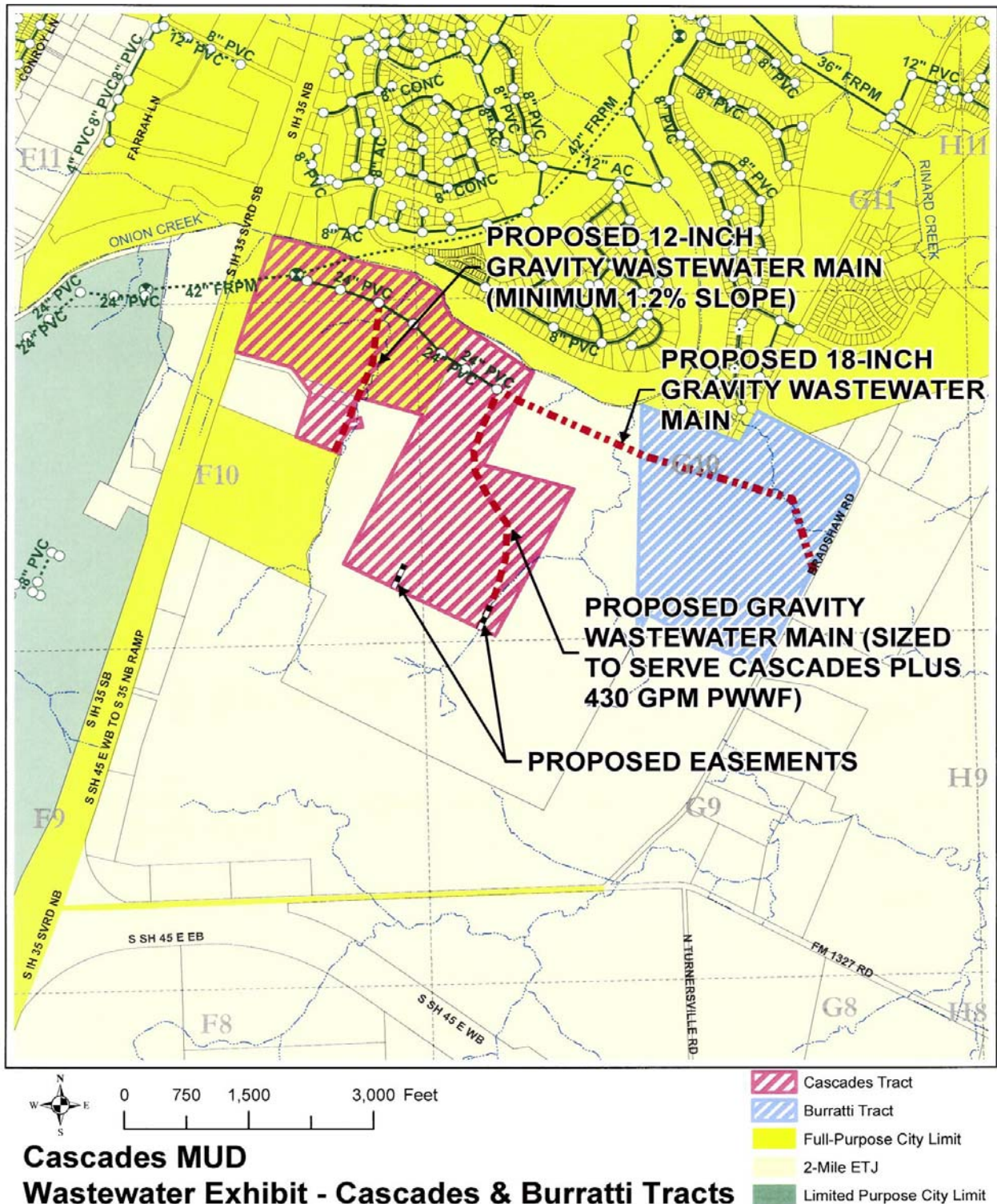
EXHIBIT L-3 **Conceptual Major Water Facilities for Cascades and Burratti Tracts**



Cascades MUD **Water Exhibit - Cascades & Burratti Tracts**

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EXHIBIT L-4 **Conceptual Major Wastewater Facilities for Cascades and Buratti Tracts**



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EXHIBIT M
Oversizing and Cost Participation

The Developer waives the \$3,445,939 cost reimbursement authorized by City Council Resolution No. 20081218-005 on December 18, 2008 for actual construction, engineering, design, and project management costs associated with the 24-inch water transmission line that would cross through the Property.

1. If only the 135.796 acres originally contained within District is developed as part of the District, the Developer will provide the following, at no cost to the City:
 - a. The addition of a second water feed in to the District when development within the District reaches 600 LUEs, with the preferred second feed being an extension of the proposed 24-inch water transmission main from its eastern terminus to the City's existing 42-inch water transmission main in the proposed realignment of Bradshaw Road and, if the easements required for the preferred location cannot be secured, the alternative being an extension of the proposed 16-inch water main along the IH35 frontage of the District south along IH35 to the existing 42-inch water transmission main.
 - b. The addition of a 12-inch wastewater main with a minimum slope of 1.2% from the middle "wastewater tie-in" on the City's existing 24-inch wastewater interceptor and running south parallel to the creek that bisects the Project to the southern boundary of the District.
 - c. Construction of a wastewater main within the Project appropriately sized to convey the flows from the eastern, single-family portion of the District and an additional 430 gpm of peak wet weather flow to allow wastewater service to an additional 125 acres south of the District.
 - d. Dedication of two appropriately sized wastewater easements at the southern boundary of the District.
 - e. Dedication, upon the date of City Council approval of the District's consent agreement, in a location, form, and content acceptable to the City, of water and wastewater easements across the Land for the purpose of providing water and wastewater service to the 58 acre tract (located at 12000 S IH 35 Service Road) and to other areas within the City's service area.
 - f. Within 30 days of the execution of this consent agreement, Developer shall reimburse the City's Austin Water department \$227,747 for payments the City made for acquiring easements from the Developer.
2. If additional land is added to the original 135.796 acres within the District, the Developer will provide the following, in addition to the conditions identified in Section 1, Exhibit M above, at no cost to the City:

- a. In lieu of the second water feed when development reaches 600 LUEs describe in Section 1.a., above, the second water feed will be provided through looping the proposed 24-inch water transmission main from the City's existing 36-inch water transmission main stub at the western boundary of the District and IH35 frontage to the City's existing 42-inch water transmission main in the proposed realignment of Bradshaw Road.
- b. Construction of an 18-inch wastewater interceptor from the eastern terminus of the City's existing 24-inch wastewater interceptor to the low point at the easer property line of the Buratti Tract along the existing Bradshaw Road.

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EXHIBIT N

RESTRICTIVE COVENANT

OWNER: _____ (the "Owner")

ADDRESS: _____

CONSIDERATION: Ten and No/100 Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged

PROPERTY: _____ (the "Property")

A. Owner, the City of Austin, Texas (the "City"), and Cascades Municipal Utility District No. 1 (the "District") previously entered into the Consent Agreement for Cascades Municipal Utility District No. 1, dated as of _____, 2014 (the "Consent Agreement").

B. Section 6.08 of the Consent Agreement requires that, if the easements necessary to extend the Major Water and Wastewater Facilities (as defined in the Consent Agreement) across any portion of the Land (as defined in the Consent Agreement) have not been dedicated or conveyed to the City prior to sale by Owner, that portion of the Land must be impressed with a restrictive covenant requiring the purchaser to donate the easements in question to the City.

C. Owner desires to sell the Property, and all easements across the Property required by Section 6.08 of the Consent Agreement have not yet been dedicated or conveyed to the City.

THEREFORE, for good and valuable consideration, and in compliance with Section 6.08 of the Consent Agreement, Owner hereby declares that the Property will be subject to the following covenants and restrictions, which will run with the land, and be binding upon Owner, and its successors and assigns:

1. Capitalized terms not otherwise defined herein will have the meanings ascribed to them in the Consent Agreement, a copy of which is on file with the City.
2. Land and easements within the Property that are required for the Major Water and Wastewater Facilities must be conveyed to the City, in lengths and widths consistent with the City's Utility Design Criteria and the Consent Agreement, on forms approved by the City and at no cost to the City, at the earlier of the City's approval of construction plans or a final plat for the land within which the facilities will be constructed.
3. If any person or entity shall violate or attempt to violate this agreement and covenant, the City may prosecute proceedings at law or in equity against the person or entity violating or attempting to violate such agreement or covenant to prevent the person or entity from such actions, and to collect damages for such actions.
4. If any part of this agreement and covenant is declared invalid, by judgment or court order, that invalidity will not affect any of the other provisions of this agreement and covenant and the remaining portion will remain in full effect.
5. If at any time the City fails to enforce this agreement, whether or not any violations are known, that failure will not constitute a waiver or estoppel of the City's right to do so.

6. This agreement may be modified, amended or terminated only by joint action of both (a) the Director of the Austin Water Utility, or his successor, and (b) the owner(s) of the Property subject to the modification, amendment or termination at the time of the modification, amendment or termination.
7. This agreement will automatically terminate and be of no force or effect as to any of the Property for which the City has approved construction plans or for which a final plat, approved by the City, has been recorded.

EXECUTED this the ____ day of _____, 20____.

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EXHIBIT O
Park and Open Space Requirements

The Developer will provide an extension of the Onion Creek Trail from IH 35 through the entirety of the Project (223 acres), with connectivity provided through an easement dedicated to the City. The Developer will use reasonable efforts to obtain approval from the State of Texas in order to allow the Developer to build at Developer's cost the portion of the trail under IH 35 to ensure adequate connection to park properties that the City has purchased west of IH 35.

The Onion Creek Trail extension through the Project will be constructed of 12-foot wide concrete, with 2-foot shoulders.

Park facilities will be owned and maintained by either the Owner's Association or the District. All park land, open space and trails will be open for use by the public.

The Developer will fund at least \$645,000 in park improvements, including playing fields, an observation pier and extensive hike and bike trail improvements, that will be owned by the District and open to the public. A detailed list of all proposed improvements and their associated costs totaling up to \$645,000 will be included in the park facilities plan as described in Section 8.01 of this Agreement.

An additional park facility investment of \$200 per LUE, or \$226,400, will be funded by the builders within the District. This obligation will be included in the Restrictive Covenants. A list of acceptable uses for this investment will be included in the park facilities plan as described in Section 8.01 of this Agreement.

The Developer will pay a fee in lieu of \$204,567.22 or a larger amount based on PARD calculations.

EXHIBIT P
“Plain Speak” Notice Form

The property that you are about to purchase is located within Cascades Municipal Utility District No. 1 (the “District”). The District is a governmental entity with taxing powers that was created by the Texas Legislature with the consent of the City of Austin (the “City”). The District and the City have entered into a Consent Agreement (the “Consent Agreement”) that contains provisions that may affect you as a property owner. The following summary describes certain important provisions of the Consent Agreement, but does not include every provision of the Consent Agreement that may affect you or the property you are purchasing. You may obtain a full and complete copy of the Consent Agreement from the District upon your request.

1. Governance. The District is governed by a five-member Board of Directors. The City is authorized to appoint one member of the Board. The other four Board members are elected by the residents of the District to serve four-year, staggered terms. No Board member may serve more than two four-year terms of office. No Board member may receive fees of office for more than 16 days of service in any District fiscal year.
2. City Services. The City provides retail water and wastewater service and residential solid waste and recycling services within the District. Neither the District nor any other utility or service provider may provide these services. Prior to the City’s full purposes annexation of the District, the City will only provide those City services provided for by the Consent Agreement, and any other services the City may agree to provide under a separate contract to areas within the District.
3. District Tax Rate. The Consent Agreement requires that the District’s tax rate be no less than the City’s tax rate.
4. Annexation; Creation of Limited District. The City has annexed all of the land in the District for the limited purposes of planning and zoning; therefore, development within the District is subject to City regulation, including the City’s zoning ordinances. When the District is annexed by the City for full purposes, the District will be converted to a “limited district” that will continue to own and operate certain park and open space land and related facilities. This limited district will levy and collect a tax, which will be in addition to the City’s ad valorem tax, to provide the limited district with funds for operation and maintenance.
5. Restrictive Covenants. The District does not have the power to enforce restrictive covenants. All restrictive covenants will be enforced by the owners association for the development.
6. Park Facilities. The District is not authorized to own, finance, construct, or maintain swimming pools, splash pads, and community centers (other than the Civic Reserve Community Center authorized by the Consent Agreement), or related improvements, land and infrastructure. These improvements may only be owned, operated and maintained by the owners association for the development.

7. Assessments by Owners Association. All property owners in the District are required to become members of the owners association, which will levy assessments on the property in the District and has the power to place liens on property to enforce the payment of the assessments. The owners association's assessments are in addition to the taxes levied and collected by the District (or, after full purpose annexation, the limited district and the City).

8. Post Annexation Surcharge. After full purpose annexation of the District, the Consent Agreement authorizes the City to charge and collect water and wastewater rates to customers within the boundaries of the District at the time of its annexation that vary from the City's standard rates in order to compensate the City for the assumption of the debt on the District's bonds. These rates will be reflected as a post annexation surcharge on the customers' monthly utility bills and will be stated as a percentage of the water and sewer rates of the City.