CITY OF KYLE

Notice of Regular City Council Meeting

Kyle City Hall, 100 W. Center St., Kyle, Texas 78640

Notice is hereby given that the governing body of the City of Kyle, Texas will meet at 6:00 PM on April 16, 2019, at Kyle City Hall, 100 W. Center St., Kyle, Texas 78640, for the purpose of discussing the following agenda.

Posted this 12th day of April, 2019, prior to 5:00 p.m.

I. Call Meeting to Order

II. Executive Session

1. Pursuant to Chapter 551, Texas Government Code, the City Council reserves the right to convene into Executive Session(s) from time to time as deemed necessary during this meeting. The City Council may convene into Executive Session pursuant to any lawful exception contained in Chapter 551 of the Texas Government Code including any or all of the following topics.
    1. Pending or contemplated litigation or to seek the advice of the City Attorney pursuant to Section 551.071.
        - Kinder Morgan Pipeline

III. Consider and Possible Action

2. Agreement and Consent to Multi-Party Representation as part of the TREAD Coalition. ~ *Paige Saenz, City Attorney*

3. Legal Representation Agreement with Richards, Rodriguez & Keith. ~ *Paige Saenz, City Attorney*

IV. Approval of Minutes

4. City Council Special Meeting Minutes - March 26, 2019. ~ *Jennifer Vetrano, City Secretary*

V. Citizen Comment Period with City Council

The City Council welcomes comments from Citizens early in the agenda of regular meetings. Those wishing to speak are encouraged to sign in before the meeting

begins. Speakers may be provided with an opportunity to speak during this time period on any agenda item or any other matter concerning city business, and they must observe the three-minute time limit.

VI. Presentation

5. Council Proclamations. ~ *Dex Ellison, Mayor Pro Tem and Alex Villalobos, Council Member*
   - National Animal Care & Control Appreciation Week (April 7th – April 13th)
   - National Crime Victims Rights Week (April 7th – April 13th)
   - National Public Safety Telecommunicators Week (April 14th – April 20th)

6. Soil & Water Stewardship Week Mayoral Proclamation. ~ *Travis Mitchell, Mayor*

7. CIP/Road Projects Update. ~ *Leon Barba, P.E., City Engineer*

VII. Consent Agenda

8. Approve Supplement No. 7 to HDR ENGINEERING, INC., Austin, Texas in the amount of $54,088.00 for a total contract amount not to exceed $1,261,327.50 for additional engineering services associated with the Lehman Road improvements project. ~ *Leon Barba, P.E., City Engineer*

9. Approve a contract with VIKING CONSTRUCTION, INC., Georgetown, Texas in an amount not to exceed $525,819.23 for the 2019 Miscellaneous Streets Micro-Surfacing Project. ~ *Leon Barba, P.E., City Engineer*

10. *(Second Reading)* An Ordinance of the City of Kyle, Texas, Amending Section 29-10(1) to provide for signs erected on property leased or under the control of the city to be exempt from the sign ordinance regulations; ratification of prior approval; providing an effective date; and providing for related matters. ~ *Paige Saenz, City Attorney*

    City Council voted 6-0 to approve the Ordinance on First Reading.

11. Authorize award and execution of a purchase order to BURGESS AND NIPLE, INC., Austin, Texas, in an amount not to exceed $99,920.00 for updating the City's water model. ~ *Leon Barba, P.E., City Engineer*

12. A Resolution of the City of Kyle, Texas Suspending the Proposed Gas Reliability Infrastructure Program Interim Rate Adjustment of Texas Gas Service Company, a Division of One Gas, Inc., an Oklahoma Corporation; finding that the meeting complies with the open meetings act; declaring an effective date and requiring delivery of this resolution to the company. ~ *Jerry Hendrix, Chief of Staff*

VIII. Consider and Possible Action

13. [Postponed 4/2/2019] Consider approval of Addendum Number 5 to Agreement by and between the City of Kyle and Lennar and Plum Creek Development Partners, Ltd. ~ *James R. Earp, Assistant City Manager*

14. [Postponed 4/2/2019] Approve a Deposit and Reimbursement Agreement with the Plum Creek North Public Improvement District (PID). ~ *Jon Snyder, P3Works, LLC, City's PID Administrator*

15. [Postponed 4/2/2019] Approve a Dissolution Agreement for the Plum Creek Public Improvement District (PID). ~ *Jon Snyder, P3Works, LLC, City's PID Administrator*

16. [Postponed 4/2/2019] Approve a Resolution of the City of Kyle, Texas, authorizing and creating the Plum Creek North Public Improvement District (PID) in accordance with Chapter 372 of the Texas Local Government Code. ~ *Jon Snyder, P3Works, LLC, City's PID Administrator*

17. A Resolution approving the form and authorizing the distribution of a Preliminary Limited Offering Memorandum for Special Assessment Revenue Bonds, Series 2019 (6 Creeks Public Improvement District Improvement Area #1 Project). ~ *Jon Snyder, P3Works, LLC, City's PID Administrator*

18. Authorize the publication of notice of public hearing to issue bonds 6 Creeks PID. ~ *Jon Snyder, P3Works, LLC, City's PID Administrator*

19. Resolution of the City of Kyle, Texas amending the 6 Creeks Public Improvement District Financing Agreement. ~ *Jon Snyder, P3Works, LLC, City's PID Administrator*

20. Review and acceptance of the City's Comprehensive Annual Financial Report (CAFR) and the Independent Auditors' Report for fiscal year ending September 30, 2018. ~ *Perwez A. Moheet, CPA, Director of Finance and Michael O'Brien, CPA, Partner, RSM US, LLP, Certified Public Accountants*

21. *(First Reading)* Approve an Ordinance of the City of Kyle, Texas, zoning for traffic and rate of speed therein, on FM150 (Rebel Drive) in the city limits of Kyle; defining speeding and fixing a penalty therefore; declaring what may be a sufficient complaint in prosecutions hereunder; and with a saving clause repealing conflicting laws. ~ *Leon Barba, P. E., City Engineer*

22. *(First Reading)* Approve an Ordinance regulating traffic, authorizing and directing the installation and erection of stop signs for traffic control at the intersection of Silverado Drive and FM150 (Rebel Drive) in the city limits of Kyle. ~ *Leon Barba, P.E., City Engineer*

23. Amendment to the Burleson Street engineering contract to consider a roundabout at Burleson Street and Spring Branch Drive. ~ *Leon Barba, P.E., City Engineer*

24. Discuss and direct staff on a course of action to affect a proposed rezoning at

112 Austin Street; specifically related to the need for a Comprehensive Plan text amendment to permit single-family residential zoning in the city's 'old town community'. ~ *Howard J. Koontz, Director of Planning and Community Development*

25. Recommendation of the Compensation Committee of the City Council. ~ *Trista Fugate, Committee Member*

26. Public Hearing on Council Compensation Committee Recommendation. ~ *Travis Mitchell, Mayor*

27. Discussion regarding Council Compensation Committee Recommendation. ~ *Travis Mitchell, Mayor*

28. Discussion and Possible Action to change the First Year On Us Program. ~ *Daphne Tenorio, Council Member*

29. Discussion and possible setting of dates for public input on the vision and zoning of the Historic Core Area and Old Town District. ~ *Daphne Tenorio, Council Member*

30. Discussion on the review of City Manager. ~ *Daphne Tenorio, Council Member*
    - Creation of a City Manager review matrix
      Examples will be provided at the meeting and will be given to the City Secretary for posting on the City Website for transparency.
    - Creation of 360 employee review
      - Division/Departmental Managers/ All employee review of City Manager
      - Employee Review of Division/Departmental Review Managers
    - Discussion of possible company to gather the data and present to Council

31. CAPCOG Air Quality Program FY 2020 Local Funding Resolution. ~ *Dex Ellison, Council Member*

32. National Sign Plazas home builder signs. ~ *Tracy Scheel, Council Member*

IX. City Manager's Report

33. Update on various capital improvement projects, road projects, building program, and/or general operational activities where no action is required. ~ *J. Scott Sellers, City Manager*
    - Pawsitive Outcomes Survey

X. Executive Session

34. Pursuant to Chapter 551, Texas Government Code, the City Council reserves the right to convene into Executive Session(s) from time to time as deemed necessary during this meeting. The City Council may convene into Executive Session pursuant to any lawful exception contained in Chapter 551 of the

Texas Government Code including any or all of the following topics.

1. Pending or contemplated litigation or to seek the advice of the City Attorney pursuant to Section 551.071.
    - Notice of claim related to the Sunset Ridge Manufactured Home Park
      Vested rights claim
2. Possible purchase, exchange, lease, or value of real estate pursuant to Section 551.072.
3. Personnel matters pursuant to Section 551.074.
4. Convene into executive session pursuant to Section 551.087, Texas Government Code, to deliberate regarding the offer of economic incentives to one or more business prospects that the City seeks to have locate, stay, or expand in or near the City.
    - Project Wolverine

35. Take action on items discussed in Executive Session.

XI. ADJOURN

At any time during the Regular City Council Meeting, the City Council may adjourn into an Executive Session, as needed, on any item listed on the agenda for which state law authorizes Executive Session to be held

*Per Texas Attorney General Opinion No. JC-0169; Open Meeting & Agenda Requirements, Dated January 24, 2000: The permissible responses to a general member communication at the meeting are limited by 551.042, as follows: "SEC. 551.042. Inquiry Made at Meeting. (a) If, at a meeting of a government body, a member of the public or of the governmental body inquires about a subject for which notice has not been given as required by the subchapter, the notice provisions of this subchapter, do not apply to:(1) a statement of specific factual information given in response to the inquiry; or (2) a recitation of existing policy in response to the inquiry. (b) Any deliberation of or decision about the subject of the inquiry shall be limited to a proposal to place the subject on the agenda for a subsequent meeting."

CITY OF KYLE, TEXAS

Executive Session

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: Pursuant to Chapter 551, Texas Government Code, the City Council reserves the right to convene into Executive Session(s) from time to time as deemed necessary during this meeting. The City Council may convene into Executive Session pursuant to any lawful exception contained in Chapter 551 of the Texas Government Code including any or all of the following topics.

1. Pending or contemplated litigation or to seek the advice of the City Attorney pursuant to Section 551.071.
    - Kinder Morgan Pipeline

Other Information:

Legal Notes:

Budget Information:

ATTACHMENTS:

Description

No Attachments Available

CITY OF KYLE, TEXAS

TREAD Coalition Agreement

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: Agreement and Consent to Multi-Party Representation as part of the TREAD Coalition.
~ Paige Saenz, City Attorney

Other Information:

Legal Notes:

Budget Information:

ATTACHMENTS:

Description

- RRS Multiparty Consent and Agreement

AGREEMENT AND CONSENT TO MULTI-PARTY REPRESENTATION

Based upon the discussions and understandings among **Richards Rodriguez & Skeith LLP ("RRS") and the Law Office of Max Renea Hicks**, (collectively **the "Firms")** on the one hand, and **The City of Kyle; Hays County, Texas**; **Andrew Sansom; Scott and Lana Nance; Braun & Gresham Attorneys at Law;** and **the TREAD Coalition** (singularly "**Client**" and collectively "**Clients**"), on the other hand, regarding the multiple representation of **Clients** by **RRS**, it is agreed as follows:

1. **Clients** hereby consent and agree to each being represented by **the Firms**, in connection with disputes regarding and involving them and **the State of Texas, the Texas Railroad Commission, and Kinder Morgan ("Adverse Party")**, including but not limited to the claims regarding the constitutionality of private pipeline eminent domain authority ("Lawsuit" or "Dispute").

2. **Clients** acknowledge and agree as follows:

a. that **the Firms** cannot serve as an advocate for any of the **Clients** in a matter against any of the other **Clients,** but instead must assist all of the **Clients** in pursuing their common purpose, as a consequence of which each of **Clients** must be willing to make independent decisions without **the Firms'** advice concerning whether to agree to any proposed resolution of any of the issues concerning the matter;

b. that **the Firms** must deal impartially with each of the **Clients**;

c. that any communications between **Clients**, on the one hand, and **the Firms**, on the other, will be treated as strictly confidential under the attorney-client and other applicable privileges, and may not be disclosed to third parties without the consent of all **Clients**, and **Clients** further agree to maintain the privilege of any such attorney-client communications. **Clients** further acknowledge and agree that while all communications between **Clients**, on the one hand, and **the Firms**, on the other, remain privileged during the course of the multiple representation, such communications may lose their privileged character if offered in this or a subsequent legal proceeding in which **Clients** are adversaries.

d. that communications between any one or more of the **Clients**, on the one hand, and **the Firms**, on the other, may be disclosed to each of the other **Clients** and may not be confidential or privileged as between **Clients** (these communications will remain privileged as to third parties). **Clients** should assume that **the Firms** will disclose all information concerning the matter to any of the **Clients** if **the Firms** know that information would likely materially affect the position of the **Client**, even if requested by another of **Clients** not to do so.

e. that **the Firms** have the authority to correct any false or misleading statement or omission concerning the matter made by or on behalf of any of **Clients,** especially if **the Firms** know failure to do so would likely materially affect the position of any of the other **Clients**, even if requested by any of **Clients** not to do so.

f. that **Clients** do not currently perceive or are not aware of any present existing or potential conflict between them in connection with disputes regarding and involving them and **Adverse Party** and its related individuals and entities or the claims asserted in the Lawsuit and that **the Firms** have disclosed to **Clients** the potential conflicts of which it is currently aware in **Appendix A** attached. To the extent a conflict or potential conflict exists and such conflict is waivable by **Clients**, **Clients** hereby waive such conflict and consent to the representation by **the Firms** of all **Clients**;

g. that there is a possibility that a potential conflict of interest may arise in the course of the multiple representation of **Clients** by **the Firms**. **Clients** acknowledge and agree that in the event such a conflict of interest arises regarding their multiple representation by **the Firms**, as determined by **the Firms**, then **the Firms** will withdraw from representation of one or more of **Clients** to the extent necessary to cure the conflict;

h. that if **the Firms** withdraw from the representation of one or more of **Clients**, that **the Firms** may continue to represent **the TREAD Coalition and Braun & Gresham** even if such representation is contrary to the interests of the other **Clients. Clients** understand, that in the event of such withdrawal, **Clients** may, among other things, suffer additional economic burden in retaining new counsel to represent them, as the case may be;

3. **Clients** acknowledge and understand that in the event a conflict of interest arises regarding the multi-party representations by **the Firms**, notwithstanding this agreement, **the Firms** may not be able to continue representing any of the **Clients** if discharged by any one of them or if **the Firms** are required to withdraw from the representation by the disciplinary rules of professional conduct. Further, a court may disqualify **the Firms** from continuing their representation of any of **Clients**, notwithstanding the terms of this agreement. **Clients** understand that in such event, **Clients** may, among other things, suffer additional economic burden in retaining new counsel to represent them.

4. **Clients** acknowledge and understand that the representation of all **Clients** by the Firms will not necessarily expedite the handling of the matter or reduce associated attorneys' fees and expenses.

5. **Clients** acknowledge and understand that each **Client** might gain or lose some advantages if represented by separate counsel.

6. **Clients** acknowledge and agree that, prior to entering this agreement, they have had adequate time and opportunity to seek the advice of independent counsel (other than **the Firms**) regarding the propriety of entering this agreement, that they understand the existence, nature, implications, possible adverse consequences and conflicts of multi-party representation, that they have freely chosen to execute this agreement without any encouragement or solicitation from **the Firms**, and that no other representations have been made to them regarding the retention of **the Firms** for this multi-party representation, other than those set out in the Agreement.

THE UNDERSIGNED HAVE CAREFULLY READ THE CONTENTS OF THIS AGREEMENT AND CONSENT, WAIVE ANY POTENTIAL CONFLICTS, ACKNOWLEDGE THAT THEY EACH HAVE HAD ADEQUATE TIME AND

OPPORTUNITY TO SEEK INDEPENDENT COUNSEL (OTHER THAN RRS) REGARDING THE PROPRIETY OF ENTERING THIS AGREEMENT AND GIVING THIS CONSENT, AND AGREE UNCONDITIONALLY TO THE TERMS AND CONDITIONS SET FORTH IN THIS AGREEMENT AND CONSENT.

THE UNDERSIGNED FURTHER REPRESENT THAT HE/SHE HAVE FULL AUTHORITY, AND HAVE SUCH CORPORATE AUTHORIZATION WHICH MAY BE REQUIRED, TO EXECUTE THIS AGREEMENT ON BEHALF OF THE ENTITY FOR WHICH THEY HAVE EXECUTED BELOW.

_____

Scott Nance

Date: _____

_____

Lana Nance

Date: _____

Andrew Sansom

Date: _____

THE CITY OF KYLE

_____

By: Paige H. Saenz, City Attorney

Date:_____

HAYS COUNTY, TEXAS

_____
By: Mark Kennedy, its General Counsel

Date:_____

Braun & Gresham Attorneys at Law

_____

By: David Braun

Date:_____

TREAD Coalition

_____

By: Melissa Locke

Date:_____

RICHARDS RODRIGUEZ & SKEITH LLP

By: _____
Clark Richards

Date: _____

Law Office of Max Renea Hicks

By: _____
Renea Hicks

Date: _____

Appendix A

1. **The parties may disagree regarding the objectives to be achieved and/or strategies to achieve them.**

2. **Although RRS is not now aware of any actual conflict between Clients, each Client may determine, after additional investigation and discovery, a conflict with one or more of the other Clients.**

3. **One or more Clients may wish at some point to propose or accept a settlement offer, while the other Clients may not wish to propose or accept such offer.**

4. **Client may differ as to their opinions concerning the conduct of their defense in the case.**

5. **The Clients may disagree regarding the conduct, goals or interests of the Clients in the representation.**

6. **Each Client may have interests which could be in his or its own best interest but not in the best interest of the other Client.**

CITY OF KYLE, TEXAS

Richards, Rodriguez & Keith

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: Legal Representation Agreement with Richards, Rodriguez & Keith. ~ *Paige Saenz, City Attorney*

Other Information:

Legal Notes:

Budget Information:

ATTACHMENTS:

	Description
🗋	Representation Agreement

Richards Rodriguez & Skeith LLP
Attorneys at Law

Clark Richards
crichards@rrsfirm.com

April 12, 2019

Via Email paige@cityattorneytexas.com
The City of Kyle
c/o Paige H Saenz
The Knight Law Firm, LLP
223 West Anderson Lane, Suite A-105
Austin, Texas 78752

Re: Representation Agreement

Dear Ms. Saenz,

This letter sets forth the agreement ("Agreement") under which the law firm of RICHARDS RODRIGUEZ & SKEITH LLP and the Law Office of Max Renea Hicks ("we," "us" or the "Firm") will represent the City of Kyle ("you" or the "Client") as your attorneys.

1. Scope of Representation.

The scope of our representation of you is limited to against the State of Texas, the Texas Railroad Commission and Kinder Morgan regarding the constitutionality of private pipeline eminent domain powers.

2. Fee.

You agree to pay the Firm for the time we spend in connection with your representation on the basis set forth in the attached Fee Schedule, which is part of this Agreement.

3. Expenses.

We do not charge for regular U.S. postage, routine in-house copies, faxes, domestic long-distance calls or electronic legal research within the Firm's plan. You agree to reimburse the Firm, at the Firm's cost, for all other expenses associated with the Firm's representation of you and for mileage at the then current IRS rate. You agree that, at our request, you will pay for certain expenses directly to outside vendor(s)/provider(s).

4. Retainer.

You will pay us a refundable retainer (deposit) in the amount listed in the attached Retainer Schedule.

We will hold your retainer in trust on your behalf in an IOLTA[1] trust account and will apply it to your final bill, or, at our discretion, to any amount you owe us, including advanced expenses. If we disburse funds from the retainer prior to the final bill, you agree to promptly restore the retainer balance at our request.

We may also increase or decrease the amount of the required retainer at any time as the representations progresses based on various factors, which may include the complexity of the matter, the scope of the work, and other factors.

We will refund the balance, if any, to the Client when the representation is concluded.

5. Invoices and Payments.

Our billing cycle runs through the 20th of each month. Generally, the Firm will send you monthly invoices for fees and expenses incurred.

All fees and expenses are payable at the address of the Firm. If you have any questions about the amount of the Firm's fees, we encourage you to raise them promptly. We will not be offended if you have questions about our bills. We simply ask that you raise such questions with us as soon as they arise so we can address them. We expect you to pay our invoices upon receipt but no later than 30 days from the date of the invoice and to keep all outstanding fees and expenses current at all times.

Method of delivery of invoices: Unless you instruct us otherwise, your invoices will be delivered to David Braun at Braun & Gresham by e-mail to dbraun@braungresham.com and to Jeremy Wheat at jwheat@braungresham.com.

Consent regarding payment by another party: You consent to the payment by TREAD Coalition of all retainers, fees and expenses incurred in connection with this representation, and understand and we agree that you will not be responsible for any retainers, fees and expenses incurred by us.

6. Commencement of Representation.

The Firm will not represent you until we have received a signed copy of this Agreement, any required retainer is deposited with us and the funds become available for use.

In addition, you agree we may perform any due diligence we deem appropriate regarding you or related to your matter at any time.

[1] IOLTA stands for Interest on Lawyers Trust Accounts, a program under which interest from lawyer trust accounts is not provided to the client or the lawyer, but instead is pooled to provide civil legal aid to the poor and support improvements to the justice system. For more information, please see http://www.iolta.org.

7. Termination of Representation.

You may discharge the Firm at any time, but the discharge must be in writing and must actually be received by the Firm. Your termination of the Firm's services will not affect your responsibility for payment of the Firm's fees and expenses, including any incurred in connection with an orderly transition of your representation.

The Firm may withdraw from your representation as allowed by the Texas rules of ethics for lawyers, including **your failure to timely pay fees, expenses (including outside vendor expenses), and/or any retainers** in connection with the representation. Before the Firm withdraws from its representation of you, the Firm will attempt to give you written notice.

8. Dispute Resolution - Mediation

You and the Firm acknowledge the desire to have an opportunity to resolve any problem as early as possible and agree to mediate any dispute between you and the Firm prior to filing a lawsuit.

9. No Guarantee of Outcomes, Estimated Fees, Expenses

The Firm will use diligent efforts in representing Client in this matter; however, the Firm is unable to give and has given no guarantees as to the outcome. Based on information available at the time, the Firm may provide opinions on the likelihood of success, the strategy to be pursued or the estimated fees and costs. These statements of opinion are not guarantees, representations, warranties, or promises.

10. Texas Lawyer's Creed.

The Texas Supreme Court has adopted the Texas Lawyer's Creed which sets forth standards for attorney professionalism and states lawyers should advise their clients of its contents when undertaking representation. This document can be found at http://www.txcourts.gov/media/276685/texaslawyerscreed.pdf.

11. NOTICE TO CLIENTS.

The State Bar of Texas investigates and prosecutes professional misconduct committed by Texas attorneys. Although not every complaint against or dispute with a lawyer involves professional misconduct, the State Bar Office of the General Counsel will provide you with information about how to file a complaint. For more information, please call 1-800-932-1900. This is a toll-free phone call.

12. Representation of Authority.

The undersigned represents that he or she has full authority to enter into this Agreement on behalf of the Client.

13. Facsimile and Electronic Transmission; Change of Address

By signing this Agreement, you represent you have been notified and understand the Firm often communicates using facsimile and electronic mail transmissions and it is possible such transmissions may be intercepted by third parties. You agree that the firm may send you privileged and confidential information at the email address(es) provided by you. If you do not agree to the use of such transmissions, please notify us in writing.

You are responsible for notifying us of any changes to your address or other contact information.

14. General.

This Agreement, along with the enclosed Multi-Party Representation Agreement, is the complete agreement between you and the Firm regarding our representation of you and supersedes all previous agreements, whether written or oral, between us. This Agreement may only be amended in writing signed by a partner of the Firm and is governed by Texas law. The place of performance of this agreement is in Travis County, Texas.

15. File Retention/Destruction

Our policy is to maintain a client's file regarding a particular matter for a period of five (5) years after the conclusion of our representation. Thereafter, the file is destroyed in a manner that preserves the confidential nature of the information in the file. You authorize us, without further notice to you, to destroy all copies (whether physical or electronic) of closed files five (5) years after the conclusion of our representation of you regarding the particular matter. You agree we are not required to maintain or provide you with non-substantive or administrative communications, documents, or information related to our representation of you, e.g., drafts of documents, internal communications between attorneys, support staff, or both, regarding which lawyers or staff should be assigned to a matter, scheduling, file set-up, billing, revisions to documents, potential conflicts of interest, etc.

At our option, we may maintain the file regarding your representation in electronic form only. If you provide us with original or other physical documents you want preserved and returned to you, you must notify us in writing.

In addition, in the event our representation is terminated at any time and for any reason, by the Firm or you, you agree we may retain a copy of the file at our expense and we agree to make the file available to you upon reasonable notice. You agree to pay all shipping costs associated with the delivery of all or any part of the file to you.

16. Signature

If you agree to the terms and conditions of our representation, please sign this letter in the space provided below and return an original, faxed or electronic copy of this letter to us. You agree a faxed or electronic signature will have the same effect as an original.

If you have any questions, please feel free to contact us at any time so we can clear up any confusion. We appreciate the opportunity to represent you and look forward to working with you.

Sincerely,

RICHARDS RODRIGUEZ & SKEITH LLP

By: _____
Clark Richards, Partner

Encl. *Fee and Retainer Schedule*
Agreement and Consent to Multi-Party Representation

AGREED:

THE CITY OF KYLE

_____
By: Paige H. Saenz, City Attorney

Date:_____

FEE SCHEDULE

Timekeepers	**Hourly Rates**
Clark Richards (Primary Attorney)	$405
Other Attorneys	$300-475
Paralegals, IT Case Support and Litigation Assistants	$135-195

We bill our clients in tenths of an hour increments (6 minutes). It is our policy to have the necessary work performed in the most cost-effective manner consistent with thorough attention to the tasks involved. Paralegals, legal assistants and clerks may be used to perform work not requiring direct attention of an attorney to reduce overall costs.

You understand and agree the Firm will be compensated for all services rendered on your behalf, including but not limited to telephone conversations, drafting and review of e-mail and written correspondence, office conferences, preparation of documents, investigation of facts, preparation for and appearances in court or other tribunals and all other necessary tasks.

You agree our hourly rates may be increased annually during our representation of you and such changes will be reflected on our monthly invoices.

Client and the Firm agree, under the terms of Rule 1.04 of the Texas Disciplinary Rules of Professional Conduct, these fees represent fair and reasonable compensation for the Firm's services described in this agreement.

RETAINER SCHEDULE

Initial Required Retainer **(NOTE: Applied to last bill & REFUNDABLE if not expended for services and/or expenses)**	**$0**

CITY OF KYLE, TEXAS

2019 0326 Minutes

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: City Council Special Meeting Minutes - March 26, 2019. ~ *Jennifer Vetrano, City Secretary*

Other Information:

Legal Notes:

Budget Information:

ATTACHMENTS:

	Description
🗋	2019 0326 DRAFT Special Meeting Minutes

SPECIAL CITY COUNCIL MEETING MINUTES

The City Council of the City of Kyle, Texas met in Special Session on March 26, 2019 at Kyle City Hall with the following persons present:

Mayor Travis Mitchell
Mayor Pro Tem Dex Ellison
Council Member Tracy Scheel
Council Member Alex Villalobos
Council Member Rick Koch
Council Member Daphne Tenorio
Scott Sellers, City Manager
James Earp, Assistant City Manager
Paige Saenz, City Attorney
Jerry Hendrix, Chief of Staff
Jennifer Vetrano, City Secretary
Leon Barba, City Engineer
Diana Torres, Economic Dev Director
Victoria Vargas, Economic Dev Assistant
Danielle De Leon Guerrero, IT Technician
Jeff Barnett, Chief of Police
Pedro Hernandez, Police Captain
Diane Sanchez, Police Records Supervisor
Diane Talamantes, Police Detective
Tim Samford, Div. Mgr. – Treatment Operations
Joe Cestari
Woo Jin Yang
Jongkyoo Nam
Randy Lee

I. Call Meeting to Order

Mayor Mitchell called the meeting to order at 7:03 p.m. The Pledge of Allegiance was recited. Mayor Mitchell asked the city secretary to call roll.

Present were: Mayor Mitchell, Mayor Pro Tem Ellison, Council Member Scheel, Council Member Villalobos, Council Member Koch and Council Member Tenorio. A quorum was present.

II. Approval of Minutes

1. City Council Meeting Minutes - March 5, 2019. ~ *Jennifer Vetrano, City Secretary*
2. City Council Workshop Meeting Minutes - March 9, 2019. ~ *Jennifer Vetrano, City Secretary*
3. City Council Meeting Minutes - March 19, 2019. ~ *Jennifer Vetrano, City Secretary*

Mayor Mitchell brought forward the minutes for discussion.

Council Member Tenorio moved to approve the minutes of the March 5, 2019 Council Meeting, the minutes of the March 9, 2019 Council Workshop Meeting, and the minutes of the March 19, 2019 Council Meeting. Mayor Pro Tem Ellison seconded the motion. All votes aye; motion carried 6-0.

DRAFT

III. Citizen Comment Period with City Council

Mayor Mitchell opened citizen comments at 7:04 p.m. With no one wishing to speak, Mayor Mitchell closed citizen comments at 7:04 p.m.

IV. Consider and Possible Action

4. Consider and possible action on development agreement with Project Magic Mint. ~ *Diana Torres, Director of Economic Development*

Mayor Mitchell brought forward Item No. 4 for discussion and consideration. He stated that Council would first go into executive session to review the finalized agreement. Council Member Villalobos read into the record, "Pursuant to Chapter 551, Texas Government Code, the City Council reserves the right to convene into Executive Session(s) from time to time as deemed necessary during this meeting. The City Council may convene into Executive Session pursuant to any lawful exception contained in Chapter 551 of the Texas Government Code including any or all of the following topics: Convene into executive session pursuant to Section 551.087, Texas Government Code, to deliberate regarding the offer of economic incentives to one or more business prospects that the City seeks to have locate, stay, or expand in or near the City."

Mayor Mitchell moved to convene into executive session. Council Member Tenorio seconded the motion. All votes aye; motion carried 6-0.

The City Council convened into executive session at 7:06 p.m.

Mayor Mitchell moved to reconvene into open session. Council Member Scheel seconded the motion. All votes aye; motion carried 6-0.

The City Council reconvened into open session at 7:18 p.m. Mayor Mitchell announced that no action took place in Executive Session but action would be taken now. Council Member Villalobos stated that he did not participate in the executive session and would abstain from action due to his employment with Hays County.

Ms. Diana Torres presented the item. She introduced Joe Cestari who spoke on behalf of ENF. He introduced Woo Jin Yang, General Manager, Mr. Jongkyoo Nam, and Mr. Randy Lee.

Council Member Tenorio moved to approve a development agreement with Project Magic Mint, ENF Technologies. Mayor Pro Tem Ellison seconded the motion. All votes aye; motion carried 5-0. Council Member Villalobos abstained.

V. Presentation

5. Road Projects Update. ~ *Leon Barba, P.E., City Engineer*

Mayor Mitchell brought forward Item No. 5 for discussion. Mr. Barba presented the item. No action was taken.

6. Presentation on New Police Vehicle Design ~ *Jeff Barnett, Chief of Police*

DRAFT

Mayor Mitchell brought forward Item No. 6 for discussion. Chief Barnett presented the item. No action was taken.

7. Introduction of New Employee Diane Sanchez, Records Supervisor, Kyle Police Department ~ *Jeff Barnett, Chief of Police*

Mayor Mitchell brought forward Item No. 7 for discussion. Chief Barnett introduced Ms. Diane Sanchez, Records Supervisor for the Police Department. Ms. Sanchez spoke with the Council. No action was taken.

VI. Appointments

8. Consider appointments, assignment, staff support, and schedule for the Council Compensation Committee. ~ *Travis Mitchell, Mayor*

- Trista Fugate
- Julian Hernandez
- Christine Keefe
- Pete Oppel
- Michael Tobias
- Chris Torrey

Mayor Mitchell brought forward Item No. 8 for discussion and presented the item.

Mayor Pro Tem Ellison moved to approve the appointments of Trista Fugate, Julian Hernandez, Christine Keefe, Pete Oppel, Michael Tobias, and Chris Torrey to the Council Compensation Committee. Council Member Villalobos seconded the motion.

There was discussion on the motion. Council Member Tenorio noted that the candidates were all checked. She said it was brought to her attention that there were possibilities of not being on the voter list, but they have all be checked and validated. Mayor Pro Tem Ellison thanked Council Member Tenorio for bringing that up.

All votes aye; motion carried 6-0.

Council Member Tenorio moved to direct the committee to bring back a recommendation to the City Council at its meeting on April 16, 2019. Council Member Villalobos seconded the motion.

There was discussion on the motion. Mayor Pro Tem Ellison asked if the day of is okay. Mr. Sellers affirmed.

All votes aye; motion carried 6-0.

Council Member Tenorio moved to appoint a representative from the Human Resources Department as well as the City Secretary to be liaisons for the Compensation Committee to the City Council. Council Member Villalobos seconded the motion.

DRAFT

There was discussion on the motion. Mayor Mitchell requested to clarify on the proxies. He stated that the Human Resources Department was clear, but the City Secretary was not, in the ability to appoint a proxy. Council Member Tenorio stated that a proxy could be appointed.

Council Member Tenorio moved to amend her motion to have liaisons be a proxy; either the HR Director or proxy of the Human Resources Department, as well as the City Secretary. Council Member Villalobos seconded the motion.

There was discussion on the motion. Mayor Pro Tem Ellison stated that it is his preference that it be Sandra [Duran] and Jennifer [Vetrano], that they try their best to attend and if not, then provide a proxy. Mayor Mitchell stated that staff understands what Council is after. Council Member Tenorio stated that there were possible considerations, differences with the City Charter; however, the City Attorney has reviewed it and has cleared Council to move forward.

All votes aye; motion carried 6-0.

VII. Consent Agenda

Mayor Mitchell brought forward the Consent Agenda.

9. Authorize award and execution of a Purchase Order to HYDRO RESOURCES MID-CONTINENT, INC., Creedmoor, Texas, lowest and most responsible bidder, in an amount not to exceed $37,549.75 which includes a $3,500.00 contingency for the rehabilitation of the City's Water Well No. 3. ~ *Leon Barba, P.E., City Engineer*

10. *(Second Reading)* Approve an Ordinance amending the City's Approved Budget for Fiscal Year 2018-2019 by increasing the total appropriations for expenditures in the General Fund by $21,074.90 and decreasing the fund balance in the General Fund by the same amount in order to provide funding for a special called election to be held on May 4, 2019 for City Council Place 3 position vacancy due to resignation. ~ *Perwez A. Moheet, CPA, Director of Finance*

    City Council voted 6-0 to approve the Ordinance on first reading on March 5, 2019.

Council Member Tenorio moved to approve Consent Agenda Item Nos. 9 and 10. Council Member Villalobos seconded the motion. All votes aye; motion carried 6-0.

VIII. Consider and Possible Action

11. [Postponed 2/5/2019] Consider approval of Addendum Number 5 to Agreement by and between the City of Kyle and Lennar and Plum Creek Development Partners, Ltd. ~ *James R. Earp, Assistant City Manager*

Mayor Mitchell brought forward Item No. 11 and stated that the item has been requested for postponement, and additionally Item Nos. 12, 13, and 14, until the April 2, 2019 council meeting.

Council Member Tenorio moved to postpone Item Nos. 11, 12, 13, and 14 until the April 2, 2019 council meeting. Mayor Pro Tem Ellison seconded the motion. All votes aye; motion carried 6-0.

DRAFT

12. [Postponed 2/5/2019] Approve a Dissolution Agreement for the Plum Creek Public Improvement District (PID). ~ *Jon Snyder, P3Works, LLC, City's PID Administrator*

13. [Postponed 2/5/2019] Approve a Resolution of the City of Kyle, Texas, authorizing and creating the Plum Creek North Public Improvement District (PID) in accordance with Chapter 372 of the Texas Local Government Code. ~ *Jon Snyder, P3Works, LLC, City's PID Administrator*

14. [Postponed 2/5/2019] Approve a Deposit and Reimbursement Agreement with the Plum Creek North Public Improvement District (PID). ~ *Jon Snyder, P3Works, LLC, City's PID Administrator*

15. Girl Scouts capital fundraiser. ~ *Daphne Tenorio, Council Member*

Mayor Mitchell brought forward Item No. 15 for discussion and gave the floor to Council Member Tenorio. Ms. Tenorio presented the item. No action was taken.

16. Discussion and Possible Approval of the proposed signage for the Kyle Railroad Depot and Heritage Center. Option D has been requested. ~ *Daphne Tenorio, Council Member*

Mayor Mitchell brought forward Item No. 16 for discussion and gave the floor to Council Member Tenorio.

Council Member Tenorio moved to authorize sign "D". Mayor Pro Tem Ellison seconded the motion.

There was discussion on the motion. Mayor Mitchell asked whether it is a variance, and stated that he has some questions. He asked Council Member Tenorio if she would withdraw her motion. She withdrew her motion. Mr. Sellers explained conformance issues with the Sign Code. City Attorney, Paige Saenz, provided legal advice to amend the sign code to allow for Council approval on variances on City leased property.

Council Member Tenorio moved to approve a variance for sign "D" for the Train Depot Board for the Train Depot Heritage Center and to follow it up with an ordinance change. Mayor Pro Tem Ellison seconded the motion.

There was discussion on the motion. Council Member Scheel asked who would be responsible for open/closed portion. Council Member Tenorio mentioned that the volunteers are already doing that and will continue. Mayor Pro Tem Ellison stated that he likes the sign and thanked Council Member Tenorio for bringing the item forward as it was long overdue. He also thanked staff for working towards a solution. He then asked about whether it is okay to bring forward the ordinance at the next meeting, after the fact. Ms. Saenz stated that it could come forward at the next council meeting. Council Member Koch asked to confirm that the only non-conforming aspect of the sign is that it is not a monument sign. Mr. Hendrix affirmed. Mayor Mitchell stated that he is not a fan of certain aspects of the current sign ordinance. He mentioned conflicting portions and overly-restrictive aspects for business owners.

All votes aye; motion carried 6-0.

DRAFT

17. Discussion and Possible Action to change the First Year On Us Program. ~ *Daphne Tenorio, Council Member*

Council Member Tenorio requested to postpone Item No. 17 until the April 16, 2019 council meeting in order to gather back up information for the Council. No action was taken.

18. A Resolution supporting Hays County inclusion in the Texas Countywide Polling Place Program. ~ *Travis Mitchell, Mayor*

Mayor Mitchell brought forward Item No. 18 for discussion and presented the item.

Mayor Mitchell moved to approve a Resolution supporting Hays County inclusion in the Texas Countywide Polling Place Program. Council Member Tenorio seconded the motion. All votes aye; motion carried 6-0.

19. Consider a resolution in support of House Bill 1303. ~ *Travis Mitchell, Mayor*

Mayor Mitchell brought forward Item No. 18 for discussion and presented the item.

Council Member Tenorio moved to approve a resolution in support of House Bill 1303. Mayor Pro Tem Ellison seconded the motion.

There was discussion on the motion. Mayor Mitchell stated that Representative Zwiener has been busy, and he is happy to support this resolution.

All votes aye; motion carried 6-0.

IX. City Manager's Report

20. Update on various capital improvement projects, road projects, building program, and/or general operational activities where no action is required. ~ *J. Scott Sellers, City Manager*

- Pawsitive Outcomes meetings
- Council Budget Worksession: Thursday, May 23, 2019 at 5:00 p.m.

Mr. Sellers spoke about the annual household survey. He continued with mentioning that Pawsitive Outcomes has scheduled meetings for feedback. They will be in Kyle on Wednesday, April 3 at 6:00 p.m. in the Council Chambers. He reminded Council of the Council Budget Worksession scheduled for Thursday, May 23, 2019 at 5:00 p.m.

X. Executive Session

21. Pursuant to Chapter 551, Texas Government Code, the City Council reserves the right to convene into Executive Session(s) from time to time as deemed necessary during this meeting. The City Council may convene into Executive Session pursuant to any lawful exception contained in Chapter 551 of the Texas Government Code including any or all of the following topics.

    1. Pending or contemplated litigation or to seek the advice of the City Attorney pursuant to Section 551.071.

DRAFT

- Meet and Confer

2. Possible purchase, exchange, lease, or value of real estate pursuant to Section 551.072.
3. Personnel matters pursuant to Section 551.074.
4. Convene into executive session pursuant to Section 551.087, Texas Government Code, to deliberate regarding the offer of economic incentives to one or more business prospects that the City seeks to have locate, stay, or expand in or near the City.

Council Member Koch read into the record, "Pursuant to Chapter 551, Texas Government Code, the City Council reserves the right to convene into Executive Session(s) from time to time as deemed necessary during this meeting. The City Council may convene into Executive Session pursuant to any lawful exception contained in Chapter 551 of the Texas Government Code including any or all of the following topics: Pending or contemplated litigation or to seek the advice of the City Attorney pursuant to Section 551.071 – Meet and Confer." The City Council convened into executive session at 8:25 p.m.

22. Take action on items discussed in Executive Session.

Mayor Mitchell moved to reconvene into open session. Council Member Scheel seconded the motion. All votes aye; motion carried 5-0. Council Member Koch was absent for the vote.

The City Council reconvened into open session at 9:11 p.m. Mayor Mitchell announced that no action took place in Executive Session and no action would be taken now. Council Member Koch returned to the dais at 9:11 p.m.

XI. ADJOURN

Council Member Tenorio moved to adjourn. Mayor Pro Tem Ellison seconded the motion. All votes aye; motion carried 6-0.

With no further business to discuss, the City Council adjourned at 9:11 p.m.

_____
Travis Mitchell, Mayor

Attest:

_____
Jennifer A. Vetrano, City Secretary

DRAFT

CITY OF KYLE, TEXAS

Council Proclamations

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: Council Proclamations. ~ *Dex Ellison, Mayor Pro Tem and Alex Villalobos, Council Member*

- National Animal Care & Control Appreciation Week (April 7th – April 13th)
- National Crime Victims Rights Week (April 7th – April 13th)
- National Public Safety Telecommunicators Week (April 14th – April 20th)

Other Information:

Legal Notes:

Budget Information:

ATTACHMENTS:

Description

No Attachments Available

CITY OF KYLE, TEXAS

Soil & Water Stewardship

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: Soil & Water Stewardship Week Mayoral Proclamation. ~ *Travis Mitchell, Mayor*

Other Information:

Legal Notes:

Budget Information:

ATTACHMENTS:

Description

No Attachments Available

CITY OF KYLE, TEXAS

CIP/Road Projects Update

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: CIP/Road Projects Update. ~ *Leon Barba, P.E., City Engineer*

Other Information:

Legal Notes:

Budget Information:

ATTACHMENTS:

Description

No Attachments Available

CITY OF KYLE, TEXAS

Lehman HDR Supplement #7

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: Approve Supplement No. 7 to HDR ENGINEERING, INC., Austin, Texas in the amount of $54,088.00 for a total contract amount not to exceed $1,261,327.50 for additional engineering services associated with the Lehman Road improvements project. ~ *Leon Barba, P.E., City Engineer*

Other Information: The work to be performed by HDR for Supplement # 7 includes the following services/expenses:

A. Developing plan sheets for the reuse of box culverts removed from the Goforth Road project at the low water crossing at Lake Kyle. Reusing the boxes will minimize the number of times the road will need to be closed at the low water crossing. The road contractor is evaluating the proposed changes, requiring detailed sheets for the evaluation.

B. Additional construction services are needed due to the number of requests for information the contractor is requesting.

C. Additional coordination and assistance is needed for utility relocations necessary for the construction of the Lehman improvements.

D. The original scope in the contract did not account for assistance with the review of bridge structural elements, shop drawings, bridge grading detail layout.

Legal Notes: N/A

Budget Information: A Fiscal Note is attached.

ATTACHMENTS:

Description

- LehmanSupplement7Scope&Fees
- Fiscal Note

SUPPLEMENTAL WORK AUTHORIZATION NO. 7
Lehman Road Project

WHEREAS, on the 28th day of March, 2014, a professional services agreement was entered into by and between the City of Kyle ("City") and HDR Engineering, Inc. ("Consultant"), collectively known as the "parties," for the development of a preliminary engineering report, limited environmental studies, schematic, plans, specifications, and estimate (PS&E), utility coordination and design, traffic studies, geotechnical analysis, and pavement design to develop Lehman Road from RR 150 to Goforth Road Intersection, in Hays County, Texas; and,

WHEREAS, after the project was awarded for construction, the City requested the reuse of existing precast box culverts salvaged from the Goforth Road project; and whereas the initial scope of work for construction phase services was very limited and did not include the necessary modification of project plans for the reuse of existing culverts which includes the hydraulic analysis of the proposed culvert configuration as well as modification of current standard details and the inclusion of additional standard details to accommodate the precast culvert reuse; and whereas the scope of work for construction phase services did not include review of shop plans for structural elements associated with the bridge at Plum Creek; and whereas the scope of work for construction phase services did not include the preparation of project change orders requested by the City or contractor.

The Consultant requested additional compensation in the amount of $54,088.00 for these services; and,

WHEREAS, the additional engineering services to be performed by the Consultant ("supplemental work") are described and set forth in EXHIBIT "A" which is attached hereto and incorporated by reference herein; and,

WHEREAS, after careful review of the support documentation, the City has agreed to an amount not to exceed, $54,088.00 for the purpose of compensating the Consultant to perform the supplemental work described in EXHIBIT "A";and,

WHEREAS, at its regular meeting on April 16, 2019, the city council approved an amount not to exceed $54,088.00 for the purpose of compensating the Consultant to perform the supplemental work described in EXHIBIT "A";

NOW THEREFORE, IT IS HEREBY AGREED between the parties hereto that Supplemental Work Authorization #7 ("Authorization") in an amount not to exceed $54,088.00 is fair and reasonable, and this Authorization will become effective immediately upon the signature of both parties.

IN WITNESS WHEREOF, the parties hereby execute this Supplemental Work Authorization #7 on this **16th** day of April, 2019.

THE CITY OF KYLE, TEXAS :

Travis Mitchell, Mayor

HDR Engineering, Inc.:

Rashed Islam, PE, PTOE Vice President

ATTEST:

Jennifer Vetrano, City Secretary

EXHIBIT A

SUPPLEMENT NO. 7

TO CONTRACT AGREEMENT FOR PROFESSIONAL SERVICES FOR LEHMAN ROAD IMPROVEMENTS

SERVICES TO BE PROVIDED BY THE ENGINEER

WORK DESCRIPTION:

The work to be performed by ENGINEER under Supplement No. 7 to the Contract Agreement for Professional Services for the Lehman Road Improvements project include additional design and plan modification made necessary by the CITY's request to reuse existing precast concrete box culverts from the Goforth Road project on Lehman Road at the tributary to Plum Creek located at Lake Kyle Park as well as additional construction phase services for additional time for responding to contractor requests for information (RFIs), the preparation of City or Contractor requested change orders and the review of bridge structural elements.

The scope of work for the aforementioned requested plan revisions include:

PROJECT MANAGEMENT

- The ENGINEER will provide internal project coordination and oversight of plan sheet revisions and construction phase services.
- Additional project management, project controls and invoicing for the additional work.

UTILITY COORDINATION

- The ENGINEER will assist the City with additional coordination regarding the lowering of a Centerpoint gas line located in Lake Kyle Park initially identified for abandonment.
- The ENGINEER will assist the City with additional coordination with the telecommunication companies located along Lehman Road.

PLANS, SPECIFICATIONS & ESTIMATE

ROADWAY DRAINAGE

- The ENGINEER will revise the hydraulic model and data for the reuse of existing precast box culverts from the Goforth Road project as well as CIP box culverts at Lehman Road and Tributary to Plum Creek located at Lake Kyle Park.

DRAINAGE STRUCTURE / BRIDGE DESIGN

- The ENGINEER will revise the Culvert A layout for the reuse of precast box culverts from the Goforth Road project as directed by the City.
- The ENGINEER will provide modified standard details regarding the use of precast box culverts with adjacent CIP box culverts.

- The ENGINEER will research existing precast box culvert standard for reinforcement and provide equivalent reinforcement values to City and contractor.

CONSTRUCTION PHASE SERVICES

- Additional shop drawing review
    - Concrete batch designs and admixtures (Verify approved cement and aggregate source, aggregate sizing, sieve analysis, maximum slump as well as verification of approved admixtures)
    - Erosion control
    - Pedestrian handrail
    - Elastomeric bearing pads – Plum Creek bridge
    - Prestressed concrete beams (2 types) – Plum Creek bridge
    - Sealed Expansion Joint (SEJ-A)
    - Expansion joint cover plate
    - Sidewalk drain cover plate
    - Bridge railing (Ty C223)
    - Miscellaneous submittals (Verification of conformance to specifications for seed mix, geogrid, reinforcing steel, etc).
- Respond to contractor Request for Information (RFIs)(No more than 25, initially scope limited to 10).
- Additional construction progress meetings (No more than 13 additional meetings)
- Support for City / contractor (City approved) change order requests (No more than 4).

Project Description: Prepare Environmental Document, Utility Relocation, and PS&E package for Lehman Road from FM 150 to CR 157 (Goforth Rd.).

Project Length: Approximately 8,500 LF (1.60 miles)

1 - PROJECT MANAGEMENT		**$**	**5,198.00**
2 - PRELIMINARY ENGINEERING			
2A	ENVIRONMENTAL STUDIES (ENVIRONMENTAL ASSESSMENT)	$	-
2B	TRAFFIC ANALYSIS AND MODELING	$	-
2C	PRELIMINARY DRAINAGE	$	-
2D	SCHEMATIC DESIGN	$	-
2E	UTILITY COORDINATION	$	1,256.00
	SUBTOTAL PRELIMINARY ENGINEERING	**$**	**1,256.00**
3 - PLANS, SPECIFICATIONS AND ESTIMATES (PS&E)			
3A	ROADWAY GEOMETRICS (P & P SHTS: 1" = 50')	$	-
3B	ROADWAY DRAINAGE	$	3,344.00
3C	SIGNING, PAVEMENT MARKING, & ILLUMINATION	$	-
3D	MISCELLANEOUS ROADWAY	$	-
3E	TRAFFIC CONTROL PLANS	$	-
3F	UTILITY ENGINEERING	$	-
3G	DRAINAGE STRUCTURE / BRIDGE DESIGN	$	3,647.00
	SUBTOTAL PS&E PLAN PREPARATION	**$**	**6,991.00**
4A - PROJECT BID AND AWARD PHASE SERVICES		**$**	**-**
4B - PROJECT CONSTRUCTION PHASE SERVICES		**$**	**40,298.00**
5 - DIRECT EXPENSES		$	345.00
6 - SUBCONSULTANT FEES			
	AMATERRA ENVIRONMENTAL, INC. (CULTURAL RESOURCES)(DBE)	$	-
	BAKER-AICKLEN, INC. (DESIGN SURVEY)	$	-
	PAVETEX ENGINEERING AND TESTING, INC. (DBE)	$	-
	MACIAS & ASSOCIATES, INC. (QUALITY LEVEL B/A SUE AS NEEDED BY SUPPLEMENT)(DBE)	$	-
	SUBTOTAL - SUBCONSULTANT FEES	**$**	**-**
TOTAL HDR LABOR FEE, SUBCONSULTANTS, AND DIRECT EXPENSES		**$**	**54,088.00**

	Project Description: Environmental Document, Utility Relocation, & PS&E Document Preparation for Lehman Rd. from FM 150 to CR 157.	Project Length: 1.60 miles 8,500 LF													
TASK NO.	TASK DESCRIPTION	SENIOR PROJ. MGR.	ENV. MGR.	SR. ENGR.	SR. ENV. SCIENTIST	JR. ENV. SCIENTIST	GIS TECH.	DESIGN ENGR.	EIT	UTILITY DESIGN COORD	CADD TECH.	ARCH/ HISTORIAN/ PI SPECIALIST	BRIDGE CAD TECH	ACCOUNTING CLERICAL/ STENO	TOTAL
COST COMPONENT, HOURS															
1 - PROJECT MANAGEMENT															
1A	**PROJECT MANAGEMENT**														
	Additional coordination with City	6													**6**
	Additional Invoicing / Progress Reports	4												8	**12**
	Additional Project Documentation / Filing	4												8	**12**
	SUBTOTAL PROJECT MANAGEMENT	**14**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**16**	**30**
2 - DESIGN SCHEMATIC															
2A	**ENVIRONMENTAL STUDIES (ENVIRONMENTAL ASSESSMENT)**														
	No additional activities														**0**
	SUBTOTAL ENVIRONMENTAL STUDIES	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2B	**TRAFFIC ANALYSIS AND MODELING**														
	No additional activities														**0**
	SUBTOTAL TRAFFIC ANALYSIS AND MODELING	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2C	**PRELIMINARY DRAINAGE**														
	No additional activities														**0**
	SUBTOTAL PRELIMINARY DRAINAGE	0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2D	**SCHEMATIC DESIGN**														
	No additional activities														**0**
	SUBTOTAL SCHEMATIC DESIGN	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2E	**UTILITY COORDINATION**														
	Additional Utility Coordination (Centerpoint Gas / Telecoms)	2								6					**8**
	SUBTOTAL UTILITY COORDINATION	**2**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**6**	**0**	**0**	**0**	**0**	**8**
2F	**GEOTECHNICAL INVESTIGATION AND REPORT**														
2G	**RIGHT OF WAY MAPPING**														
2H	**SURVEYING AND PHOTOGRAMMETRY**														
	TOTAL HDR HOURS	**16**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**6**	**0**	**0**	**0**	**16**	**38**
		HOURLY RATES INCLUDING OVERHEAD AND PROFIT													
	COST COMPONENT, DOLLARS	**$ 265.00**	**$ 217.00**	**$ 198.00**	**$ 149.00**	**$ 116.00**	**$ 139.00**	**$ 165.00**	**$ 126.00**	**$ 121.00**	**$ 116.00**	**$ 97.00**	**$ 130.00**	**$ 93.00**	
1A	**PROJECT MANAGEMENT**	**$3,710.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$1,488.00**	**$5,198.00**
2A	**ENVIRONMENTAL STUDIES (ENVIRONMENTAL ASSESSMENT)**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
2B	**TRAFFIC ANALYSIS AND MODELING**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
2C	**PRELIMINARY DRAINAGE**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
2D	**SCHEMATIC DESIGN**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
2E	**UTILITY COORDINATION**	**$530.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$726.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$1,256.00**
	TOTAL HDR LABOR FEE	**$4,240.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$726.00**	**$0.00**	**$0.00**	**$0.00**	**$1,488.00**	**$6,454.00**
	COST COMPONENT DIRECT EXPENSES	UNIT COST	UNIT		QTY										
EXP	MILEAGE	$0.580	MILE		0										$0.00
EXP	COPIES (8.5" x 11")	$0.05	EA		0										$0.00
EXP	COPIES (11" x 17")	$0.10	EA		0										$0.00
EXP	COPIES (8.5" X 11")(COLOR)	$0.15	EA		0										$0.00
EXP	COPIES (11" X 17")(COLOR)	$0.30	EA		0										$0.00
EXP	ROLL PLOTS	$0.20	SF		0										$0.00
EXP	HAZARDOUS MATERIALS DATABASE SEARCH	$500.00	EA		0										$0.00
EXP	COURT REPORTER (PUBLIC INVOLVEMENT)	$35.00	HR		0										$0.00
EXP	TRAFFIC COUNT DATA COLLECTION (GRAM TRAFFIC COUNTS)	$3,500.00	EA		0										$0.00
	TOTAL DIRECT EXPENSES														**$0.00**
	TOTAL HDR LABOR FEE AND EXPENSES														**$6,454.00**

	Project Description: Environmental Document, Utility Relocation, & PS&E Document Preparation for Lehman Rd. from FM 150 to CR 157.	Project Length: 1.60 miles 8,500 LF													
TASK NO.	TASK DESCRIPTION	SENIOR PROJ. MGR.	ENV. MGR.	SR. ENGR.	SR. ENV. SCIENTIST	JR. ENV. SCIENTIST	GIS TECH.	DESIGN ENGR.	EIT	UTILITY DESIGN COORD	CADD TECH.	ARCH/ HISTORIAN/ PI SPECIALIST	BRIDGE CAD TECH	ACCOUNTING CLERICAL/ STENO	TOTAL
COST COMPONENT, HOURS															
3A	**ROADWAY GEOMETRICS (P & P SHTS: 1" = 50')**														
	No additional activities														0
	SUBTOTAL ROUTE AND DESIGN STUDIES	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3B	**ROADWAY DRAINAGE**														
	Revise Hydraulic Data for Culvert A due to reuse of existing 12 X 6 PCB and 6 X 6 CIP box culverts at the request of the City.	4		4					10		2				20
	SUBTOTAL ROADWAY DRAINAGE	4	0	4	0	0	0	0	10	0	2	0	0	0	20
3C	**SIGNING, PAVEMENT MARKING, & ILLUMINATION**														
	No additional activities														0
	SUBTOTAL SIGNING, PAVEMENT MARKING, ILLUMINATION & SIGNALIZATION	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3D	**MISCELLANEOUS ROADWAY**														
	No additional activities														0
	SUBTOTAL MISCELLANEOUS ROADWAY	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3E	**TRAFFIC CONTROL PLANS**														
	No additional activities														0
	SUBTOTAL OF TRAFFIC CONTROL PLANS	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3F	**UTILITY ENGINEERING**														
	No additional activities														0
	SUBTOTAL UTILITY COORDINATION	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3G	**DRAINAGE STRUCTURE / BRIDGE DESIGN**														
	Revise Culvert A Layout for reuse of 12 X 6 PCB and 6 X 6 CIP box culverts at the request of the City.	3							2				6		11
	Provide additional modified standard details (Does not include additional details for bar bends, spacings, etc.)	1							2				3		6
	Research existing precast box culvert standard for reinforcement and provide equivalent values to contractor.	1		2					2						5
	SUBTOTAL BRIDGE DESIGN	5	0	2	0	0	0	0	6	0	0	0	9	0	22
	TOTAL HDR HOURS	9	0	6	0	0	0	0	16	0	2	0	9	0	42
		HOURLY RATES INCLUDING OVERHEAD AND PROFIT													
	COST COMPONENT, DOLLARS	$ 265.00	$217.00	$198.00	$149.00	$116.00	$139.00	$165.00	$126.00	$121.00	$116.00	$97.00	$130.00	$93.00	
3A	**ROADWAY GEOMETRICS (P & P SHTS: 1" = 50')**	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
3B	**ROADWAY DRAINAGE**	$1,060.00	$0.00	$792.00	$0.00	$0.00	$0.00	$0.00	$1,260.00	$0.00	$232.00	$0.00	$0.00	$0.00	$3,344.00
3C	**SIGNING, PAVEMENT MARKING, & ILLUMINATION**	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
3D	**MISCELLANEOUS ROADWAY**	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
3E	**TRAFFIC CONTROL PLANS**	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
3F	**UTILITY ENGINEERING**	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
3G	**DRAINAGE STRUCTURE / BRIDGE DESIGN**	$1,325.00	$0.00	$396.00	$0.00	$0.00	$0.00	$0.00	$756.00	$0.00	$0.00	$0.00	$1,170.00	$0.00	$3,647.00
	TOTAL HDR LABOR FEE	$2,385.00	$0.00	$1,188.00	$0.00	$0.00	$0.00	$0.00	$2,016.00	$0.00	$232.00	$0.00	$1,170.00	$0.00	$6,991.00
	COST COMPONENT DIRECT EXPENSES	UNIT COST	UNIT		QTY										
EXP	MILEAGE	$0.580	MILE		0										$0.00
EXP	COPIES (8.5" x 11")	$0.05	EA		0										$0.00
EXP	COPIES (11" x 17")	$0.10	EA		0										$0.00
EXP	COPIES (8.5" X 11")(COLOR)	$0.15	EA		0										$0.00
EXP	COPIES (11" X 17")(COLOR)	$0.30	EA		0										$0.00
EXP	MYLARS (11" X 17")	$2.00	EA		0										$0.00
EXP	OVERNIGHT DELIVERIES	$25.00	EA		0										$0.00
	TOTAL DIRECT EXPENSES														$0.00
	TOTAL HDR LABOR FEE AND EXPENSES														$6,991.00

	Project Description: Environmental Document, Utility Relocation, & PS&E Document Preparation for Lehman Rd. from FM 150 to CR 157.	Project Length: 1.60 miles 8,500 LF													
TASK NO.	TASK DESCRIPTION	SENIOR PROJ. MGR.	ENV. MGR.	SR. ENGR.	SR. ENV. SCIENTIST	JR. ENV. SCIENTIST	GIS TECH.	DESIGN ENGR.	EIT	UTILITY DESIGN COORD	CADD TECH.	ARCH/ HISTORIAN/ PI SPECIALIST	BRIDGE CAD TECH	ACCOUNTING CLERICAL/ STENO	TOTAL
COST COMPONENT, HOURS															
4A	**PROJECT BID AND AWARD PHASE SERVICES**														
	No new activity														**0**
	SUBTOTAL BID AND AWARD PHASE SERVICES	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
4B	**CONSTRUCTION PHASE SERVICES**														
	Additional Shop Drawing Review														**0**
	Concrete Batch Designs / Admixtures / Reinforcing Steel	1						4							**5**
	Miscellaneous Submittals (erosion control, seeding, handrail, geogrid, etc.)	1						8							**9**
	Bridge Shop Drawing Review	0						0							**0**
	Elastomeric Bearing Pads	1						3							**4**
	Prestressed Concrete Beams (2 designs)	2						6							**8**
	Sealed Expansion joint (Type A)(SEJ-A)	1						2							**3**
	Expansion Joint Cover Plate (BS-EJCP)							1							**1**
	Sidewalk Drain Cover Plate (BRSM)							1							**1**
	Bridge Railing (TY C223)	1						3							**4**
	Respond to Contractor Requests For Information (RFI)(No more than 25 - Current scope limited to 10)	15						40			24				**79**
	Additional construction progress / coordination meetings. (No more than 13 additional meetings)	12						26							**38**
	Change Order support (No more than 4)	12						30			24		16		**82**
															0
															0
	SUBTOTAL CONSTRUCTION PHASE SERVICES	**46**	**0**	**0**	**0**	**0**	**0**	**124**	**0**	**0**	**48**	**0**	**16**	**0**	**234**
3F	**MISCELLANEOUS ROADWAY**														
	No new activity														**0**
	SUBTOTAL MISCELLANEOUS ROADWAY	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
3G	**UTILITY COORDINATION**														
	No new activity														**0**
	SUBTOTAL UTILITY COORDINATION	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
4A	**PROJECT BID AND AWARD PHASE SERVICES**														
	No new activity														0
	SUBTOTAL BID AND AWARD PHASE SERVICES	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	TOTAL HDR HOURS	**46**	**0**	**0**	**0**	**0**	**0**	**124**	**0**	**0**	**48**	**0**	**16**	**0**	**234**
	COST COMPONENT, DOLLARS	**$ 265.00**	**$217.00**	**$198.00**	**$149.00**	**$116.00**	**$139.00**	**$165.00**	**$126.00**	**$121.00**	**$116.00**	**$97.00**	**$130.00**	**$93.00**	
4A	**PROJECT BID AND AWARD PHASE SERVICES**														**$0.00**
4B	**CONSTRUCTION PHASE SERVICES**	**$12,190.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$20,460.00**	**$0.00**	**$0.00**	**$5,568.00**	**$0.00**	**$2,080.00**	**$0.00**	**$40,298.00**
	TOTAL HDR LABOR FEE	**$12,190.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$20,460.00**	**$0.00**	**$0.00**	**$5,568.00**	**$0.00**	**$2,080.00**	**$0.00**	**$40,298.00**
	COST COMPONENT DIRECT EXPENSES	UNIT COST	UNIT		QTY										
EXP	MILEAGE	$0.580	MILE		500										$290.00
EXP	COPIES (8.5" x 11")	$0.05	EA		100										$5.00
EXP	COPIES (11" x 17")	$0.10	EA		500										$50.00
EXP	COPIES (8.5" X 11")(COLOR)	$0.15	EA		0										$0.00
EXP	COPIES (11" X 17")(COLOR)	$0.30	EA		0										$0.00
EXP	MYLARS (11" X 17")	$2.00	EA		0										$0.00
EXP	OVERNIGHT DELIVERIES	$25.00	EA		0										$0.00
EXP	CD OF PLAN SETS	$15.00	EA		0										$0.00
	TOTAL DIRECT EXPENSES														**$345.00**
	TOTAL HDR LABOR FEE AND EXPENSES														**$40,643.00**

City of Kyle, Texas
FISCAL NOTE

DATE OF COUNCIL CONSIDERATION:	April 16, 2019
CONTACT CITY DEPARTMENT:	Engineering Services
CONTACT CITY STAFF:	Leon Barba, P.E., City Engineer

SUBJECT:
Approve Supplement No. 7 to HDR ENGINEERING, INC., Austin, Texas in the amount of $54,088.00 for a total contract amount not to exceed $1,261,327.50 for additional engineering services associated with the Lehman Road improvements project.

CURRENT YEAR FISCAL IMPACT:
This engineering services amendment to the agreement with HDR ENGINEERING, INC., will require expenditure of funds from the General Obligation Bonds, Series 2015 issued for engineering, design, and construction services for the five (5) roadway improvement projects.

1. City Department:	Engineering Services	
2. Project Name:	Lehman Road – Supplement #7	
3. Budget/Accounting Code(s):	1920-68200-573130	
4. Funding Source:	2013 & 2015 GO Bond Fund (Road Bonds)	
5. Current Appropriation:	$ 7,500,000.00	Revised as of 1-31-2016
6. Unencumbered Balance:	$ 54,088.00	
7. Amount of This Action:	$ (54,088.00)	
8. Remaining Balance:	$ 0.00	

FUNDING SOURCE OF THIS ACTION:
The funding for this professional services agreement amendment for additional engineering services by HDR ENGINEERING, INC., will be provided from the General Obligation Bonds, Series 2015 issued for engineering, design, and construction services for the five (5) roadway improvement projects.

ADDITIONAL INFORMATION/COUNCIL ACTION:
N/A.

Perwez Moheet 4/10/2019

Perwez A. Moheet, CPA - Date
Director of Finance

CITY OF KYLE, TEXAS

2019 Miscellaneous Streets Resurfacing

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: Approve a contract with VIKING CONSTRUCTION, INC., Georgetown, Texas in an amount not to exceed $525,819.23 for the 2019 Miscellaneous Streets Micro-Surfacing Project. ~ *Leon Barba, P.E., City Engineer*

Other Information: City Council approved Resolution No. 1093 on March 20, 2018, authorizing Mr. Scott Sellers to sign an Interlocal Purchasing Agreement with Grand Prairie that provided for a cooperative purchasing program for goods and services, which included micro-surfacing. Utilizing this interlocal purchasing agreement, the City will be micro-surfacing the following thirteen (13) streets:

1. Market Place Avenue– Between FM 1626 and City Lights Drive
2. Brian Lane, Brandi Circle – Between Brent Blvd and Goforth Road
3. Benner – Between Kohler's Crossing
4. Sampson – Between Hartson and Cromwell Drive, Roundabout
5. Kyle Center – Between FM 1626 and City Lights Drive
6. 4 Season Farm Drive and Fall Drive – Between FM 150 and Estival Circle
7. Otono Loop – Between Fall Drive and Arbor Knot Drive
8. Purple Martin Avenue and Kingfisher Lane – Between Windy Hill and Dusky Thrush Drive
9. Fairfield Drive – Between Fall Drive and Arbor knot Drive
10. Whispering Hollow Drive – Between FM 1626 and Frontage Road I – 35
11. Thicket Lane – Whispering Hollow Drive and Fairfield Drive
12. Emerald Fields Lane – Whispering Hollow Drive and Emerald Fields Lane

The micro-surfacing treatment portion of the contract is $482,302.48. Exhibit 3, the striping portion of the contract, is $43,516.75 totaling $525,819.23.

Legal Notes: N/A

Budget Information: A Fiscal Note is attached.

ATTACHMENTS:

Description

- Microsurface Contract - Viking Construction Inc
- Exhibit 1

- Exhibit 2
- Exhibit 3
- Fiscal Note

MICRO SURFACING & SLURRY SEAL TREATMENT CONTRACT
CITY OF KYLE

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

THIS CONTRACT is made and entered into this date by and between the **CITY OF KYLE,** a Texas municipal corporation (hereinafter referred to as the "CITY", and **VIKING CONSTRUCTION, INC.** (hereinafter referred to as "VENDOR").

WHEREAS, **CITY OF GRAND PRAIRIE,** (hereinafter referred to as the "AWARDING ENTITY") and **CITY OF KYLE** (hereinafter referred to as the "CITY") have entered into an Interlocal Agreement pursuant to Chapter 791 of the Texas Government Code setting forth the terms and conditions upon which AWARDING ENTITY and CITY may purchase various goods and services commonly utilized by each entity;

WHEREAS, VENDOR was awarded agreement number 17041 with AWARDING ENTITY for MICRO SURFACING & SLURRY SEAL TREATMENT (MISSST). The Contract was for an initial term of one year with the option to renew for four additional one-year period(s). The original Contract is effective as of February 22, 2017 and was to terminate midnight February 28, 2018 . Both the parties mutually agree in writing to extend the terms of the Contract through allowable renewal option. Original contract is amended and signed on 01/08/2019 (Exhibit 1). CITY and VENDOR both agree to extend the contract until 2/28/2020 according to the terms of AWARDING ENTITY'S contract;

WHEREAS, AWARDING ENTITY and VENDOR agree that other entities can utilize AWARDING ENTITY'S agreement under the same pricing, terms and conditions (Exhibit 1);

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, covenants and obligations as set forth herein;

1. CITY will be entering into a contract for MISSST through the Interlocal agreement as Grand Prairie Agreement RFB #17041; the estimated dollar expenditure for the CITY is $482,302.48. (Exhibit 2 showing MISSST project limit and quantities)

2. This Contract is the second of four available renewal options and extend the contract expiration to midnight on February 28, 2020. Details of original contract and price redetermination included as Exhibit A of this contract.

3. CITY will be awarding additional contract to VENDOR to stripe the roads as described in Exhibit B. This part of contract is based on independent negotiation between CITY and VENDOR. Exhibit 3 includes striping quantities and bid prices from the VENDOR. Exhibit C also provides specifications for the striping. The estimated dollar amount for the striping contract is $ 43,516.75. This part of contract is only valid for this year.

4. CITY will be responsible for payments directly to the VENDOR and for the VENDOR'S compliance with all conditions of delivery and quality of purchased items or services under this agreement; and

5. All notices, communications and reports under this Contract must be mailed or delivered to the respective parties at the addresses shown below, unless either party is otherwise notified in writing by the other party

CITY:
Keshav Gnawali, PE
(210) 343-5064
kgnawali@cityofkyle.com
City of Kyle
100 W. Center Street, City of Kyle, TX 78640

VENDOR:
Dan Welsh
Office (512) 966-5777
dan@vciss.com
VIKING Construction, Inc.
2592 Shell Road, Georgetown, TX 78628

6. By signing in the space provided, you agree to extend agreement number 17041 to CITY and to abide by all pricing, terms, conditions, and specifications in the interlocal contract.

EXECUTED this the _____day of _____, 2019.

CITY OF KYLE, TEXAS

By:_____
Travis Mitchell, Mayor

ATTEST:

_____
Jennifer Vetrano, City Secretary

VIKING CONSTRUCTION, INC

By:_____
Printed
Name: _____

Title:_____

ATTACHMENTS

EXHIBIT 1

- Master Interlocal Cooperative Purchasing Agreement Between the City of Kyle and the City of Grand Prairie.

- Micro Surfacing and Slurry Seal Services Contract Between City of Grand Prairie and VIKING Construction, Inc - Amendment 2.

- Micro Surfacing and Slurry Seal Services Contract Between City of Grand Prairie and VIKING Construction, Inc.

- Micro Surfacing and Slurry Seal Services Contract Between City of Grand Prairie and VIKING Construction, Inc – Amendment 1.

EXHIBIT 2

- Drawing Showing Estimated Micro Surface Quantities and Project Limits.

- Estimated Cost for Micro Surfacing Quantities.

EXHIBIT 3

- Quantities and Bid Prices for Striping the Project Limit

- Specifications for Striping

Exhibit 1

Master Interlocal Cooperative Purchasing Agreement
Between the City of Kyle and the City of Grand Prairie

Micro Surfacing and Slurry Seal Services Contract Between City of Grand Prairie and VIKING Construction, Inc.

Micro Surfacing and Slurry Seal Services Contract Between City of Grand Prairie and VIKING Construction, Inc – Amendment 1

ID **9446**

Department:
Purchasing for Streets

Vendor Name:
Viking Construction, Inc.

Project Name:
17041 R2 Micro Surfacing & Slurry Seal Treatment Srv - Viking Construction - Amendment 2

Work Order Number(s):

Account Number:
232010-63030

Contract Amount:	**Implementation Date:**	**Termination Date:**	**City Council Appr. Date:**
$500,000.00	3/1/2019	2/28/2020	2/21/2017

Insurer A Name:
Zurich American Ins Co

Insurer A Expiration:
3/1/2019

Insurer B Name:
Travelers Property Cas Co of

Insurer B Expiration:
3/1/2019

Insurer C Name:
American Zurich Ins Co

Insurer C Expiration:
3/1/2019

Insurer D Name:

Insurer D Expiration:

Insurer E Name:

Insurer E Expiration:

Return Executed Copy To:
Bryce Davis, Purchasing Manager

Department Manager Signature: Kathleen C. Mercer **Date:** January 8, 2019

City Attorney Signature: **Date:** 1/11/19

City Manager/Deputy City Manager Signature: **Date:** 1.11.19

City Secretary Signature: **Date:** 1-14-2019

AMENDMENT TO PRICE AGREEMENT
CITY OF GRAND PRAIRIE

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

THIS AMENDMENT is made and entered into this date by and between the **CITY OF GRAND PRAIRIE,** a Texas municipal corporation (hereinafter referred to as the "CITY," and **VIKING CONSTRUCTION, INC.** (hereinafter referred to as "VENDOR").

WHEREAS, the CITY and VENDOR have entered into a price agreement to provide micro-surfacing & slurry seal treatment services per bid award resulting from vendor's response to RFB #17041, submitted by Dan Welsh on January 30, 2017; and

WHEREAS, the above referenced contract was written for the not to exceed amount of $500,000.00 at the unit prices quoted. This Contract was effective as of February 22, 2017, and was to terminate at midnight on February 28, 2018, unless the parties mutually agreed in writing to extend the term of the Contract through an allowable renewal option, or, unless otherwise terminated as provided in provided in paragraph XVI of the original contract; and

WHEREAS, the first of four available renewal options was executed on January 20, 2018 included a price redetermination and extended the term of the contract through February 28, 2019; and

WHEREAS, the above referenced contract provides that VENDOR may request a price redetermination under this agreement so long as the request is substantiated in writing (Exhibit A); and

NOW, THEREFORE, for and in consideration of the mutual acts and covenants set out herein, the CITY and VENDOR agree as follows:

1. The parties mutually agree to extend the term of the contract and execute the second of the four available renewal options and extend the contract expiration to midnight on February 28, 2020, at which time all of the work called for under this Contract must be completed unless the parties mutually agree in writing to extend the term of the Contract through an additional allowable renewal option, or, unless otherwise terminated as provided in provided in paragraph XVI of the original contract; and

2. The CITY agrees that the price redetermination (Exhibit A) is acceptable and in the best interest of the CITY; and

3. The estimated annual amount to be paid to VENDOR under such contract shall remain the sum of $500,000.00; The total estimated amount to be paid to VENDOR if all allowable contract renewals are executed shall not exceed $2,500,000.00; and

4. This shall constitute an Authorization for extension of contract as set out in the agreement between the parties, and an amendment to such contract. All of the terms and conditions of the original contract shall remain in full force and effect, as amended hereto, unless set out otherwise herein.

EXECUTED this the 3 day of January, 2019.

CITY OF GRAND PRAIRIE, TEXAS

By: _____
Anna Doll, Deputy City Manager

ATTEST:

_____
Cathy E. DiMaggio, City Secretary

APPROVED AS TO FORM:

_____
Megan Mahan, City Attorney

VIKING CONSTRUCTION, INC

By: _____

Printed Name: Adele Wright

Title: Controller

EXHIBIT A

VIKING
Construction, Inc.

Preserving Texas roads with pride and integrity.

2592 Shell Road
Georgetown, TX 78628
Office 1(512)930-5777 ▼ Facsimile 1(512) 868-1955

Specializing in Micro-Surfacing and
Slurry Seal Pavement Maintenance

City of Grand Prairie
Mr. Bryce Davis
Purchasing Manager

RE: RFB #17041
Micro-Surfacing & Slurry Seal Services

Mr. Davis,

Viking Construction would like to thank you for your use of Micro-Surfacing under the above-mentioned contract over the past 2 years. We also appreciate you allowing surrounding cities to piggy-back onto your contract.
As we near the 2019 construction season Viking would like to ask for an adjustment in our pricing structure for this contract. Please find attached in this e-mail our proposed changes, based on price increases for Asphalt emulsion, insurance costs, increased labor costs and several other additional increases.
Thank you for your consideration of this matter.

Viking Construction Inc.

Dan Welsh
Project Manager

EXHIBIT A

Micro-Surfacing & Slurry Seal Surfacing Services Price Redetermination RFB #17041 All prices shall include any and all delivery fees, including but not limited to freight, fuel surcharge, and environmental fees	Vendor:	Viking Construction
	Contact:	Dan Welsh
	Email:	dan@vciss.com
	Phone:	512-966-9106
	City/State:	

ITEM	DESCRIPTION	QTY	UOM	FISCAL 2018 PRICE	UNIT REDETERMINATION
1	Slurry Seal <49,999	1	SY	2.58	$ 2.84
2	Slurry Seal >49,999	1	SY	2.44	$ 2.68
3	Micro Seal <49,999	1	SF	3.06	$ 3.37
4	Micro Seal >49,999	1	SY	2.90	$ 3.19

RECEIVED

Client#: 148025

VIKINGCON MAR 19 2018

City Manager's Office
City of Grand Prairie

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 2/27/2018

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer any rights to the certificate holder in lieu of such endorsement(s).

PRODUCER USI Southwest Austin 7600-B N. Capital of TX Hwy #200 Austin, TX 78731 512 451-7555	CONTACT NAME: Stefanie Wornell PHONE (A/C, No, Ext): 512 451-7555 FAX (A/C, No): 512 467-0113 E-MAIL ADDRESS: stefanie.wornell@usi.com
INSURED Viking Construction, Inc. 2592 Shell Road Georgetown, TX 78628	INSURER(S) AFFORDING COVERAGE — NAIC # INSURER A : Zurich American Insurance Company — 16535 INSURER B : Travelers Property Cas. Co. of America — 25674 INSURER C : American Zurich Insurance Company — 40142 INSURER D : INSURER E : INSURER F :

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY X PRO-JECT LOC OTHER:			GL0437877408	03/01/2018	03/01/2019	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG $	$1,000,000 $100,000 $10,000 $1,000,000 $2,000,000 $2,000,000 $
A	AUTOMOBILE LIABILITY X ANY AUTO OWNED AUTOS ONLY SCHEDULED AUTOS X HIRED AUTOS ONLY X NON-OWNED AUTOS ONLY			BAP437877308	03/01/2018	03/01/2019	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident) $	$1,000,000 $ $ $ $
B	X UMBRELLA LIAB X OCCUR EXCESS LIAB CLAIMS-MADE DED X RETENTION $0			ZUP11S4912218NF	03/01/2018	03/01/2019	EACH OCCURRENCE AGGREGATE $	$5,000,000 $5,000,000 $
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y/N N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A		WC437877508	03/01/2018	03/01/2019	X PER STATUTE OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	 $1,000,000 $1,000,000 $1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

The General Liability and Auto policies include a blanket automatic Additional Insured endorsement that provides Additional Insured status to the Certificate Holder, only when there is a written contract that requires such status and only with regard to work performed on behalf of the named Insured. The General Liability, Auto and Workers Compensation policies provide a Blanket Waiver of Subrogation in favor of the same when required by written contract. Coverage is Primary and Non-Contributory, when (See Attached Descriptions)

CERTIFICATE HOLDER

City of Grand Prairie
326 W. Main Street
Grand Prairie, TX 75050

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

J.W. Wagner

© 1988-2015 ACORD CORPORATION. All rights reserved.

The ACORD name and logo are registered marks of ACORD

SZTHB

DESCRIPTIONS (Continued from Page 1)

required by written contract. 30 days notice of cancellation applies, when required by written contract, with the exception of 10 days notice of cancellation due to nonpayment of premium, per policy form.

MASTER INTERLOCAL COOPERATIVE PURCHASING AGREEMENT BETWEEN THE CITY OF GRAND PRAIRIE AND THE CITY OF KYLE

WHEREAS, Chapter 791 of the Texas Government Code, also known as the Interlocal Cooperation Act, and Chapter 271.102 of the Texas Local Government Code authorize all local governments to contract with each other to perform governmental functions or services including administrative functions normally associated with the operation of government such as purchasing of necessary equipment, supplies and services;

WHEREAS, The City of Grand Prairie and The City of Kyle desire to enter into this Agreement for the purpose of fulfilling and implementing their respective public and governmental purposes, needs, objectives, programs and services;

WHEREAS, The City of Grand Prairie and The City of Kyle represent that each are independently authorized to perform the functions or services contemplated by this Agreement;

WHEREAS, it is deemed in the best interest of all participating governments that said governments do enter into a mutually satisfactory agreement for the purchase of necessary equipment, supplies, and services;

WHEREAS, the participating governments are of the opinion that cooperation in the purchasing of equipment, supplies, services and auctions will be beneficial to the taxpayers of the governments through the efficiencies and potential savings to be realized; and

WHEREAS, each party has sufficient resources to perform the functions contemplated by this Agreement;

NOW THEREFORE, the parties hereto, in consideration of the mutual covenants and conditions contained herein, promise and agree as to each of the other as follows:

1. The City of Grand Prairie and the City of Kyle are authorized to participate in each other's current and/or future contracts for goods and services. Said contracts shall have been established in accordance with all appropriate procedures governing competitive bids and competitive proposals, if required.

2. The City of Grand Prairie and the City of Kyle agree that the ordering of goods and services is the responsibility of the local government seeking to obtain such goods and services under the established contract, and that participating government shall deal directly with the vendor in obtaining the goods and services and payment therefore. The participating government shall be liable to the vendor only for goods and services ordered and received by it, and shall not, by the execution of this Agreement, assume any additional liability. Neither the City of Grand

Prairie nor the City of Kyle warrant, or is responsible for, the quality or delivery of goods or services from the vendor under contract. Should a dispute arise between a participating government and a vendor, the same shall be handled by and between that participating government and the vendor.

3. Each government shall pay invoices directly to the providers of goods and services that are invoiced and delivered directly to each respective government.

4. Participation of either government in any cooperative purchasing activity is strictly voluntary. Nothing in this Agreement shall prevent either governments from purchasing and/or accepting and awarding bids, proposals and contracts subject to this Agreement on its own behalf.

5. Each government shall ensure that all applicable laws and ordinances have been satisfied.

6. **Effective Date and Term.** This Agreement shall be effective when signed by the last party who's signing makes the Agreement fully executed and will remain in full force and effect indefinitely. Any party may modify or terminate this Agreement as provided in Paragraph(s) 7 or 8.

7. **Modification.** The terms and conditions of this Agreement may be modified upon the mutual consent of all parties. Mutual consent will be demonstrated by approval of the governing body of each party hereto. No modification to this Agreement shall be effective and binding unless and until it is reduced to writing and signed by duly authorized representatives of all parties.

8. **Termination.** This Agreement may be terminated at any time by the City of Grand Prairie or the City of Kyle, with or without cause, upon thirty (30) days written notice to the other party in accordance with Paragraph 11 herein.

9. **Hold Harmless.** To the extent allowed by law, the City of Grand Prairie and the City of Kyle agree to hold each other harmless from and against any and all claims, losses, damages, causes of action, suits and liabilities of every kind, including all expenses of litigation, court costs and attorney's fees, for injury or death of any person, for damage to any property, or for any breach of contract, arising out of or in connection with the work done under this Agreement.

10. **Invalidity**. If any provision of this Agreement shall be held to be invalid, illegal, or unenforceable by a court or other tribunal of competent

jurisdiction, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. The parties shall use their best efforts to replace the respective provision or provisions of this Agreement with legal terms and conditions approximating the original intent of the parties.

11. **Written Notice.** Unless otherwise specified, written notice shall be deemed to have been duly served if delivered in person, sent by email, by fax with successful send confirmation, or by certified mail to the last business address as listed herein.

City of Grand Prairie:
Purchasing Division
Attn: Purchasing Manager
City of Grand Prairie
318 W. Main St.
Grand Prairie, TX 75050
972/237-8269 ph ~ 972/237-8265 fax
purchasingfax@gptx.org

City of Kyle:
Scott Sellers, City Manager
City of Kyle
100 W. Center St.
Kyle, TX 78640
(512) 262-1010

12. **Entire Agreement.** It is understood that this Agreement contains the entire agreement between the parties and supercedes any and all prior agreements, arrangements, or understandings between the parties relating to the subject matter. No oral understandings, statements, promises, or inducements contrary to the terms of this Agreement exist. This Agreement cannot be changed or terminated orally. No verbal agreement or conversation with any officer, agent, or employee of any party before or after the execution of this Agreement shall affect or modify any of the terms or obligations hereunder.

13. **Amendment.** No Amendment to this Agreement shall be effective and binding unless and until it is reduced to writing and signed by duly authorized representatives of both parties.

14. **Texas Law**. This Agreement has been made under and shall be governed by the laws of the State of Texas.

15. **Place of Performance**. Performance and all matters related thereto shall be in the County of the government originating the bid. This shall be Hays County, Texas, United States of America for the City of Kyle and shall be

Dallas County, Texas, United States of America for the City of Grand Prairie.

16. **Authority to Enter Contract.** Each party has the full power and authority to enter into and perform this Agreement and the person signing this Agreement on behalf of each party has been properly authorized and empowered to enter into this Agreement. The persons executing this Agreement hereby represent that they have authorization to sign on behalf of their respective Government.

17. **Waiver.** Failure of any party, at any time, to enforce a provision of this Agreement, shall in no way constitute a waiver of that provision, nor in anyway affect the validity of this Agreement, any part hereof, or the right of either party thereafter to enforce each and every provision hereof. No term of this Agreement shall be deemed waived or breach excused unless the waiver shall be in writing and signed by the party claimed to have waived. Furthermore, any consent to or waiver of a breach will not constitute consent to or waiver of or excuse of any other different or subsequent breach.

18. **Agreement Read.** The parties acknowledge that they understand and intend to be bound by the terms and conditions of this Agreement.

19. **Multiple Originals.** It is understood and agreed that this Agreement may be executed in a number of identical copies, each of which shall be deemed an original for all purposes.

CITY OF GRAND PRAIRIE

BY: _____
Anna Doll, Deputy City Manager

DATE: 4.9.18

ATTEST: _____
Cathy DiMaggio, City Secretary

CITY OF KYLE

BY: _____
Scott Sellers, City Manager

DATE: 3/22/2018

ATTEST: _____
Jennifer Vetrano, City Secretary

APPROVED AS TO FORM:

_____
Megan Mahan, City Attorney

_____
Paige Saenz, City Attorney

ID **7120**

Return a signed copy to City Secretary after Vendor signs

Department:
Purchasing for Streets

Vendor Name:
Viking Construction, Inc.

Project Name:
17041 Micro Surfacing & Slurry Seal Treatment Srv - Viking Construction - initial contract

Work Order Number(s):

Account Number:
232010-01713503-63030

Contract Amount:	Implementation Date:	Termination Date:	City Council Appr. Date:
$500,000.00	2/22/2017	2/28/2018	2/21/2017

Insurer A Name:
Zurich American Ins

Insurer A Expiration:
3/1/2018

Insurer B Name:
Travelers Property Cas Co

Insurer B Expiration:
3/1/2018

Insurer C Name:
American Zurich Ins

Insurer C Expiration:
3/1/2018

Insurer D Name:

Insurer D Expiration:

Insurer E Name:

Insurer E Expiration:

Return Executed Copy To:
Purchasing Robert Myers Dept Contact Dane Stovall

RM

Department Manager Signature: Kathleen C. Mercer **Date:** March 2, 2017

City Attorney Signature: Megan Mahan **Date:** 3/7/17

City Manager/Deputy City Manager Signature: **Date:** 3/8/17

City Secretary Signature: CD **Date:** 3/8/17

Item # 9

CONTRACT for SERVICES PRICE AGREEMENT
CITY OF GRAND PRAIRIE

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

THIS CONTRACT is made and entered into this date by and between the **CITY OF GRAND PRAIRIE,** a Texas municipal corporation (hereinafter referred to as the "CITY"), and **VIKING CONSTRUCTION, INC.** (hereinafter referred to as "VENDOR") and evidences the following:

I. PURPOSE

VENDOR shall provide Micro-Surfacing & Slurry Seal Treatment Services per bid award resulting from VENDOR'S response to RFB #17041, submitted by Dan Welsh, on January 30, 2017.

II. DESCRIPTION OF SERVICES

The services which VENDOR shall provide for the CITY shall include the following:

A. VENDOR hereby covenants and agrees that VENDOR is to work closely with the CITY's Public Works Director or their designee, and/or other appropriate officials of the CITY, and that VENDOR is to perform any and all tasks required of VENDOR to fulfill the purposes of this Contract.

B. VENDOR and the CITY covenant and agree that VENDOR shall perform all of the services and work contained in CITY specifications and VENDOR'S bid to the CITY (attached hereto as "Exhibit A"); said document being part of this Contract and incorporated in its entirety herein. The parties agree that should there be any conflict between the terms of the incorporated document and this Contract, the provisions of this Contract shall control. The parties understand that quantity of services to be furnished to the City is an estimate and that the City may order more or less depending on the projects and the work of the City that requires the services. The price of the services shall remain constant throughout the term of contract.

C. VENDOR expressly covenants and agrees to provide the CITY with such written reports or documentation of guaranties as may be required by the scope of the submittal.

III. PERFORMANCE OF WORK

VENDOR or VENDOR'S associates and employees shall perform all the work called for in this Contract. VENDOR hereby covenants and agrees that all of VENDOR'S associates and employees who work on this project shall be fully qualified to undertake same and competent to do the work described in this Contract, and the services performed shall be performed in a good and workmanlike manner, and that the finished product shall be fit for the particular use(s) contemplated by this agreement.

IV. PAYMENT

The CITY shall pay to VENDOR a sum not to exceed those unit prices, or percentage discount from list price where applicable in the submittal for the purchase of services designated herein and in no event shall total payments under the base contract exceed $500,000.00 without additional approval. Invoice must be delivered to the attention of the department placing the order. Payments will be made as work is completed and certification by the City that the work is performed in a good and workmanlike manner within 30 day of certification or receipt of invoice, whichever is later. Payment will be made by means of a City issued check, an ACH, or with a City issued Procurement Card (Mastercard).

V. TERM OF THE CONTRACT

This Contract is for an initial term of one year with the option to renew for four additional one year periods. This Contract is effective as of February 22, 2017. No new orders shall be accepted, against this Contract term, after midnight on February 28, 2018. Contract shall terminate upon completion of all requirements for orders placed by said date, unless the parties mutually agree in writing to extend the term of the Contract through allowable renewal option, or, unless otherwise terminated as provided in Paragraph XVI herein. The parties shall evidence the renewal in writing, with any additional terms set out in the said writing.

VI. CONTRACT ASSIGNMENT

VENDOR and the CITY hereby covenant and agree that this Contract provides for services and that these services are not to be assigned or sublet in whole or part without the prior written consent of the CITY.

VII. CONFLICT OF INTEREST

VENDOR hereby covenants and agrees that during the Contract period that VENDOR and any of VENDOR'S associates and employees will have no interest nor acquire any interest, either direct or indirect, which will conflict in any manner with the performance of the services called for under this Contract. All activities, investigations and other efforts made by VENDOR pursuant to this Contract will be conducted by employees or associates of VENDOR. VENDOR further covenants and agrees that it understands that the Code of Ordinances of the City of Grand Prairie prohibits any officer or employee of the CITY from having any financial interest, either direct or indirect, in any business transaction with the CITY. Any violation of this paragraph which occurred with the actual or constructive knowledge of VENDOR will render this Contract voidable by the CITY.

VIII. CHANGE IN WORK

The CITY, through its Purchasing Manager or their designee, may request changes in the scope and focus of the activities and duties called for under this Contract. Any such change which, in the opinion of VENDOR or the CITY varies significantly from the scope and focus of the work set out herein or entails a significant increase in cost or expense to VENDOR must be mutually agreed upon by VENDOR and the CITY. The parties herein acknowledge that any change in the scope or focus of the work which results in the increase in compensation to VENDOR of the fee stated in Paragraph IV hereof must first be approved by the CITY's Purchasing Manager, City Manager or City Council, where applicable.

IX. CONFIDENTIAL WORK

Any reports, designs, plan, information, project evaluations, data or any other documentation given to or prepared or assembled by VENDOR under this Contract shall be kept confidential and may not be made available to any individual or organization by VENDOR without the prior written approval of the CITY except as may be required by law.

X. OWNERSHIP OF DOCUMENTS

VENDOR acknowledges that CITY owns all notes, reports, or other documents, intellectual property or documentation produced by the vendor pursuant to this agreement or in connection with its work which are not otherwise public records. VENDOR acknowledges that CITY shall have copyright privileges to those notes, reports, documents, processes and information.

VENDOR shall provide CITY a copy of all such notes, reports, documents, and information (except to the extent that they contain confidential information about third parties) at CITY expense upon written request.

XI. NONDISCRIMINATION

As a condition of this Contract, VENDOR covenants and agrees that VENDOR shall take all necessary actions to insure, in connection with any work under this Contract, that VENDOR or VENDOR'S associates, sub-vendors, or employees, will not discriminate in the treatment or employment of any individual or groups of individuals on the grounds of race, color, religion, national origin, age, sex, or physical handicap unrelated to job performance, either directly or indirectly or through contractual or other arrangements. In this regard, VENDOR shall keep, retain and safeguard all records relating to this Contract for work performed hereunder for a minimum period of three (3) years from final contract completion, with full access allowed to authorized representatives of the CITY upon request, for purposes of evaluating compliance with this and other provisions of the Contract.

XII. INDEPENDENT VENDOR

By the execution of this Contract, the CITY and VENDOR do not change the independent vendor status of VENDOR. No term or provision of this Contract or any act of VENDOR in the performance of this Contract may be construed as making VENDOR the agent or representative of the CITY. All employees of VENDOR shall perform their duties under the supervision of VENDOR, which shall have the exclusive right to dictate to the VENDOR'S employees how to perform their tasks. VENDOR agrees and covenants that each of its employees will be properly qualified and will use reasonable care in the performance of the assigned duties. VENDOR shall post all applicable warning signs if such work will disrupt normal traffic or workplace activities.

XIII. WARRANTY, HOLD HARMLESS, AND INDEMNITY

VENDOR warrants that the services it performs for CITY will be done in a good and workmanlike manner, and that any items delivered to the CITY under this contract will be fit for the particular purpose for which it was furnished. VENDOR shall defend, indemnify, and hold the CITY whole and harmless against any and all claims for damages, costs, and expenses to persons or property that may arise out of, or be occasioned by, the execution or performance of this Contract or any of VENDOR'S activities or any act of commission or omission related to this Contract of any representative, agent, customer, employee, sub-vendor or invitee of VENDOR or any representative, agent, employee, or servant of the CITY. If an item is covered by a manufacturer's warranty, it is the responsibility of the VENDOR to obtain the information for CITY and to get the manufacturer to honor the warranty.

XIV. INSURANCE

Prior to the commencement of work under this Contract, VENDOR shall obtain and shall continue to maintain in full force and effect during the term of this Contract a comprehensive liability insurance policy, with a company licensed to do business in the State of Texas and rated not less than "A" in the current Best Key Rating Guide, which shall include bodily injury, death, automobile liability and property damage coverage, in accordance with any CITY ordinance or Directive. The minimum limits for this coverage shall be $1,000,000.00 combined single limit for liability and for property damage, unless modified in accordance with any ordinance or directive. The CITY shall be named as an additional insured under such policy and a provision shall be incorporated in the policy whereby the CITY shall be given at least thirty days prior notice of any material change in coverage or of cancellation of such policy.

XV. NO VERBAL AGREEMENT

This Contract contains the entire commitments and agreements of the parties to the Contract. Any verbal or written commitment not contained in this Contract or expressly referred to in this Contract and incorporated by reference shall have no force or effect.

XVI. TERMINATION

The CITY may, at its option and without prejudice to any other remedy to which it may be entitled at law or in equity, terminate further work under this Contract, in whole or in part, by giving at least thirty (30) days prior written notice thereof to VENDOR with the understanding that all services being terminated shall cease upon the date specified in such notice. The CITY shall equitably compensate VENDOR, in accordance with the terms of this Contract for the services properly performed prior to the date specified in such notice following inspection and acceptance of same by the CITY. VENDOR shall not, however, be entitled to lost or anticipated profits should the CITY choose to exercise its option to terminate.

XVII. VENUE

The parties to this Contract agree and covenant that this Contract will be performable in Grand Prairie, Texas, and that if legal action is necessary to enforce this Contract, exclusive venue will lie in Dallas County, Texas.

XVIII. APPLICABLE LAWS

This Contract is made subject to the existing provisions of the Charter of the City of Grand Prairie, its rules, regulations, procedures and ordinances, present and future, and all applicable laws of the State of Texas and the United States.

XIX. CONTRACT INTERPRETATION

The parties to this Contract covenant and agree that in any litigation relating to this Contract, the terms and conditions of the Contract will be interpreted according to the laws of the State of Texas.

XX. NOTICES

All notices, communications and reports under this Contract must be mailed or delivered to the respective parties at the addresses shown below, unless either party is otherwise notified in writing by the other party:

CITY:
Angi Mize, Sr. Buyer ~ Purchasing Division
972-237-8262 Phone ~ 972/237-8265 Fax
amize@gptx.org
City of Grand Prairie
326 W. Main Street, Grand Prairie, TX 75050
PO Box 534045, Grand Prairie, TX 75053-4045

Dane Stovall ~ Streets Department
972-237-8526 Phone
dstovall@gptx.org
City of Grand Prairie
1821 S. SH 161, Grand Prairie, TX 75052

VENDOR:
Dan Welsh, Project Manager
512-930-5777 Phone ~ 512-868-1955 Fax
dan@vciss.com
Viking Construction, Inc.
2592 Shell Rd., Georgetown, TX, 78628

XXI. SEVERABILITY

In the event that any one or more of the provisions contained in this Contract shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this Contract shall be considered as if such invalid, illegal, or unenforceable provision had never been contained in the Contract.

XXII. RIGHT OF REVIEW

VENDOR covenants and agrees that the CITY, upon reasonable notice to VENDOR, may review any of the work performed by VENDOR under this Contract.

XXIII. WAIVER OF ATTORNEYS FEES

VENDOR and CITY expressly covenant and agree that in the event of any litigation arising between the parties to this contract, each party shall be solely responsible for payment of its attorneys and that in no event shall either party be responsible for the other party's attorney's fees regardless of the outcome of the litigation.

EXECUTED this the 8th day of March 2017, ___.

CITY OF GRAND PRAIRIE, TEXAS

By: Tom Cox
Tom Cox, Deputy City Manager

ATTEST:

Cathy E. DiMaggio
Cathy E. DiMaggio, City Secretary

APPROVED AS TO FORM:

Megan Mahon
for Donald R. Postell, City Attorney

VIKING CONSTRUCTION, INC.

By: Dan Welsh

Printed Name: DAN Welsh

Title: Project Manager

CITY OF GRAND PRAIRIE, TEXAS

[DATE]

REQUEST FOR BIDS

RFB #17041 – Micro-Surfacing (Polymer Modified) & Slurry Seal Treatment Services

DUE DATE: PRIOR TO 2:00 P.M. JANUARY 31, 2017

DUE TO: Angi Mize, Senior Buyer
Purchasing Division
326 W. Main Street
Grand Prairie, Texas 75050

CLEARLY MARK BID AS "RFB #17041"

Late responses will be unopened and not accepted for consideration. The City of Grand Prairie is not responsible for lateness or failure of timely delivery via mail (whether delays are internal/external), carrier, etc. Please ensure you allow time to provide your response timely so that you may be properly considered. EMAIL BIDS WILL NOT BE ACCEPTED.

CITY OF GRAND PRAIRIE
ADVERTISEMENT FOR BIDS

Sealed bids will be received at the office of the Purchasing division, 326 W. Main Street, Grand Prairie, Texas, until January 31, 2017 at 2:00 PM, and publicly opened and read at that time for the purchase of the following:

BID # 17041 – Micro Surfacing & Slurry Sealing Treatment Services

There will be a pre-bid meeting held on Tuesday, January 24, 2017 at 10:00 a.m. The meeting will take place at the Fiscal Administration Building, located at 326 W. Main Street, Grand Prairie, TX 75050.

Further information and specifications may be obtained by contacting the city's bid distribution partner, BidSync at www.bidsync.com or (801) 765-9245, or the Office of the Purchasing division, 326 W. Main Street, Grand Prairie, Texas, (972) 237-8262.

The city reserves the right to reject any or all bids and to waive formalities. The city also reserves the right to purchase these items through state awarded contracts or other intergovernmental agreements when it is in the best interest of the city.

Robert Myers
Purchasing Manager

Publish: January 15th , & January 22nd 2017

Contents

ADVERTISEMENT FOR BIDS 2
1. SCOPE 5
2. DESCRIPTION 5
3. LABORATORY EVALUATION 5
4. APPLICABLE SPECIFICATIONS 6
5. AGGREGATE 7
6. MINERAL FILLER 7
7. WATER 7
8. EMULSIFIED ASPHALT 8
9. LATEX MODIFIER 8
10. ADDITIVES 8
11. MIX DESIGN 9
12. MATERIALS 9
13. TEST ON AGGREGATE 9
14. GRADATION CHART 9
15. TEST ON EMULSION 10
16. TEST ON RESIDUE FROM DISTILLATION 11
17. TEST ON MICRO-SURFACE JOB MIXTURE 11
18. TEST ON SLURRY SEAL JOB MIXTURE 11
19. EQUIPMENT-GENERAL 11
20. MIXING EQUIPMENT 11
21. SPREADING EQUIPMENT 12
22. AUXILIARY EQUIPMENT 13
23. EQUIPMENT CALIBRATION 13
24. VERIFICATION 13
25. WEATHER LIMITATIONS 14
26. CONDITION AND TYPE OF PAVEMENT 14
27. NOTIFICATIONS 14
28. TRAFFIC CONTROL 15
29. TEMPORARY MARKINGS & LANE DELINEATION GUIDELINES 15

30. STOCKPILING OF AGGREGRATE....16
31. STORAGE SITE....16
32. SURFACE PREPARATION....16
33. APPLICATION - GENERAL....16
34. RATE OF APPLICATION....16
35. JOINTS....17
36. HAND WORK....17
37. LINES....17
38. CURING....17
39. CLEAN-UP....18
40. METHODS OF MEASUREMENT MICRO SURFACING....18
41. METHODS OF MEASUREMENT SLURRY SEAL....19
42. SURFACE TREATMENT INSPECTION PROCEDURES....19
43. PAYMENT & INVOICING....20
44. VENDOR RESPONSIBILITIES....20
45. VENDOR QUALIFICATIONS....21
46. SAFETY REQUIREMENTS....21
47. PROCUREMENT SCHEDULE....22
48. CONTACT....22
49. BID EVALUATION....22
50. EVALUATION CRITERIA....23
51. SUBMITTAL RESPONSE GUIDELINES....23
52. AGREEMENT TERMS AND AWARD....23
TERMS AND CONDITIONS....24
SUBMITALS FORMS....30

1. SCOPE

The work covered by this specification includes the design, testing, construction and quality control required for the proper application of micro-surfacing and slurry seal treatment services. This contract will begin on or after February 21, 2017.

1.1 Micro-Surfacing

This blend is used to give maximum skid resistance and an improved wearing surface. An example would be on pavements which have high traffic volume. Rate of application: 25 to 28 pounds per square yard.

1.2 Slurry Seal

TYPE IIA: This blend is used to give maximum skid resistance and an improved wearing surface. An example would be on pavements which have highly textured surfaced and require this size aggregate to fill in the voids and provides an improved wearing surface. Rate of application: 20 to 22 pounds per square yard.

2. DESCRIPTION

Both the Micro-Surfacing and the Slurry Seal shall consist of a mixture of an approved emulsified asphalt, mineral aggregate, mineral filler, and water and specified additives, proportioned, mixed and uniformly spread over a properly prepared surface. The completed micro-surface shall leave a homogenous mat, adhere firmly to the prepared surface and have a skid resistant surface texture.

3. LABORATORY EVALUATION

Before work commences, the vendor shall submit a signed original of a mix design containing the test results and proportioning of the specific materials to be used on the project. This design shall have been performed by a qualified laboratory. Previous lab reports covering the exact materials to be used may be accepted provided they were made during the calendar year. This initial mix design will be done at the vendor's expense. Upon receipt of the original mix design, an independent qualified laboratory selected by the City will perform tests using the same materials as used in the initial mix design for verification of the results. This testing will be done at the City's expense. No work will begin until all materials and/or mix design proportions have met the specifications as required. Once the materials are approved, no substitutions will be permitted unless first tested and approved by the methods stated above.

4. APPLICABLE SPECIFICATIONS

The following specifications and test methods form a part of this specification.

AASHTO: American Association of State Highway and Transportation Officials
ASTM: American Society for Testing and Materials
ISSA: International Slurry Seal Association

AGGREGATE AND MINERAL FILLER		
AASHTO TEST NO.	**ASTM TEST NO.**	**TEST**
T 2	D 75	Sampling Aggregates
T 27	C 136	Sieve Analysis of Aggregates
T 11	C 117	Materials Finer than No. 200 in Mineral Aggregate
T 176	D 2419	Sand Equivalent Value of Soils and Fine Aggregate
T 84	C 128	Specific Gravity and Absorption of Fine Aggregate
T 19	C 29	Unit Weight of Aggregate
T 104	C 88	Soundness of Aggregates by use of Sodium Sulfate or Magnesium Sulfate
T 96	C 131	Resistance to Degradation of Small Size Aggregate by Abrasion and Impact in the Los Angeles Machine
	D 1073	Specifications for Fine Aggregate for Bituminous Paving Mixtures
	D 242	Mineral Filler for Bituminous Paving Mixtures
T 37	D 546	Sieve Analysis of Mineral Filler for Bituminous Paving Mixtures

EMULSIFIED ASPHALTS		
AASHTO TEST NO.	**ASTM TEST NO.**	**TEST**
T 40	D 140	Sampling Bituminous Materials
M 140	D 977	Specifications for Emulsified Asphalt
M 208	D 2397	Specifications for Cationic Emulsified Asphalt
T 59	D 244	Testing Emulsified Asphalt
T 59	D 88	Test Method for Saybolt Furol Viscosity
T 44	D 113	Test Method for Ductility of Bituminous Materials
T 44	D 2042	Test Methods for Solubility of Asphalt Materials in Trichloroethylene
T 49	D 5	Test Methods for Penetration of Bituminous Materials
	D 2398	Test Methods for Softening Point of Bitumen in Ethylene Glycol (Ring and Ball)

SLURRY SEAL SYSTEM		
ISSA TEST NO.	ASTM TEST NO.	TEST
	D 3910	Design, Testing, and Construction of Slurry Seal
	D 2172	Quantitative Extraction of Bitumen for Bituminous Paving Mixture
T 101		Guide for Sampling Slurry Mix for Extraction Test
T 102		Mixing, Setting, and Water Resistance Test to Identify "Quick-Set" Emulsified Asphalt
T 106		Measurement of Slurry Seal Consistency
T 111		Outline Guide Design Procedure for Slurry Seal
T 113		Trail Mix Procedures for Slurry Seal Design
T 114		Wet Stripping Test for Cured Slurry Seal Mixes
T 115		Determination of Slurry Seal Compatibility

MATERIALS

5. AGGREGATE

The mineral aggregate shall consist of a natural or manufactured crushed stone such as granite, slag, limestone or other high quality aggregates or a combination thereof that conforms to the quality requirement of ASTM Specification D1073 and shall be free of dirt, organic matter, clay balls, and adherent films of clay, dust or other objectionable material. The aggregate shall contain no free water.

a. **Micro-Surfacing** - One hundred percent (100%) crushed material from a single source is required.

b. Slurry Seal - Smooth textured sands of less than 1.25 % water absorption shall not exceed 50% of the total aggregate blend.

6. MINERAL FILLER

The mineral filler shall be a recognized brand of Type I and II Portland cement with no entrained air that meets the requirements of ASTM D 242 if required by the mix design. 0.5% to 2% by dry weight of aggregate will be the range of mineral filler in the mix design. The mineral filler shall be considered as part of the dry aggregate.

7. WATER

All water shall be potable and compatible with the micro-surfacing and slurry seal mix. Compatibility shall be ensured by the vendor. The percent of water in the mix design shall produce proper mix consistency.

8. **EMULSIFIED ASPHALT** - The asphalt emulsion shall be homogeneous and show no separation after mixing.

8.1 **Micro-Surfacing** - The emulsified asphalt shall be a quick-set polymer modified cationic type CSS-Ph emulsion and conform to the requirements specified in AASHTO M 208 and ASTM 2397. It shall pass all applicable storage and settlement test. The polymer material shall be milled into the emulsion or blended into the asphalt cement prior to the emulsification process. The cement mixing test shall be waived.

8.2 **Slurry Seal** - Typically grade CQS-1h shall be used. As directed by the Program Manager, the following grade of emulsion shall be used:

8.2.1 Grade CQS-1h - Conforming to the requirements specified in ASTM D 2397 for Cationic Emulsions. (Quick Set). The emulsion used shall be modified with latex (SBR) which shall be milled into the emulsion or blended into the asphalt cement prior to the emulsification process. It shall pass all applicable storage and settlement tests. The cement mixing testing shall be waived. Asphalt emulsion, type CQS-1h (Quick Set) shall be specified on all city streets to minimize the amount of time the street will be closed.

9. **LATEX MODIFIER**

9.1 **Micro-Surfacing** - A minimum of 3% Latex Modifier content based on bitumen weight content, certified from the emulsion supplier, along with special quick-setting emulsifier agents, shall be milled into the asphalt emulsion. **The emulsified asphalt shall be so formulated that when the paving mixture is applied with the relative humidity at no more than 50% and ambient air temperature of at least 75 degrees Fahrenheit, it will cure sufficiently such that uniformly moving traffic can be allowed on completed travel lanes within 1 hour after placement with no damage to the surface. If determined necessary by the Program Manager, the mixture properties shall be adjusted according to humidity conditions and ambient air temperatures to allow uniformly moving traffic on completed travel lanes within 1 hour after placement with no damage to the surface.**

9.2 **Slurry Seal** - A 3% latex content based on bitumen weight, certified by the emulsion supplier, shall be milled into the asphalt emulsion.

10. **ADDITIVES**

Any additive used to accelerate or retard the break-set of the slurry seal shall be approved by the mix design laboratory as part of the mix design. The amount and type of additive (if needed) will be shown in the mix design.

TEST AND DESIGN

11. MIX DESIGN

All materials which first meet all quality test specifications shall be shown in the mix design by type of material and recommended proportions of said material.

12. MATERIALS

Dry Weight, Proportion %
Aggregate
Mineral Filler (Portland cement)
Emulsion
Water
Additive (if required)

13. TEST ON AGGREGATE

TEST	TEST METHOD		SPECIFICATION
	AASHTO TEST NO.	ASTM TEST NO.	
Gradation Analysis	T 27	C 136	See Gradation Chart
Sand Equivalent	T 176	D 2419	45 Minimum
Soundness	T 104	C 88	15% Max. loss by Sodium Sulfate
	T 104	C 88	20% Max. loss by Magnesium Sulfate
Hardness	T 96	C 131	35% Maximum
Unit Weight of Aggregate	T 19	C 29	Informational lb. cu. Ft. (for bulking effect)

14. GRADATION CHART - The aggregate shall meet the above gradations and shall not vary from the low limit on one sieve to the high limit on the adjacent sieves or vice versa. The gradation to be used shall be as approved by the Program Manager.

14.1 Micro-Surfacing

SIEVE	PERCENT PASSING
3/8	99-100
No. 4	86-94
No. 8	45-65
No. 16	25-46
No. 30	15-35
No. 50	10-25
No. 100	7-18
No. 200	5-15

14.2 Slurry Seal - Type IIA is a modification of ISSA Type II gradation to provide a coarser mix. The vendor shall be required to utilize a screening plant at the stockpile site and all aggregate loaded for use shall first pass thru the screening plant to remove any oversized material. The size of the screen opening on the screening plant shall be appropriate for the gradation approved by the Program Manager. Residual Asphalt Content, 8% to 12% % Weight of Dry Aggregate; Application Rate Lb. Sq. Yd. 20 Lbs to 22 lbs. Based on Weight of Total Mix

SIEVE	TYPE II A PERCENT PASSING
3/8	100
No. 4	85-100
No. 8	55-80
No. 16	35-60
No. 30	25-45
No. 50	18-30
No. 100	10-21
No. 200	5-15

15. TEST ON EMULSION

TEST	TEST METHOD		SPECIFICATION
	AASHTO TEST NO.	ASTM TEST NO.	
Particle Charge		D 244	Informational (+ or -)
Residue from Distillation, Weight %	T 59	D 244	62% Min.
Saybolt Furol Viscosity@77 degrees F SSF, sec	T 59	D 88	15-50
Sieve Test, % Retained on 20 Mesh Sieve	T 59	D 244	0.1% Max.
24 hr Storage Stability, %	T 59	D 244	1% Max.
5 Day Settlement Test, %	T 59	D 244	5% Max.

16. TEST ON RESIDUE FROM DISTILLATION

TEST	TEST METHOD		SPECIFICATION
	AASHTO TEST NO.	ASTM TEST NO.	
Penetration@77 degrees F, 100 grams 5 sec	T 49	D 243	40-90
Solubility in Trichloroethylene, %	T 44	D 2042	97.5% Min.
Ductility, 77 degrees F, cm	T 44	D 113	40 Min.
Softening Point, degrees F (Ring and Ball)		D 2398	140 degrees F Min.

17. TEST ON MICRO-SURFACE JOB MIXTURE

TEST	TEST METHOD		SPECIFICATION
	ISSA TEST NO.	ASTM TEST NO.	
Set Time, Hours		D 3910	12 Hrs Max.
Cure Time, Hours		D 3910	24 Hrs Max.
Wet Stripping Test, % Coating	TB 114		80% Max.
Wet Track Abrasion Test, Grams per Sq Ft		D 3910	75 Max.
Set Time 30 minutes Blotter Test	TB 102		No Brown Stain
Displacement Test	TB 102		No Displacment
Water Resistance Test @ 30 Minutes	TB 102		No Discoloration

18. TEST ON SLURRY SEAL JOB MIXTURE

TEST	TEST METHOD		SPECIFICATION
	ISSA TEST NO.	ASTM TEST NO.	
Consistency Test, cm Flow		D 3910	2-3
Set Time, Hours		D 3910	12 Hrs Max.
Cure Time, Hours		D 3910	24 Hrs Max.
Wet Stripping Test, % Coating	TB 114		80% Max.
Wet Track Abrasion Test, Grams per Sq Ft		D 3910	75 Max.

EQUIPMENT

19. GENERAL

All methods and equipment employed in performing the work shall be subject to the approval of the Program Manager before work is started and whenever found unsatisfactory they shall be changed and improved as required. All equipment shall be maintained in a satisfactory condition.

20. MIXING EQUIPMENT

20.1 Micro-Surfacing – The material shall be mixed by a self-propelled micro-surfacing mixing machine which shall be a continuous flow mixing unit able to accurately deliver and proportion the aggregate, emulsified asphalt, mineral filler and water to a revolving multi-blade mixer and discharge the mixed product on a continuous flow basis. The machine shall have sufficient storage capacity for aggregate, emulsified asphalt, mineral filler and water to maintain an adequate supply to the proportioning controls. The machine shall be equipped with self-loading devices which provide for the loading of all materials while continuing to lay micro-surfacing, thereby minimizing construction joints.

Individual volume or weight controls for proportioning each material to be added to the mix shall be provided. Each material control device shall be calibrated and properly marked.

The aggregate feed to the mixer shall be equipped with a revolution counter or similar device so the amount of aggregate used may be determined at any time.

The emulsion pump shall be a positive displacement type and shall be equipped with a revolution counter or similar device so that the amount of emulsion used may be determined at any time.

The mixing machine shall be equipped with a water pressure system and nozzle type spray bar to provide a water spray immediately ahead of and outside the spreader box with 0.05 to 0.15 gallons per square yard.

The mixing machine shall be equipped with an approved fines feeder that shall provide a uniform, accurately metered, predetermined amount of specified mineral filler.

20.2 Slurry Seal - The slurry seal mixing equipment shall be a continuous flow mixing unit or continuous-run design machines as to give a uniform and complete circulation of the batch in the mixer, so as not to segregate the aggregate, but will provide a thorough and uniform free flowing mix with the asphalt and water. The units shall be equipped with approved devices so that the machine can be accurately calibrated and the quantities of material used can be determined. The mixing machine shall be equipped with a water pressure system and nozzle type spray bar adequate for completely fogging the surface with 0.05 to 0.15 gallons per square yard immediately ahead of the spreader box.

The vendor shall have a minimum of 2 Slurry Seal machines at the project site in good working condition each having a capacity of at least 8 cubic yards to assure sufficient production capability.

21. SPREADING EQUIPMENT

21.1 Micro-Surfacing - The surface mixture shall be spread uniformed by means of a mechanical type spreader box attached to the mixer, equipped with paddles to agitate and spread the materials throughout the box. A front seal shall be provided to ensure no loss of the mixture at the road contact point. The rear seal shall act as final strike off and shall be adjustable. The mixture shall be spread to fill cracks and minor surface irregularities and leave a uniform skid resistant application of material on the pavement, the longitudinal joint where two passes join shall be neat appearing, uniform and lapped. All excess material shall be removed from the job site prior to opening the road. The spreader box shall have suitable means provided to side shift the box to compensate for variations in pavement geometry.

21.2 Slurry Seal - The spreader box shall be equipped to prevent loss of slurry seal from all sides and with a flexible rear strike-off capable of being adjusted. It shall suitable means for side tracking to compensate for deviation in pavement geometry. The box shall be kept free of built-up asphalt and aggregate. The strike-off drag shall be kept completely flexible at all times.

22. AUXILIARY EQUIPMENT

Suitable crack and pavement cleaning equipment, hand tools and any support equipment will be provided by the Vendor as necessary to perform the work. The Vendor shall use a vacuum equipped street sweeper to remove all swept debris. Sweeping of debris into the gutter shall not be permitted.

23. EQUIPMENT CALIBRATION

Each Slurry unit to be used shall be calibrated in the presence of the Program Manager prior to construction. Previous calibration documentation covering the exact materials to be used may be accepted provided they were made during the calendar year. No machine shall be allowed to work on the project until the calibrations have been completed and/or accepted.

24. VERIFICATION

The test strips will be laid, by the Vendor (location to be determined by the Program Manager) before construction begins. The Program Manager will observe the test strip for verification or rejection according to the specifications. Upon failure of any of the test, additional test strips will be laid at no cost to the City. The square yards of the first test strip will be measured and paid for at the contract unit price. (Keeping proper consistency is a major concern. A wet mix will cause an asphalt rich surface. Consistency can be checked in the field by making a line through the slurry-surface immediately behind the spreader box. If the line stays, the slurry is at a proper consistency level. If the line fills up, the slurry is too wet.)

LIMITATIONS

25. WEATHER

All Micro-Surfacing/Slurry Seal will be applied between March 1 and December 1 unless otherwise approved by the Program Manager. The Slurry Seal shall be applied only when the air and pavement temperature is 50 degrees Fahrenheit and rising. No Slurry Seal shall be applied:

25.1 In the period following precipitation with water remaining on the surface to be coated.

25.2 In foggy conditions.

25.3 If there is a threat of rain before the slurry seal can fully cure.

25.4 If there is danger that the finished product will freeze within 24 hours after application.

25.5 If weather conditions prolongs opening to traffic beyond the time specified by the Program Manager.

The Micro-Surfacing/Slurry Seal will be placed on the location and within the time limits as specified by the Program Manager.

26. CONDITION AND TYPE PAVEMENT TO BE TREATED

Any base failures, severe pavement defects, or similar conditions which are present will be properly repaired by the City to ensure correct application and performance of the slurry. Slurry normally adheres to asphalt pavement more readily than, concrete, especially worn or polished areas. Heavy traffic areas, especially those on concrete, require greater care in selection of type of coarseness of slurry allowing the surface to fully cure before opening to traffic, and the placing of either a tack coat or a second coat of slurry for greater adhesion and wear purposes.

27. NOTIFICATIONS

It shall be the Vendor's duty to notify all homeowners and businesses affected by the construction a minimum of 24 hours in advance of the surfacing. Should the work not occur on the specified day, new notification will be distributed as required. Complete street closures are allowed when approved by the Program Manager in consultation with the City Traffic Engineer. In general, complete street closures are allowed on residential streets for more efficient and effective completion and for reduction of the project duration impact to the neighborhood.

28. TRAFFIC CONTROL

It shall be the Vendor's responsibility to provide adequate traffic control measures, such as barricades, cones, advance warning signs, flag person, etc. to protect the uncured slurry from all types of traffic and provide traffic safety in the construction area. These measures shall be in accordance with the City of Grand Prairie Traffic Barricade Manual and the most current Texas Manual on Uniform Traffic Control Devices for Streets and Highways. Opening to traffic does not constitute acceptance of the work. Any damage to the uncured slurry will be the responsibility of the Vendor and will be repaired as directed by the Program Manager. Approved temporary lane marking will be provided by the Vendor for placement as directed by the Program Manager.

29. TEMPORARY MARKINGS AND LANE DELINEATION

Whenever the work causes obliteration of pavement markings or delineation, temporary markings or delineation shall be in place prior to opening the traveled way to public traffic. Lane line and centerline pavement delineation shall be provided at all times for traveled ways open to public traffic. Other markings such as crosswalks, stop bars, and pavement arrows shall be delineated prior to opening the roadway to public traffic if directed by the Program Manager.

All work necessary to establish satisfactory temporary marking and lane delineation shall be performed by the Vendor. Surfaces on which temporary marking and lane delineation is to be applied shall be cleaned of all dirt and loose material, and shall be dry when it is applied. Temporary markings and lane delineation shall be maintained until replaced with permanent markings.

Temporary lane delineation shall consist of either a 4-inch by 4-inch square stripe or a 4-inch reflectorized tab, as directed by the Program Manager. Temporary lane delineators shall be placed on lane lines and centerlines at longitudinal intervals of not more that 24 feet apart, or 12 feet apart on radii. The temporary markings and lane delineators shall be the same color as the lane line, centerline, or pavement marking being replaced.

Temporary markings and lane delineation shall not be paid for as a separate pay item and shall be considered subsidiary to the contract unit price per square yard of Slurry Seal or Micro-Surfacing, which pay item shall be the total compensation for the furnishing of all labor, materials, tools, equipment, and incidentals necessary to locate, install, and maintain the temporary markings and lane delineation.

STORAGE AND STOCKPIING

30. STOCKPILING OF AGGREGATE

Precautions shall be taken to ensure the aggregate does not become contaminated with oversized rock, clay, silt or excessive amount of moisture. The stockpile shall be kept in areas that have good drainage. Segregation of aggregates proposed for use and as supplied to the mixing plant shall be uniform.

31. STORAGE SITE

The Vendor shall provide a suitable storage facility for all equipment and materials needed to perform the work. This site should be located as close as possible to the area of work being done to reduce turnaround time and ensure an acceptable rate of work. Any site selected shall be subjected to final approval by the Program Manager. Erosion control measures shall be implemented as needed to comply with the law and City of Grand Prairie ordinances.

32. SURFACE PREPARATION

Immediately prior to applying the slurry seal, the pavement shall be thoroughly cleaned of all loose materials, vegetation, soil and other objectionable material. Any breakdowns, base failures, or other defects will be properly repaired by the city before application of the slurry seal begins. Manholes, valve boxes, grate inlet, and other designated objects shall be covered by the Vendor to ensure their integrity. After completion of slurry placement, the vendor shall remove said covers so the objects protected will remain fully functional. Any objects damaged by the Vendor shall be repaired or replaced at no cost to the City.

APPLICATION

33. GENERAL

If conditions require, the pavement shall be pre-wetted by fogging ahead of the spreader box. Water used in fogging the surface shall be applied so that the entire surface is damp with no flowing water in front of the box.

Rate of spray: 0.05 to 0.15 gal/sq. yd. (or as directed by the Program Manager); no streaks, lumps, balls, or unmixed aggregated shall be permitted.

34. RATE OF APPLICATION

The slurry shall be sufficiently stable during the spreading period so that the emulsion does not break, there is no segregation of the fines from the coarser aggregate and the liquid of the mix does not float to the surface.

35. JOINTS

No excessive buildup or unsightly appearance shall be permitted on longitudinal or transverse joint. An excessive overlap will not be permitted on longitudinal joints. The Vendor shall provide suitable width spreading equipment to produce a minimum number of longitudinal joints throughout the project. Longitudinal joints shall be placed on lane lines when possible. If half passes are used they shall not be the last pass of any paved area.

36. HAND WORK

In areas where the spreader box cannot be used, the slurry shall be applied by hand squeegees to provide complete and uniform coverage. Any joint or cracks not dilled by the slurry shall be corrected by use of hand squeegees. Hand work shall be completed during the machine applying process. Due to difficulty in hand working micro-surfacing material due to the quickset nature of the emulsion, hand work areas should be kept to a minimum.

37. LINES

Straight lines along curb gutters and shoulder will be required. No runoff on these areas will be permitted. Lines at intersections shall be kept straight to provide a good appearance. Slurry shall be placed at the lip of the gutter or at a distance from the face of the curb as directed by the Program Manager.

38. CURING

38.1 Micro-Surfacing - All traffic shall be kept off the micro until it has cured to a firm condition that will prevent damage to the micro. **The emulsified asphalt shall be so formulated that when the paving mixture is applied with the relative humidity at no more than 50% and ambient air temperature of at least 75 degrees Fahrenheit, it will cure sufficiently such that uniformly moving traffic can be allowed on completed travel lanes within 1 hour after placement with no damage to the surface. Failure to comply with this requirement may result in cessation of all work until such time that the Vendor provides the proper adjustments in his operations. If determined necessary by the Program Manager, the mixture properties shall be adjusted according to humidity conditions and ambient air temperatures to allow uniformly moving traffic on completed travel lanes within 1 hour after placement with no damage to the surface. Failure to comply with this requirement may result in cessation of all work until such time that the Vendor provides the proper adjustments in his operations.** Protect other locations subject to sharp turning or stopping and starting traffic for longer periods when necessary. Any uncured micro damaged will be repaired to the satisfaction of the Program Manager at the Vendor's expense.

38.2 Slurry Seal - All traffic shall be kept off the slurry until it has cured to a firm condition that will prevent damage to the slurry. Any uncured slurry damaged will be repaired to the satisfaction of the Program Manager at the Vendor's expense.

39. CLEAN-UP

All objects covered (manhole covers, valve covers, grate inlets, etc.) shall be restored to their original integrity. The Vendor shall remove all unused material and debris from the site prior to final acceptance.

MEASUREMENT AND PAYMENT

40. METHODS OF MEASUREMENT – Micro-Surfacing

40.1 Aggregate

The quantity of aggregate used in the accepted portions of the work shall be measured by net ticket weight of the individual loads of aggregate as measured by approved scales at the project or approved stockpile site and delivered to the lay down machine. Measurement for payment shall be based on the square yards of surface treatment accepted by the City, complete in place, in accordance with these specifications. The amount aggregate shall fall between the specified range of 25 to 28 lbs. of dry aggregate per square yard of polymer modified micro-surfacing treatment to be acceptable to the City.

40.2 POLYMER MODIFIED ASPHALT EMULSION

The quantity of polymer modified asphalt emulsion used in the accepted portion of the work shall be measured by gallons of emulsion shipped and used. Mineral filler, modifier, water and all other additives shall be considered subsidiary items and shall not be paid for separately. Measurement for payment shall be based on the square yards of surface treatment accepted by the City, complete, in place, in accordance with these specifications.

40.2 BASIS OF PAYMENT

The authorized and accepted quantity of polymer modified micro-surfacing treatment shall be paid for at the contract unit price bid per square yard accepted by the City, completed in place in accordance with these specifications. The unit price bid shall be considered full compensation for all aggregate, polymer modified asphalt emulsion (including mineral filler, water, modifiers and additives), emulsion for tack coat, material, labor, tools, equipment, cleaning the existing pavement, maintenance of traffic and all other incidentals necessary to complete the work in accordance with these specifications and the bid documents. Payment shall be restricted to only those micro surface areas in which the specified range of dry weight aggregate is 25 to 28 lbs. per square yard. **No payment shall be made for micro-surfacing treatment not authorized or approved by the Program Manager.**

41. METHODS OF MEASUREMENT - Slurry Seal

41.1 AGGREGATE

The quantity of aggregate used in the accepted portions of the work shall be measured by net ticket weight of the individual loads of aggregate shipped to the project and used.

41.2 LATEX MODIFIED ASPHALT EMULSION

The quantity of latex modified asphalt emulsion used in the accepted portion of the work shall be measured by gallons of emulsion shipped and used. Mineral filler, modifier, water and all other additives shall be considered subsidiary items and shall not be paid for separately from the bid item.

41.3 BASIS OF PAYMENT

The treated area on each street authorized and approved by the Program Manager shall be field measured and calculated in square yards. The gallons of latex modified asphalt emulsion and pounds of aggregate applied shall be calculated. Payment for authorized work shall be approved if the amount of emulsion and aggregate fall within the specified range per square yard. Payment per square yard shall be considered full compensation for grass removal, cleaning the existing pavement, all material (including mineral filler, water modifiers and additives) labor, tools, equipment, maintenance of traffic and incidentals necessary to complete the work. **No payment shall be made for work not authorized and approved by the Program Manager.**

42. SURFACE TREATMENT INSPECTION PROCEDURES

42.1 All locations will be selected and subject to final approval by the Program Manager. Non- compliance will result in nonpayment.

42.2 No work will commence on any location until approval by the Program Manager. Non-compliance will result in nonpayment.

42.3 All pavement cleaning (sweeping, vegetation removal, etc.), and covering of appurtenances to be performed by the vendor as directed in the Slurry Seal Specification will be subject to the final approval and acceptance of the Program Manager. Non-compliance will result in nonpayment.

42.4 All locations will be subjected to final approval in regards to appearance by the Program Manager. Any work directed by the Program Manager to correct any appearance defect will be subject to the final approval of the Program Manager. Non-compliance will result in nonpayment.

42.5 No location will be opened to traffic without the approval of the Program Manager. Any locations damaged due to non-compliance will be repaired as directed by the Program Manager at the Vendor's expense.

43. PAYMENT AND INVOICING

The work performed and materials furnished in accordance with this Item and measured as provided under "Measurement" will be paid for at the unit price bid for "Micro-Surfacing (Polymer Modified)" of the type specified. This price shall be full compensation for furnishing all labor, equipment, time, materials, and incidentals necessary to complete the Work.

Surface preparation and cleaning will not be measured or paid directly but shall be considered subsidiary to Item No. SS330 "Micro-Surfacing (Polymer Modified)".

Payment for work meeting specifications will be made under:
Pay Item No. SS330-A: Micro-Surfacing (Polymer Modified), Type II Mod., at a rate of 25 lbs/SY- Per Square Yard (SY).
Pay Item No. SS330-B: Micro-Surfacing Scratch Course (Polymer Modified), Type II Mod. - Per Square Yard (SY).

44. VENDOR RESPONSIBILITIES

44.1 Supervision – The Vendor shall, during all periods of contract performance, provide competent supervision of his employees to assure complete and satisfactory fulfillment of the work and the terms of this contract. The Vendor or a capable, fully authorized representative must be immediately available during all work activities to receive any and all special instructions from the City agent.

44.2 Defective Work and Damages – The Vendor shall be wholly responsible for and shall promptly correct or restore all defective work or damages to any/all City facilities caused by its activities. Restoration and correction shall be to the complete satisfaction of the City. This shall apply to any part of a building, its appurtenances, the adjacent grounds, or any other tangible damage incurred in the performance of the Contract. Any damage will be immediately reported to the Fleet Services Manager or his agent. Failure by the Vendor to proceed promptly with corrective actions may be cause for cancellation of this contract with amount(s) necessary to correct defective work and/or damage being withheld from payments due or to become due to the Vendor.

44.3 Warranty - The bidder agrees to warrant all services performed (workmanship, parts, refinishing, etc.) for a minimum period of one (1) year from date of acceptance. Longer warranty periods will be viewed favorably.

45. VENDOR QUALIFICATIONS

45.1 Bidder must be engaged in the business of providing micro-surfacing and/or slurry seal treatments, maintenance and repair services for a minimum of five years within the last seven years.

45.2 Bidder must be in good financial standing, not in any form of bankruptcy, current in payment of all taxes and fees such as state franchise fees. The City reserves the right to request a copy of vendor's audited or un-audited financial statement. When financial statements are requested, the City will review the vendor's audited or un-audited financial statement to this solicitation in accordance with Texas Government Code, Title 10, Subtitle D, Section 2156.007 to evaluate the sufficiency of the vendor's financial resources and ability to perform the contract or provide the service required in the solicitation. The City will be the sole judge in determining the sufficiency of the vendor's financial resources and ability to perform the contract or provide the service.

45.3 Bidder must provide a list of three (3) governmental or commercial references for work of a similar scope to this specification. The bidder shall choose references that illustrate the Bidder's ability, capacity, and skill to perform the contract as specified.

46. SAFETY REQUIREMENTS

46.1 The Vendor must be thoroughly familiar with all prevailing safety measures pertinent to its operation and shall meet or exceed those measures. This shall include, but not necessarily be limited to Environmental Health Agency (EPA) regulations, State of Texas regulations, local city ordinances, and Occupational Safety and Health Agency (OSHA) regulations. In addition, the Vendor shall be wholly responsible for instructing its employees in these safety measures and seeing that they are fully complied with in every respect.

46.2 Vendor will provide all required safety signage, barricades, and flashers/strobes.

46.3 All employees shall follow all applicable safety procedures, have appropriate safety training certification when required by federal or state law, have immediate access to all appropriate safety equipment, and shall be trained in the use of that equipment.

46.4 All vehicles shall have proper safety signage, be fit for their intended purpose, and meet all OSHA, and State of Texas requirements.

46.5 Vendors discovered working without necessary safety devices or equipment in place will be required to stop all work in progress until adequate equipment has been obtained and approved by to the Contract Administrator.

46.6 Any hazardous condition or any damage to City property is to be immediately reported to the City Contract Administrator.

46.7 Vendor will not permit unsafe practices. Examples of unsafe practices include but are not limited to: using inappropriate equipment for the job, removing chains or other safety devices from equipment, traveling with an operator sitting in the back of a pickup truck with the tailgate lowered and operating equipment at excessive speed. Unsafe practices will be grounds for termination of the contract.

47. PROCUREMENT SCHEDULE

The projected schedule for this procurement is as follows:

Activity	Target Dates
Release Bid	Tuesday, January 17, 2017
Pre-Bid Meeting	Tuesday, January 24, 2017 10:00 a.m.
Deadline for Questions	Wednesday, January 25, 2017
Responses to Questions	Thursday, January 26, 2017
Deadline for Receipt of Bids	Tuesday, January 31, 2017
Council Date	Tuesday, February 21, 2017

48. CONTACT

Information, questions or clarification concerning the intent of this RFB should be in writing and addressed to Angi Mize at amize@gptx.org by 4:30 p.m. (Central Time) of the Deadline for Questions outlined in the Procurement Schedule. City of Grand Prairie's response to questions and requests for clarification will be posted to BidSync (www.bidsync.com) by 12:00 pm Thursday, January 26, 2017.

49. BID EVALUATION

Award will be based on responsive bids best value as outlined in the Evaluation Criteria below. The City of Grand Prairie reserves the right to accept or reject any and all bids in whole or in part and waive any informality in the competitive bid process. Further, the city reserves the right to enter into any contract deemed to be in the best interest of the city. **The City reserves the right to inspect the bidder's shop and equipment for the purposes of evaluating the vendor's qualifications and location.** The annual estimated dollar value of this contract shall be $500,000. Annual estimated quantities are not known and vary from year to year.

50. EVALUATION CRITERIA

The following evaluation criteria will be utilized in the selection of a vendor:

CRITERIA	POINTS
1. Price	35
2. Reputation/References	15
3. Qualifications	40
4. Government Experience	10
TOTAL POSSIBLE POINTS	100

51. SUBMITTAL RESPONSE GUIDELINES

Offeror response to this Request for Bid shall include:

- Completed and signed proposal check list.
- Bid Pricing Form filled in with unit prices, extended prices, and total.
- Questionnaire and References pages 1 - 2 answered. References provided should be for similar work/projects with up to date contact information (phone and email).
- Bid Affirmation form reviewed and signed.
- Completed and signed Conflict of Interest Form. If the vendor has no conflict of interest mark "NA", sign and include with your bid.
- Completed Historically Underutilized Business Questionnaire. If the vendor is not a certified HUB or DBE mark "NO", sign and include with your bid.

52. AGREEMENT TERMS AND AWARD

The term of the agreement will be for an initial one-year agreement with the option to renew for up to four (4) additional one-year periods. The price agreement shall be awarded to the vendor(s) submitting the bid(s) deemed to be in the best interest of the City. The City may award one Primary and one Secondary vendor by portions or for the entire bid. The City of Grand Prairie may award to a single vendor, multiple vendors, or use any combination that serves the best interest of the City. Successful bidder will enter into a contract with the City for an annual agreement in accordance with the terms and conditions found within.

SOLICITATION STANDARD TERMS AND CONDITIONS

1. **INSTRUCTIONS:** These standard terms apply to all solicitations.

2. **BEST INTEREST:** The City reserves the right to reject any or all responses and to waive formalities. The City also reserve the right to purchase through State awarded contracts or other intergovernmental agreements when it is in the best interest of the City.

3. **PRICING:** Price(s) quoted must be held firm for ninety (90) days to allow for evaluation unless otherwise noted in this document.

4. **SILENCE OF SPECIFICATION:** The apparent silence of these specifications as to any detail or to the apparent omission of a detailed description concerning any point, shall be regarded as meaning that only the best commercial practices are to prevail. All interpretations of these specifications shall be made on the basis of this statement.

5. **F.O.B.:** All shipping shall be F.O.B. delivered.

6. **COOPERATIVE/INTERLOCAL PURCHASING:** If the vendor checked yes on the submittal affirmation form to allow for Interlocal Purchasing the following will apply: Government Entities utilizing Inter-Governmental Contracts with the City of Grand Prairie will be eligible, but not obligated, to purchase goods and services under this contract (s) awarded as a result of this solicitation. All purchases by Governmental Entities other than the City of Grand Prairie will be billed directly to that Governmental Entity and paid by that Governmental Entity. The City of Grand Prairie will not be responsible for another Governmental Entity's debts. Each Governmental Entity will order their goods and services as needed.

7. **SPLIT AWARD:** The City of Grand Prairie reserves the right to award a separate contract to separate vendors for each item/group or to award one contract for the entire bid.

8. **WITHDRAWAL OF RESPONSE TO SOLICITATION:** A response may not be withdrawn or cancelled by the vendor for a period of ninety (90) days following the date designated for the receipt without approval by the City.

9. **ERROR-QUANTITY:** Submittals must be made on units of quantity specified, extend, and show total(s). In the event of discrepancies in extension, the unit price shall govern.

10. **LATE SUBMITTALS:** Submittals received after the submission deadline shall be returned unopened and will be considered void and unacceptable. The City of Grand Prairie is not responsible for lateness from any carrier for any reason.

11. **TAXES:** The City of Grand Prairie is exempt from Federal Manufacture's Excise, and State Sales taxes. TAX MUST NOT BE INCLUDED IN PRICING. Tax exemption certificates will be executed by the City and furnished upon request.

12. **ADDENDA:** Any interpretations, corrections or changes to this specification will be made by addenda. Sole issuing authority of the addenda shall be vested in the City of Grand Prairie Purchasing Department. Addenda will be mailed to all who are known to have received a copy of this solicitation. It is the responsibility of proposers to ensure they have received and understand any issued addenda.

13. **PROTEST:** Protests shall be submitted in writing and filed with the Purchasing Division no less than three business days prior to the City Council meeting at which the award appears on the agenda. A written response will be prepared by the Purchasing Manager in consultation with the end user department and City Attorney in accordance with the City Purchasing Manual. If the protesting vendor does not agree with the staff recommendation, they may appeal to the City Council. Protesting vendors must contact the City Secretary in order to be acknowledged and heard by City Council at the first available Council meeting.

14. **PAYMENT TERMS:** Payment terms are Net 30 unless otherwise specified by the City in this document.

15. **PATENT RIGHTS:** The vendor agrees to indemnify and hold the City harmless from any claim involving patent right infringement or copyrights on goods supplied.

16. **FUNDING:** The City of Grand Prairie is a home-rule municipal corporation operated and funded on an annual basis for Oct. 1 to Sept. 30. The City reserves the right to terminate, without liability to the City, any contract for which funding is not available.

17. **ASSIGNMENT:** Vendor shall not sell, assign, transfer, or convey this contract in whole or in part, without the prior written consent of the City.

18. **VENUE:** This agreement will be governed and construed according to the laws of the State of Texas.

19. **RIGHT OF REVIEW:** Vendor covenants and agrees that the City, upon reasonable notice to vendor, may review any of the work performed by vendor under this Contract.

20. **DELIVERY TIMES:** Deliveries will be acceptable only during normal working hours at the designated City Municipal Facility.

21. **STANDARD WARRANTY:** Standard manufacturer's warranty shall be provided and submitted to the City of Grand Prairie upon request.

22. **PACKAGING:** Unless otherwise indicated, items will be new, unused, and in first class condition in containers suitable for damage-free shipment and storage.

23. **ORDERS AND INVOICING:** A Purchase Order Number is required for all purchases. All invoices must identify the purchase order number, include the bid unit pricing by item, identify the ordering department/user, and include contact phone and email.

24. **CONFLICT OF INTEREST:** The successful vendor hereby covenants and agrees that during the Contract period that vendor and any of vendor's associates and employees will have no interest nor acquire any interest, either direct or indirect, which will conflict in any manner with the performance of the services called for under this Contract. All activities, investigations and other efforts made by vendor pursuant to this Contract will be conducted by employees or associates of vendor. Vendor further covenants and agrees that it understands that the Code of Ordinances of the City of Grand Prairie prohibits any officer or employee of the City from having any financial interest, either direct or indirect, in any business transaction with the City. Any violation of this paragraph which occurred with the actual or constructive knowledge of vendor will render this contract voidable by the City.

25. **CONFIDENTIAL WORK:** Any reports, designs, plan, information, project evaluations, data or any other documentation given to or prepared or assembled by vendor under this contract shall be kept confidential and may not be made available to any individual or organization by vendor without the prior written approval of the City except as may be required by law.

26. **WARRANTY, HOLD HARMLESS, AND INDEMNITY:** Vendor warrants that the commodities it delivers to the City shall be delivered in a good and workmanlike manner, and that any items delivered to the City under this contract will be fit for the particular purpose for which it was furnished. Vendor shall defend, indemnify, and hold the City whole and harmless against any and all claims for damages, costs, and expenses to persons or property that may arise out of, or be occasioned by, the execution or performance of this Contract or any of vendor's activities or any act of commission or omission related to this Contract of any representative, agent, customer, employee, sub-vendor or invitee of vendor or any representative, agent, employee, or servant of the City. If an item is covered by a manufacturer's warranty, it is the responsibility of the vendor to obtain the information for City and to get the manufacturer to honor the warranty.

27. **PROPRIETARY INFORMATION:** Any material or information that is considered proprietary in nature must be clearly marked as such and will be treated as confidential by the City of Grand Prairie to the extent permitted under the Open Records Act.

28. **WAIVER OF ATTORNEYS FEES:** Vendor and City expressly covenant and agree that in the event of any litigation arising between the parties to this contract, each party shall be solely responsible for payment of its attorneys and that in no event shall either party be responsible for the other party's attorney's fees regardless of the outcome of the litigation.

29. **CHANGE ORDERS:** No Oral statement of any person shall modify or otherwise change or affect the terms, conditions, or specifications stated in the resulting contract. All change orders to the contract will be made in writing by the City of Grand Prairie.

30. **TERMINATION:** The City may, at its option and without prejudice to any other remedy to which it may be entitled at law or in equity, terminate the right for vendor to accept further orders under this Contract, in whole or in part, by giving at least thirty (30) days prior written notice thereof to vendor with the understanding that no further orders may be accepted after the date specified in such notice. The City shall equitably compensate vendor, in accordance with the terms of this Contract for the commodities properly ordered prior to the date specified in such notice following inspection and acceptance of same by the City. Vendor shall not, however, be entitled to lost or anticipated profits should the City choose to exercise its option to terminate.

31. The CITY reserves the right to enforce the performance of this purchase order in any manner prescribed by law or deemed to be in the best interest of the CITY in the event of breach or default. The CITY reserves the right to terminate the purchase order immediately in the event the VENDOR fails to: (1) meet delivery schedules, or (2) otherwise perform in accordance with this contract and incorporated documents. Breach of contract or default authorizes the CITY to award to another VENDOR, purchase elsewhere and charge the full increase in cost and handling to the defaulting VENDOR.

32. **PERFORMANCE OF WORK:** Vendor or vendor's associates and employees shall perform all the work called for in this Contract. Vendor hereby covenants and agrees that all of vendor's associates and employees who work on this project shall be fully qualified to undertake same and competent to do the work described in this Contract, and the services performed shall be performed in a good and workmanlike manner, and that the finished product shall be fit for the particular use(s) contemplated by this agreement.

33. **OWNERSHIP OF DOCUMENTS:** VENDOR acknowledges that City owns all notes, reports, or other documents, intellectual property or documentation produced by the vendor pursuant to this agreement or in connection with its work which are not otherwise public records. Vendor acknowledges that City shall have copyright privileges to those notes, reports, documents, processes and information. Vendor shall provide City a copy of all such notes, reports, documents, and information (except to the extent that they contain confidential information about third parties) at City expense upon written request.

34. **PRICE REDETERMINATION:** Price redetermination shall only be considered by the City forty-five (45) days prior to the anniversary date of the initial contract award and subsequent renewals. Price redetermination requests must be substantiated in writing. The City of Grand Prairie reserves the right to reject the request when it is deemed to be in the best interest of the City.

35. **DRUG FREE WORKPLACE:** VENDOR hereby covenants and agrees that during the contract period that VENDOR and any of VENDOR's associates and employees shall be in compliance with the CITY'S drug free workplace policy.

36. **INSPECTION:** All goods and services will be subject to inspection and testing by CITY prior to acceptance. Goods rejected and goods supplied in excess of quantities ordered may be returned to the VENDOR at its expense. If any of the goods or services are found at any time to be defective in material or workmanship, or otherwise not in conformity with the requirements of this purchase order, including any applicable drawings and specifications, then CITY, in addition to such other rights and remedies it may have by contract or by law or equity, at its sole discretion may reject and return such goods at VENDOR's expense, require VENDOR to inspect the goods and remove nonconforming goods and/or require VENDOR to replace nonconforming goods or services with conforming goods or services.

37. **PACKAGING:** All goods must be packaged in the manner as specified by CITY and shipped in the manner and by the route and carrier designated by CITY. If CITY does not specify the manner in which the goods must be packaged, VENDOR shall package the goods so as to avoid any damage in transit. If CITY does not specify the manner of shipment, route or carrier, VENDOR shall ship the goods at the lowest possible transportation rates, consistent with VENDOR's obligation to meet the delivery schedule set forth in this Order.

38. **AUDIT:** the CITY reserves the right to audit the records and performance of vendor during the contract and for three years thereafter.

39. **INSURANCE:** Prior to the commencement of work under this Contract, vendor shall obtain and shall continue to maintain in full force and effect during the term of this Contract any insurance required by Law and any additional insurance that may be required pursuant to the specification. Performance under the contract will not start until this obligation has been met. Carrier must be authorized to do business in Texas rated "A" or better in the current Best Key Rating Guide. All policies shall be of the "occurrence type" and the city of Grand Prairie shall be listed as an additional insured (to the extent Vendor/City are indemnified pursuant to the indemnity provisions herein) on all certificates of insurance. Additional Insured Clauses does not apply to Workers' Compensation and Employer's Liability. A waiver of Subrogation Clause, naming the city of Grand Prairie "shall be included" on all types of coverages.

TYPE AND AMOUNT

a. Workers' Compensation Statutory
b. Employer's Liability $1,000,000
c. Comprehensive General Liability $1,000,000 (Combined Single Limit)
d. Premises Operations
e. Products Operations Hazard
f. Contractual Insurance

Comprehensive Automobile Liability $1,000,000 (Combined Single Limit)

40. **HB 1295 FORM:** At time of contract execution vendor must provide a signed and notarized HB 1295 Form received directly from the State of Texas. https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm.

41. **CONTRACT EXECUTION AND START DATE:** The awarded vendor will have ten calendar days after receiving the notice of award to return the executed contract, certificate of insurance, HB 1295 form, and vendor setup packet (when applicable). The CITY reserves the right to terminate the contract immediately, place the VENDOR on the City's debarred vendor list, and award to another VENDOR in the event the VENDOR fails to return the required documents by the indicated time. After documentation is received by the City a notice to proceed or purchase order will be issued. The vendor will have up to five calendar days to begin performance under this contract, unless otherwise agreed in writing between the CITY and VENDOR.

QUESTIONNAIRE

All questions should be answered clearly and completely. Marketing materials WILL NOT be accepted in lieu of this questionnaire. This questionnaire will assist the City in understanding your submittal and will be used in the evaluation process and therefore it is critical that the questionnaire be completed and submitted with your submittal.

General Contact Information

Respondent Name and Title: Dan Welsh - Project Manager

Company: Viking Construction Inc.

Company Address: 2592 Shell Rd.

Telephone Number: 512-930-5777

Fax Number: 512-868-1955

Email Address: DAN@ VCISS. com

Federal Tax ID: 742653491

Provide at Least 3 References, including contact name, agency name, title, phone number and/or email of those you have provided similar services in the past three years. This information will be used in the evaluation of your submittal.

Project Reference #1

Reference Name and Title: Chris Lutz - Prosect Manager

Reference Organization: City of Dallas

Project Title: 2016 Micro-Surfacing Prosect

Telephone Number: 214-671-0077

Email Address: Christopher. Lutz @ Dallascity Hall. org

SUBMITTAL CHECK LIST

Interested parties MUST submit one (1) bid marked as original that includes all of the following items listed below for consideration. The submission should be in the order stated below.

	ITEM	CHECK LIST
1	Proposal Submittal Check List	✓
2	Bid Pricing	✓
3	Questionnaire and References	✓
4	Submittal Affirmation Form	✓
5	Conflict of Interest Questionnaire	✓
6	Historically Underutilized Business Questionnaire	✓

By my signature I affirm all items as listed above have been completed and submitted as part of my firm's proposal.

BH D
Authorized Signature

PRES
Title

BARRY H DUNN
Print/Type Name

1/30/17
Date

BID PRICING

ITEM	DESCRIPTION	QTY	UOM	UNIT PRICE
1	Slurry Seal <49,999	1	SY	2.43
2	Slurry Seal >49,999	1	SY	2.30
3	Micro Seal <49,999	1	SF	2.89
4	Micro Seal >49,999	1	SY	2.74

***Mobilization fees shall be included in your price per square yard.**

VIKING CONSTRUCTION, INC.
2592 SHELL ROAD
GEORGETOWN, TX 78628

Company Name

1/30/17

Date

Authorized Signature

BARRY H DUNN

PRESIDENT

Title

Project Reference #2

Reference Name and Title: Keith Gabbard - Street Supt.

Reference Organization: City of Denton

Project Title: RFP #5712 Microsurfacing

Telephone Number: 940-765-0807

Email Address: Keith.Gabbard@cityofDenton.com

Project Reference #3

Reference Name and Title: Tom Nagel - Project Manager

Reference Organization: City of Amarillo

Project Title: Micro-Surfacing of various Streets

Telephone Number: 806-680-9252

Email Address: Thomas.Nagel@Amarillo.GOV

Service Information

1. How many years has your firm been involved in providing these services? 25 Years

2. Please list all government entities your firm has worked with in the past 3 years. (use separate sheet if needed)

See Attached

3. List five street locations that were completed in the last six (6) months to one (1) year for both Micro-Surfacing and Slurry Seal(use separate sheet if needed).

See Attached

4. List five street locations that were completed in the last 2-3 years for both Micro-Surfacing and Slurry Seal. (use separate sheet if needed)

See Attached

2014

STATE CREW - Micro	
2014101	POLK COUNTY
2014102	GRAYSON
2014103	HOCKLEY
2014104	CITY OF LUBBOCK
2014105	CITY OF WEATHERFORD
2014106	TARRANT COUNTY
2014107	RED RIVER COUNTY
2014108	CITY OF BURLESON
2014109	
2014110	

CITY CREW - Slurry	
2014201	CITY OF AUSTIN
2014202	CITY OF KILLEEN
2014203	RICHARDSON/NANTUCKET
2014204	CITY OF DENTON
2014205	
2014206	HARRIS COUNTY
2014207	OMEGA WATER UTIL
2014208	CITY OF WOODWAY
2014209	OSCAR RENDA
2014210	FLOWER MOUND
2014211	CITY OF KYLE
2014212	AUSTIN AVE MICROSEAL
2014213	CITY OF HEWITT
2014214	CITY OF MARSHALL
2014215	FT. HOOD
2014216	CITY OF MIDLOTHIAN
2014217	LOVE FIELD
2014218	BRAZOS PAVING
2014219	SAN ANTONIO
As of 9/29/14	

2015
~~2016~~ JOBS

STATE CREW – Micro

2014101	POLK COUNTY
2014107	RED RIVER
2015101	
2015102	SAN ANTONIO/FLASHER
2015103	SAN ANTONIO/CLARK
2015104	TOM GREEN
2015105	MIDLAND
2015106	COLLIN COUNTY
2015107	AMARILLO
2015108	APAC/KAUFMAN CO

CITY CREW – Slurry

2015201	WACO
2015202	FT HOOD
2015203	CITY OF HEWITT
2015204	CITY OF DENTON
2015205	MCLENNAN COUNTY
2015206	COLLIN COUNTY
2015207	KILLEEN
2015208	JOHN BURNS/DWU
2015209	CITY OF KYLE
2015210	CITY OF AUSTIN
2015211	OMEGA/DWU
2015212	SYB/DWU
2015213	ARK/DWU
2015214	BARSON/DWU
2015215	EULESS/PEACHREE
2015216	FLOWERMOUND

2016 JOBS

STATE CREW - Mico

2014101	POLK COUNTY
2016101	CITY OF KILLEEN
2016102	CITY OF LAMPASAS
2016103	CITY OF DALLAS - MICRO
2016104	FT HOOD/ ATLANTIC ICON
2016105	FT HOOD/ ALBRITE - ACE CO
2016106	CITY OF WOODWAY
2016107	CITY OF AMARILLO
2016108	CITY OF KYLE

CITY CREW - Slurry

2015210	CITY OF AUSTIN
2016201	CITY OF DALLAS/SLURRY
2016-3	CITY OF DALLAS/SLURRY 3rd CREW
2016202	CITY OF DENTON
2016203	CITY OF EULESS/PEACHTREE
2016204	TOWN OF FLOWER MOUND
2016205	ATKINS BROS CONSTRUCTION - DWU
2016206	JOHN BURNS CONSTRUCTION - DWU
2016207	OMEGA CONTRACTING - DWU
2016208	SYB CONSTRUCTION - DWU
2016209	CAMINO CONSTRUCTION - DWU
2016210	WEBBER, LLC - DWU
2016211	CITY OF AUSTIN '16
2016212	HAYS COUNTY
2016213	HYDRA ENGINEERING - FT HOOD

Last 6 Months

Microsurfacing in Dallas - 2016

Block #'s	Street	Start	Stop
7500-8000	Harry Hines Blvd	Anson Rd.	Roanoke Ave.
9700-10200	Hillcrest Rd.	Walnut Hill Ln.	Meadow Ln.
13600-13900	Coit Rd.	Willow Bend Rd.	Greenhollow Ln.
6900-7200	Spring Valley Rd.	Hillcrest Rd.	Meandering Way
5200-5700	Hampton Rd.	Campfire Cir.	US67
3000-3100	Hampton Rd.	Cliff Teen Ct.	Kiest Blvd.
1600-1700	Hampton Rd.	Bentley Ave.	Falls Dr.
1100	Hampton Rd.	Clarendon Dr.	Emmett St.
600-1000	Hampton Rd.	Gladstone Dr.	Clarendon Dr.
100-400	Hampton Rd.	10th St.	12th St.
100-300	Hampton Rd.	10th St.	Jefferson Blvd.
5500-5900	Marsalis Ave.	Ledbetter Dr.	Laureland Rd.
200-500	12th St.	Zang Blvd.	Llewellyn Ave.
800	Dividend Dr.	Chancellor Row	Sovereign Row
11400-11500	Denton Dr.	Zelrich Ln.	Rodney Ln.
10900	Denton Dr.	Anode Ln.	Walnut Hill Ln.

Mapsco 56

City of DALLAS Slurry 6 months old

Item # 9

Id	Treatment	From	To	Street	Description / Comment	Rank	Approved	Lane Miles	Field Status	Mapsco	Council District	Funding
21648	Slurry	3700	3700	MARFA AVE	Alsbury St to Kolloch Dr	2	☑	0.1546	Accepted	56-T	4	STS-OPS
21665	Slurry	3400	3400	OVERTON CT	Overton Rd (E) to Humphrey Dr	145	☑	0.2011	Accepted	56-T	4	STS-OPS
22026	Slurry	1600	1600	POPLAR ST	Holmes St to Colonial Ave	167	☑	0.3784	Accepted	56-B	7	STS-OPS
22028	Slurry	3000	3100	ROCHESTER ST	Woodville St to Municipal St	140	☑	0.3443	Accepted	56-H	7	STS-OPS
22246	Slurry	1700	3000	SARGENT RD	Southerland Ave to Overton Rd (E)	175	☑	1.7692	Accepted	56-N	4	STS-OPS

13 Projects **7.4575**

Mapsco 57

Id	Treatment	From	To	Street	Description / Comment	Rank	Approved	Lane Miles	Field Status	Mapsco	Council District	Funding
22048	Slurry	6600	6600	CARTER RD	Dead-end near Longacre Ln (S) to Great Trinity Forest Ramp E	38	☑	0.2012	Accepted	57-Z	8	STS-OPS
21936	Slurry	4600	4600	CHERBOURG ST	Dutch Harbor Ave to dead-end	3	☑	0.2402	Accepted	57-W	7	STS-OPS
22003	Slurry	8300	8300	YUKON CIR	Cherbourg St to dead-end	12	☑	0.1552	Accepted	57-W	7	STS-OPS

3 Projects **0.5966**

Mapsco 58

Id	Treatment	From	To	Street	Description / Comment	Rank	Approved	Lane Miles	Field Status	Mapsco	Council District	Funding
21908	Slurry	7900	7900	ALTO GARDEN DR	Rose Garden Ave to Gardenview Dr	109	☑	0.2063	Accepted	58-L	5	STS-OPS
22044	Slurry	400	400	BOLERO AVE	Antler Ave to Elam Rd *Asphalt-Over-Concrete*	37	☑	0.4030	Accepted	58-S	8	STS-OPS
21832	Slurry	1700	2000	CONNER DR	Stonehurst St to Bruton Rd	92	☑	1.3130	Accepted	58-G	5	STS-OPS
22060	Slurry	100	300	FORSYTHE DR	Great Trinity Forest Way to Gayglen Dr *Asphalt-Over-Concrete*	13	☑	0.5909	Accepted w/mods	58-X	8	STS-OPS
21850	Slurry	400	400	GLENVIEW ST	Birch St to Elam Rd	22	☑	0.4498	Accepted	58-V	5	STS-OPS
21914	Slurry	1900	2000	HILLBURN DR	Tillman St to Bruton Rd	113	☑	1.1963	Accepted	58-F	5	STS-OPS
21860	Slurry	7700	7900	HUTTIG AVE	Gaylord Dr to Shortal Dr *Blks 77-7800 are Asphalt-Over-Concrete*	44	☑	0.9638	Accepted	58-G	5	STS-OPS
21918	Slurry	8100	8100	KIPLING DR	Buckner Blvd (S) to dead-end	110	☑	0.3359	Accepted	58-U	5	STS-OPS
21906	Slurry	2300	2400	LOLITA DR	Cordell Dr to Jennie Lee Ln	64	☑	0.3336	Accepted	58-C	5	STS-OPS
22087	Slurry	7600	7600	OLUSTA DR	Forsythe Dr to Longbranch Ln *Asphalt-Over-Concrete*	22	☑	0.1766	Accepted	58-X	8	STS-OPS
21883	Slurry	8400	8400	RAYVILLE DR	Tersea Ln to Holcomb Rd	106	☑	0.1516	Accepted	58-R	5	STS-OPS
22034	Slurry	6900	7000	SECO BLVD	Gillette St to Jim Miller Rd (N) *Full-depth treatment in FY2013, FY2015*	69	☑	0.6425	Accepted w/mods	58-E	5	STS-OPS
19827	Slurry	8300	8300	TERESA LN	Rayville Dr (westside) to Rayville Dr (eastside)	0	☑	0.4664	Accepted	58-R	5	STS-OPS
21896	Slurry	8300	8400	TRANSIT ST	Glenview St to Freddie St	28	☑	0.3964	Accepted	58-V	5	STS-OPS
21900	Slurry	500	500	WIDEMAN DR	Elam Rd to Wes Hodges Rd	8	☑	0.0970	Accepted	58-U	5	STS-OPS

City of DALLAS 2013 Slurry Seal

ARROWHD	Approx. 200 ft. east of Dalview to Southerland	55-M
ASHTN	Grandview to Martinique	46-D
ASHTN	Claremont to Newell	47-A
AUGUSTA ST (N)	Victor to Junius	46-C
BALK ST	Ash to East Grand	46-L
BARCHAMES LN	Lanshire to Goforth	27-T
BEARDEN LN	Buckner Blvd (S) to dead-end	48-Y
BEAUCHAMP ST	Bonnie View to Balch	56-S
BECKLEYMEADE AVE	Beckleycrest to Metz	74-F
BEDFORD ST	Vilbig to Harston	44-N
BEECHWOOD LN	Midway to Rockbrook	24-Q
BEEVILLE ST	Fabrication to Singleton Blvd	44-Q
BELMONT AVE	Garrett (N) to Henderson (N)	36-S
BELMONT AVE	Alderson to Abrams	36-U
BENNETT AVE	Ross to Monarch	36-W
BERNAL DR	Esmalda to Norco	43-E
BLANTON ST	Greenmound to Ukiah	59-A
BLOSSOM LN	Piedmont to Prichard	48-X
BLUE JAY DR	Keller Springs to cul-de-sac	5-T
BRANDFORD RD	Midway to Voss	4-B
BRIARCREST CIR	Briarcrest to cul-de-sac	64-A
BRIERFIELD DR	Greenspan to Brierfield Cir	64-U
BRIGADOON LN	Hilandale to alley	64-M
BRYAN HALL ST	Berridge to Lomax	48-K
BROOKLYN AVE (W)	Rosemont (S) to Hampton (S)	54-E
BRYAN PKWY	Henderson (N) to Matilda	36-X
BRYAN ST	Munger Blvd (N) to Live Oak	36-X
CADIZ ST	Terminal to Lamar (S)	45-T
CALDWELL AVE	Philip to East Grand	46-L
CAMBRICK ST	Cole to Travis	35-Y
CAMEL CT	Plum Dale to Tracy	66-N
CAMELIA DR	Orchid to Royal	25-F
CAMPANELLA DR	Schroeder to Rialto	16-U
CANELO DR	Alley/dead-end to Dove Creek Way	64-E

2013 Micro Streets

Viking Construction Inc.

City of DENTON

Revised - 6/14/10

	Map	Street	Start & Stop	Square Yards	Tons	Field Measurement	Trash day
Mon 4/29							
		CALIBRATE			0.00		
		NOTICES/CLEAN STREETS			0.00		
Tue 4/30							
	493S	ANTLER CIR.	FAWN- NORTH	630	8.19		MON
	494G	DEER FOREST	GRANT- WHITETAIL	1,804	23.45		THUR
	494F	HARVEST HILL	HARVEST GLEN- EAST	1,848	24.02		THUR
	494J	OXFORD CT.	OXFORD LN.- NORTH	474	6.16		THUR
	493S	BROADWAY	AILEEN- MALONE	3,681	47.85		MON
	493W	ANDERSON	AMARILLO- MOUNTS	1,665	21.65		MON
Wed 5/1							
	493D	SELENE	NEPTUNE-JUPITER STUART-FISTE	2,635	34.26		MON
	493D	JUNO	ATLAS- STUART	2,295	29.84		MON
	493M	LIVEOAK	SHERMAN- CRESTWOOD	3,995	51.94		MON
	493R	GLENWOOD	PALMWOOD- UNIVERSITY	455	5.92		THUR
	526J	MERCEDES	DUDLEY- PARVIN	3,006	39.08		TUES
Thu 5/2							
	492Y	CHARLOTTE	BONNIE BRAE- AVE. G	3,784	49.19		WED
	525D	LOUISE	BONNIE BRAE- AVE. H	1,777	23.10		WED
	525D	W. PRAIRIE	AVE. H- NORTH TEXAS	4,743	61.66		WED
	525H	WESTRIDGE	HIGHLAND PARK- EAST	2,676	34.79		TUES
Fri 5/3							
	494G	FAWN	GRANT- ANTLER	1,801	23.41		THUR
	494E	HARVEST GLEN	HIGHMEADOW- NORTH	1,392	18.10		THUR
	494J	OXFORD	HEATHER- NOTTINGHAM	5,241	68.13		THUR
	526R	GATEWOOD	TICONDEROGO- LAFAYETTE	3,981	51.75		WED
Sat 5/4							
		NO WORK		0	0.00		
Sun 5/5							
		NO WORK			0.00		
					0.00		
Mon 5/6							
	527J	1/2 COLORADO(INSIDE)	VALLEY CREEK- LOOP 288	8,267	107.47		
	526R	LYNHURST	TICONDEROGO- LAFAYETTE	3,570	46.41		WED
Tues 5/7							

City of Euless 2013 Slurry Seal street list

STREETS TO BE COMPLETED SOON

STREET	FROM	TO	LENGTH	WIDTH	SY
Anthony Dr.	Baze Rd.	Bear Creek Dr.	598	26	1,728
Aurora Ct.	Baze Rd.	Cul-de-sac			661
Aurora Dr.	Baze Rd.	Bear Creek Dr.	535	26	1,546
Allen Dr.	Baze Rd.	Bear Creek Dr.	635	26	1,834
Allen Dr. (west)	Baze Rd.	Concrete	264	26	763
Cherry Ann Dr.	Baze Rd.	Bear Creek Dr.	882	26	2,548
Cherry Ann Ct.	Baze Rd.	Cul-de-sac			679
Regina Ct.	Baze Rd.	Cul-de-sac			654
Candice Ct.	Baze Rd.	Cul-de-sac			709
TOTAL					11,122

AMBER HILLS SUBDIVISION

Bear Creek (EB)	N. Main	Amber Hills Ln.	116	11	142
Bear Creek (WB)	N. Main	Amber Hills Ln.	116	11	142
Amber Hills Ln.	Springridge Ln	Laurel Ln.	1,082	26	3,126
Crescent @	Amber Hills Ln.	Laurel Ln.			128
Laurel Ln.	Amber Hills Ln.	Nettle Ln.	1,184	26	3,420
Crescent @	Laurel Ln	Nettle Ln.			224
Nettle Ln.	Laurel Ln	Springridge Ln.	963	26	2,782
Crescent @	Nettle Ln.	Springridge Ln.			396
Springridge Ln.	Nettle Ln.	Amber Hills Ln.	1,155	26	3,337

5. Has your firm failed to complete a contract? If so please identify the project and date

ND

6. Do you have any litigation issues pending in the last three years? If yes please explain.

ND

7. Are there any judgments, claims, arbitration proceedings, or suits pending or outstanding against your organization or officers?

ND

8. Has your organization filed any lawsuits or requested arbitration with regard to construction contracts within the last five years?

ND

9. Has any officer or principal of your organization ever been an officer or principal of another organization when it failed to complete a construction contract within the last five (5) years? ND

SUBMITTAL AFFIRMATION FORM

ADDENDA ACKNOWLEDGEMENT

By initialing below I acknowledge I have received, reviewed and understand all addenda that were issued which are a part of this solicitation.

DW Addendum No. 1, ____, ____, ____, ____

INTERLOCAL PURCHASING

Should other Government Entities decide to participate in this contract, would you, the Vendor, agree that all terms, conditions, specifications, and pricing would apply?

Yes X No____

OTHER CONDITIONS

The undersigned agrees to the following:

A. **Agrees that the submittal is complete and all required information/forms were submitted.**
B. Agrees that the bid package was fully reviewed and fully understands the requirements.
C. Agrees to the Terms & Conditions as included in this bid packet and have noted any exceptions.
D. Agrees that their submittal shall be good and may not be withdrawn for a period of 90 calendar days after the scheduled closing time.
E. Will execute contract within the time stated on the notice of award.
F. Affirms that the submittal was not prepared in collusion with any other firm and the contents of this submittal have not been communicated by the undersigned or any agent with any other person engaged in this type of business.

SUBMITTAL CERTIFICATION

BY MY SIGNATURE I AFFIRM THAT I AM DULY AUTHORIZED TO EXECUTE THIS PROPOSAL AS AN OFFER TO CONTRACT AND IN COMPLIANCE WITH THIS SOLICITATION, THE UNDERSIGNED FIRM HAVING EXAMINED THE SPECIFICATIONS, AND BEING FAMILIAR WITH THE CONDITIONS TO BE MET, HEREBY SUBMITS A PROPOSAL FOR CONSIDERATION OF BEING SELECTED AS THE CITY'S PROVIDER FOR SAID SERVICES; AND AGREES TO ENTER INTO NEGOTIATIONS IF SELECTED AS A FINALIST FOR SAID SERVICES.

Authorized Signature	**Title**
BARRY H DUNN	1/30/17
Print/Type Name	**Date**

CONFLICT OF INTEREST QUESTIONNAIRE NA

CONFLICT OF INTEREST QUESTIONNAIRE FORM CIQ

For vendor doing business with local governmental entity

OFFICE USE ONLY
Date Received

This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session.

This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the vendor meets requirements under Section 176.006(a).

By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the vendor becomes aware of facts that require the statement to be filed. See Section 176.006(a-1), Local Government Code.

A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.

1 **Name of vendor who has a business relationship with local governmental entity.**

2 ☐ **Check this box if you are filing an update to a previously filed questionnaire.**

(The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)

3 **Name of local government officer about whom the information in this section is being disclosed.**

Name of Officer

This section (item 3 including subparts A, B, C, & D) must be completed for each officer with whom the vendor has an employment or other business relationship as defined by Section 176.001(1-a), Local Government Code. Attach additional pages to this Form CIQ as necessary.

A. Is the local government officer named in this section receiving or likely to receive taxable income, other than investment income, from the vendor?

☐ Yes ☐ No

B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer named in this section AND the taxable income is not received from the local governmental entity?

☐ Yes ☐ No

C. Is the filer of this questionnaire employed by a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership interest of one percent or more?

☐ Yes ☐ No

D. Describe each employment or business and family relationship with the local government officer named in this section.

4 Dan Welch 1-20-17

Signature of vendor doing business with the governmental entity Date

Adopted 8/7/2015

HISTORICALLY UNDERUTILIZED BUSINESS (HUB) QUESTIONNAIRE

A Historically Underutilized Business (HUB) is a for-profit entity that has not exceeded the size standards prescribed by 34 TAC §20.23, and has its principal place of business in Texas, and is at least 51% owned by an Asian Pacific American, Black American, Hispanic American, Native American, American woman and/or Service Disabled Veteran, who reside in Texas and actively participate in the control, operations and management of the entity's affairs.

1. Is your business a certified historically underutilized business (HUB) or Disadvantaged Business Enterprise (DBE)?

☐ Yes ☒ No

2. Please provide the certifying agency name:

Certifying Agency:_____

3. I have included a copy of my certification as an attachment to my proposal:

☐ Yes ☒ No

By my signature I affirm the information provided on this form is accurate to the best of my knowledge.

Dan Welsh
Authorized Signature

Project Manager
Title

DAN Welsh
Print/Type Name

1-20-17
Date

GRAND PRAIRIE
TEXAS

ADDENDUM #1
RFB # 17041
MICRO-SURFACING & SLURRY SEAL TREATMENT SERVICES

January 26, 2017

1. **Traffic Control – Vendor will need to submit an application for a traffic control plan permit through the City's Transportation Services Department to receive a permit. The permit is no charge.**
2. **Please see attached Q&A**
3. **Please see attached Prebid Sign In Sheet**

Angi Mize
Sr. Buyer
(972) 237-8262

Dan Walsh

Q&A
RFB# 17041
MICRO-SURFACING & SLURRY SEAL TREATMENT SERVICES

1. What streets do you plan to treat?

   The Collector roadways and above will be done this year.

2. How much of the $500k budget do you plan to spend this year?

   We will spend most of it. New budget starts October 1st

3. You state to be applied March 1st – December 1st, when will the notice to proceed be posted?

   The award should be made on February 21st, once the contract is executed and the weather is warm enough the notice to proceed will be sent.

4. Is the schedule flexible?

   Yes. We would like the list of streets we have for this year to be completed by the end of August.

5. Does the city have a stockyard location available for use by the vendor?

   We do not have a stockyard available.

6. Will you allow us to work at night?

   For the most part work hours will be 7 a.m. to 5 p.m. due to the closeness of residential areas.

7. Do you have a contact for the Traffic Control Plan?

   Bill Dorminy. bdorminy@gptx.org, 972-237-8322

CITY OF GRAND PRAIRIE, TEXAS
MICRO-SURFACING & SLURRY SEAL ~ RFB 17041
Pre Bid ~ Jan 24, 2017, 10:00 AM

	Company Name (Print Legibly)	Contact Name	Phone	E.Mail
1	Viking Construction	DAN Welsh	512-930-5777	DAN@veiss.cc
2	INTERMOUNTAIN SLURRY SEAL	JOSH BOWEN	469-271-2044	JOSH.BOWEN@GCINC
3	Intermountain Slurry Seal	Nathan Niemann	469-416-0242	nate.niemann@gcinc
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				

CERTIFICATE OF INTERESTED PARTIES

FORM 1295

Complete Nos. 1 - 4 and 6 if there are interested parties.
Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.

OFFICE USE ONLY
CERTIFICATION OF FILING

Certificate Number:
2017-170329

Date Filed:
02/22/2017

Date Acknowledged:

1 Name of business entity filing form, and the city, state and country of the business entity's place of business.
Viking Construction, Inc.
Georgetown, TX United States

2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed.
City Of Grand Prairie

3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.
RFB# 17041
Microsurfacing and slurry seal streets

4 Name of Interested Party	City, State, Country (place of business)	Nature of interest (check applicable)	
		Controlling	Intermediary
Dunn, Barry	Georgetown, TX United States	X	

5 Check only if there is NO Interested Party. ☐

6 AFFIDAVIT

I swear, or affirm, under penalty of perjury, that the above disclosure is true and correct.

Barry H. Dunn PRES
Signature of authorized agent of contracting business entity

AFFIX NOTARY STAMP / SEAL ABOVE

Sworn to and subscribed before me, by the said Barry H. Dunn, this the 22nd day of Feb., 20 17, to certify which, witness my hand and seal of office.

ADELE WRIGHT
Notary Public, State of Texas
My Commission Expires
June 10, 2018

A Wright — Adele Wright — Office manager
Signature of officer administering oath | Printed name of officer administering oath | Title of officer administering oath

Client#: 148025 VIKINCON

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 3/01/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER USI Southwest Austin 7600-B N. Capital of TX Hwy #200 Austin, TX 78731 512 451-7555	CONTACT NAME: Stefanie Wornell PHONE (A/C, No, Ext): 512 451-7555 FAX (A/C, No): 512 467-0113 E-MAIL ADDRESS: stefanie.wornell@usi.com
INSURED Viking Construction, Inc. 2592 Shell Road Georgetown, TX 78628	INSURER(S) AFFORDING COVERAGE / NAIC # INSURER A : Zurich American Insurance Compa 16535 INSURER B : Travelers Property Cas. Co. of 25674 INSURER C : American Zurich Insurance Compa 40142 INSURER D : INSURER E : INSURER F :

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	X COMMERCIAL GENERAL LIABILITY			GL0437877407	03/01/2017	03/01/2018	EACH OCCURRENCE	$1,000,000
	CLAIMS-MADE X OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	$100,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						MED EXP (Any one person)	$10,000
	POLICY X PRO-JECT LOC						PERSONAL & ADV INJURY	$1,000,000
	OTHER:						GENERAL AGGREGATE	$2,000,000
							PRODUCTS - COMP/OP AGG	$2,000,000
								$
A	AUTOMOBILE LIABILITY			BAP437877307	03/01/2017	03/01/2018	COMBINED SINGLE LIMIT (Ea accident)	$1,000,000
	X ANY AUTO						BODILY INJURY (Per person)	$
	ALL OWNED AUTOS / SCHEDULED AUTOS						BODILY INJURY (Per accident)	$
	X HIRED AUTOS / X NON-OWNED AUTOS						PROPERTY DAMAGE (Per accident)	$
								$
B	X UMBRELLA LIAB X OCCUR			ZUP11S4912217NF	03/01/2017	03/01/2018	EACH OCCURRENCE	$5,000,000
	EXCESS LIAB CLAIMS-MADE						AGGREGATE	$5,000,000
	DED X RETENTION $0							$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y/N N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A		WC437877507	03/01/2017	03/01/2018	X PER STATUTE / OTH-ER	
							E.L. EACH ACCIDENT	$1,000,000
							E.L. DISEASE - EA EMPLOYEE	$1,000,000
							E.L. DISEASE - POLICY LIMIT	$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

The General Liability and Auto policies include a blanket automatic Additional Insured endorsement that provides Additional Insured status to the Certificate Holder, only when there is a written contract that requires such status and only with regard to work performed on behalf of the named insured. The General Liability, Auto and Workers Compensation policies provide a Blanket Waiver of Subrogation in favor of the same when required by written contract. Coverage is Primary and Non-Contributory, when (See Attached Descriptions)

CERTIFICATE HOLDER

City of Grand Prairie
326 W. Main Street
Grand Prairie, TX 75050

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

J.W. Wagner

© 1988-2014 ACORD CORPORATION. All rights reserved.

DESCRIPTIONS (Continued from Page 1)

required by written contract. 30 days notice of cancellation applies, when required by written contract, with the exception of 10 days notice of cancellation due to nonpayment of premium, per policy form.

ID **8210**

Department:
Purchasing for Streets

Vendor Name:
Viking Construction, Inc.

Project Name:
17041 Micro Surfacing & Slurry Seal Treatment Srv - Viking Construction - Amendment 1

Work Order Number(s):

Account Number:
232010-01713503-63030

Contract Amount:	Implementation Date:	Termination Date:	City Council Appr. Date:
$500,000.00	3/1/2018	2/28/2019	2/21/2017

Insurer A Name:
Zurich American Ins Co

Insurer A Expiration:
3/1/2018

Insurer B Name:
Travelers Property Cas Co of

Insurer B Expiration:
3/1/2018

Insurer C Name:
American Zurich Ins Co

Insurer C Expiration:
3/1/2018

Insurer D Name:

Insurer D Expiration:

Insurer E Name:

Insurer E Expiration:

Return Executed Copy To:
Bryce Davis, Purchasing Manager

Department Manager Signature: Kathleen C. Mercer **Date:** January 23, 2018

City Attorney Signature: **Date:** 1/24

City Manager/Deputy City Manager Signature: **Date:** 1.28.18

City Secretary Signature: Dep. Alicia **Date:** 01/30/18

Item # 9

AMENDMENT TO PRICE AGREEMENT
CITY OF GRAND PRAIRIE

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

THIS AMENDMENT is made and entered into this date by and between the **CITY OF GRAND PRAIRIE,** a Texas municipal corporation (hereinafter referred to as the "CITY," and **VIKING CONSTRUCTION, INC.** (hereinafter referred to as "VENDOR").

WHEREAS, the CITY and VENDOR have entered into a price agreement to provide micro-surfacing & slurry seal treatment services per bid award resulting from vendor's response to RFB #17041, submitted by Dan Welsh on January 30, 2017; and

WHEREAS, the above referenced contract was written for the not to exceed amount of $500,000.00 at the unit prices quoted. This Contract was effective as of February 22, 2017, and was to terminate at midnight on February 28, 2018, unless the parties mutually agreed in writing to extend the term of the Contract through an allowable renewal option, or, unless otherwise terminated as provided in provided in paragraph XVI of the original contract; and

WHEREAS, the above referenced contract provides that VENDOR may request a price redetermination under this agreement so long as the request is substantiated in writing (Exhibit A); and

NOW, THEREFORE, for and in consideration of the mutual acts and covenants set out herein, the CITY and VENDOR agree as follows:

1. The parties mutually agree to extend the term of the contract and execute the first of the four available renewal options and extend the contract expiration to midnight on February 28, 2019, at which time all of the work called for under this Contract must be completed unless the parties mutually agree in writing to extend the term of the Contract through an additional allowable renewal option, or, unless otherwise terminated as provided in provided in paragraph XVI of the original contract; and

2. The CITY agrees that the price redetermination (Exhibit A) is acceptable and in the best interest of the CITY and results from an industry price increase of concrete; and

3. The estimated annual amount to be paid to VENDOR under such contract shall remain the sum of $500,000.00; The total estimated amount to be paid to VENDOR if all allowable contract renewals are executed shall not exceed $2,500,000.00; and

4. This shall constitute an Authorization for extension of contract as set out in the agreement between the parties, and an amendment to such contract. All of the terms and conditions of the original contract shall remain in full force and effect, as amended hereto, unless set out otherwise herein.

EXECUTED this the 26th day of January .2018

CITY OF GRAND PRAIRIE, TEXAS

By: _____
Anna Doll, Deputy City Manager

VIKING CONSTRUCTION, INC

By: _____
Printed Name: BRAD F. PEARCE
Title: VICE PRESIDENT

ATTEST:

_____
for Cathy E. DiMaggio, City Secretary

APPROVED AS TO FORM:

_____
Donald R. Postell, City Attorney

Micro-Surfacing & Slurry Seal Surfacing Services Price Redetermination RFB #17041 All prices shall include any and all delivery fees, including but not limited to freight, fuel surcharge, and environmental fees	Vendor:	Viking Construction
	Contact:	Dan Welsh
	Email:	dan@vciss.com
	Phone:	512-969106
	City/State:	

ITEM	DESCRIPTION	QTY	UOM	ORIGINAL BID PRICE	UNIT REDETERMINATION
1	Slurry Seal <49,999	1	SY	2.43	$ 2.58
2	Slurry Seal >49,999	1	SY	2.3	$ 2.44
3	Micro Seal <49,999	1	SF	2.89	$ 3.06
4	Micro Seal >49,999	1	SY	2.74	$ 2.90

Client#: 148025 VIKINCON

ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 01/11/2018

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	CONTACT NAME: Stefanie Wornell	
USI Southwest Austin 7600-B N. Capital of TX Hwy #200 Austin, TX 78731 512 451-7555	PHONE (A/C, No, Ext): 512 451-7555	FAX (A/C, No): 512 467-0113
	E-MAIL ADDRESS: stefanie.wornell@usi.com	
	INSURER(S) AFFORDING COVERAGE	NAIC #
	INSURER A : Zurich American Insurance Compa	16535
INSURED Viking Construction, Inc. 2592 Shell Road Georgetown, TX 78628	INSURER B : Travelers Property Cas. Co. of	25674
	INSURER C : American Zurich Insurance Compa	40142
	INSURER D :	
	INSURER E :	
	INSURER F :	

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	X COMMERCIAL GENERAL LIABILITY			GL0437877407	03/01/2017	03/01/2018	EACH OCCURRENCE	$1,000,000
	CLAIMS-MADE X OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	$100,000
							MED EXP (Any one person)	$10,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						PERSONAL & ADV INJURY	$1,000,000
	POLICY X PRO-JECT LOC						GENERAL AGGREGATE	$2,000,000
	OTHER:						PRODUCTS - COMP/OP AGG	$2,000,000
								$
A	AUTOMOBILE LIABILITY			BAP437877307	03/01/2017	03/01/2018	COMBINED SINGLE LIMIT (Ea accident)	$1,000,000
	X ANY AUTO						BODILY INJURY (Per person)	$
	ALL OWNED AUTOS / SCHEDULED AUTOS						BODILY INJURY (Per accident)	$
	X HIRED AUTOS / X NON-OWNED AUTOS						PROPERTY DAMAGE (Per accident)	$
								$
B	X UMBRELLA LIAB X OCCUR			ZUP11S4912217NF	03/01/2017	03/01/2018	EACH OCCURRENCE	$5,000,000
	EXCESS LIAB CLAIMS-MADE						AGGREGATE	$5,000,000
	DED X RETENTION $0							$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N			WC437877507	03/01/2017	03/01/2018	X PER STATUTE / OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? N	N/A					E.L. EACH ACCIDENT	$1,000,000
	(Mandatory in NH)						E.L. DISEASE - EA EMPLOYEE	$1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - POLICY LIMIT	$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

The General Liability and Auto policies include a blanket automatic Additional Insured endorsement that provides Additional Insured status to the Certificate Holder, only when there is a written contract that requires such status and only with regard to work performed on behalf of the named insured. The General Liability, Auto and Workers Compensation policies provide a Blanket Waiver of Subrogation in favor of the same when required by written contract. Coverage is Primary and Non-Contributory, when (See Attached Descriptions)

CERTIFICATE HOLDER

City of Grand Prairie
326 W. Main Street
Grand Prairie, TX 75050

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

J.W. Wagner

© 1988-2014 ACORD CORPORATION. All rights reserved.

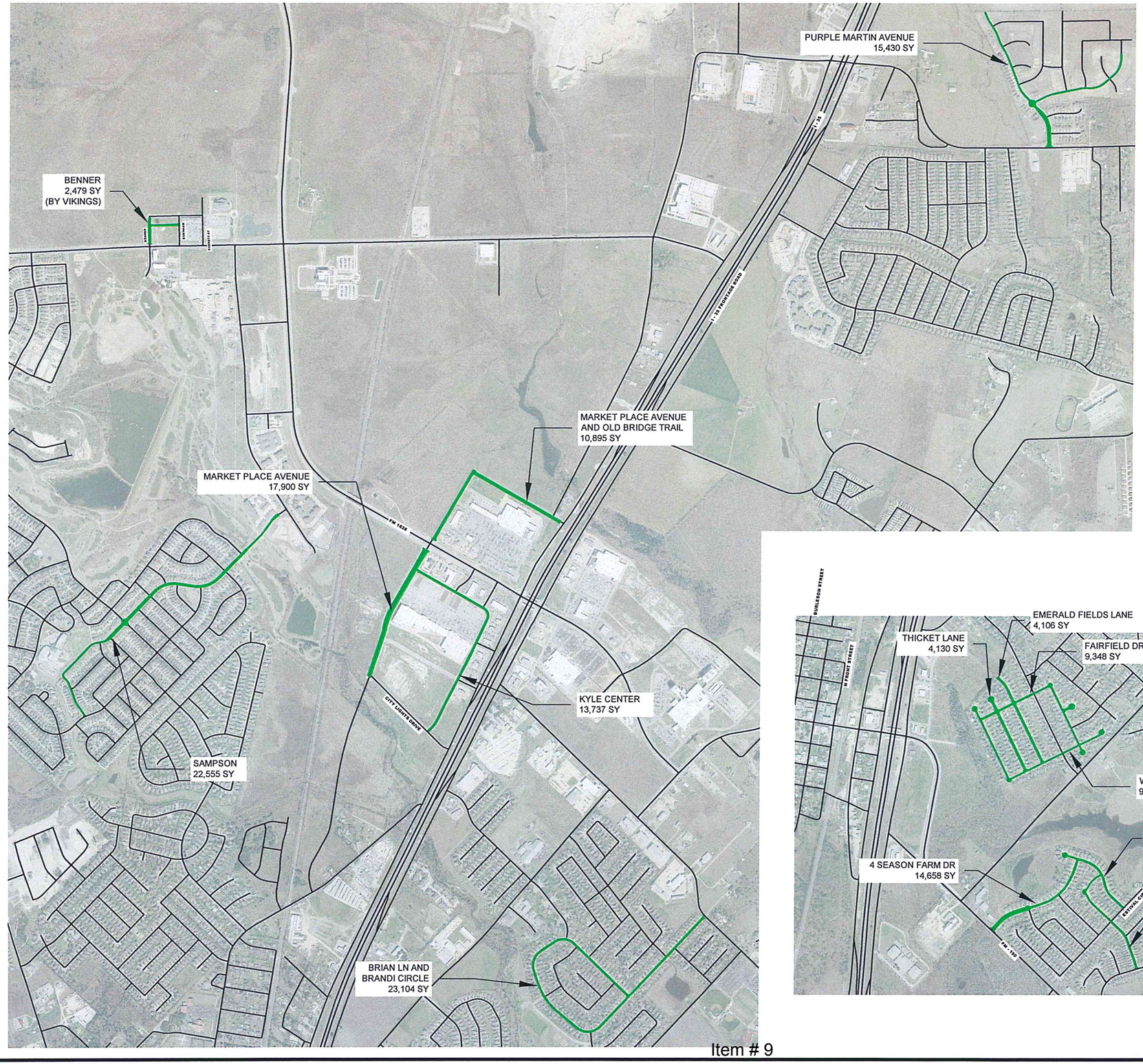
DESCRIPTIONS (Continued from Page 1)

required by written contract. 30 days notice of cancellation applies, when required by written contract, with the exception of 10 days notice of cancellation due to nonpayment of premium, per policy form.

Exhibit 2

Drawing Showing Estimated Micro Surface Quantities and Project Limits

Estimated Cost for Micro Surfacing Quantities

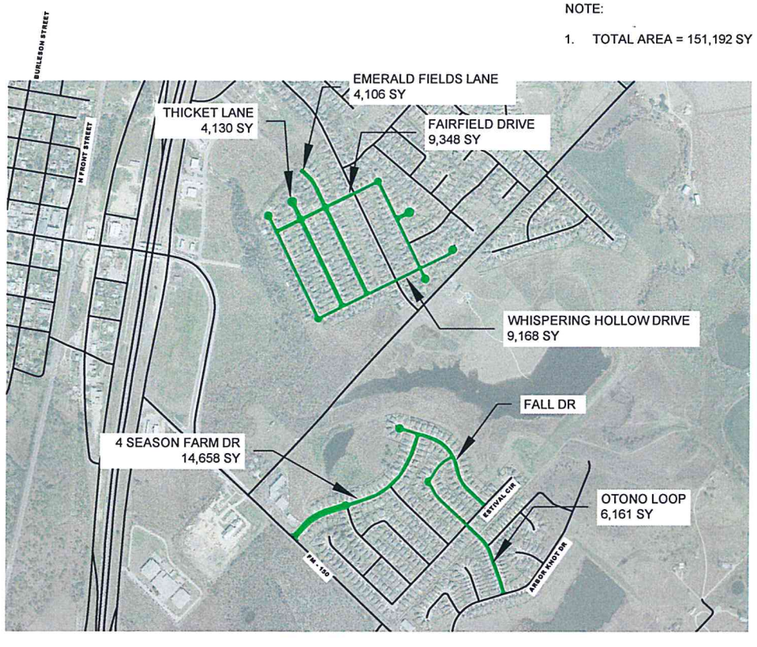


2019 MICRO SURFACE PROJECTS

SN	STREET NAME	MICRO SURFACE LIMITS
1.0	MARKET PLACE AVENUE	BETWEEN FM 1626 AND CITY LIGHTS DRIVE
2.0	BRIAN LANE, BRANDI CIRCLE	BETWEEN BRENT BLVD AND GO FORTH ROAD
3.0	BENNER	BETWEEN KOHLER'S CROSSING AND UNNAMED ROAD
4.0	SAMPSON	BETWEEN HARTSON AND CROMWELL DR , ROUNDABOUT
5.0	KYLE CENTER	BETWEEN FM 1626 AND CITY LIGHTS DRIVE
6.0	4 SEASON FARM DR AND FALL DR	BETWEEN FM 150 AND ESTIVAL CIR
7.0	OTONO LOOP	BETWEEN FALL DRIVE AND ARBOR KNOT DRIVE
8.0	PURPLE MARTIN AVENUE AND KINGFISHER LN	BETWEEN WINDY HILL AND DUSKY THRUSH DRIVE
9.0	FAIRFIELD DRIVE	BETWEEN FALL DRIVE AND ARBOR KNOT DRIVE
10.0	WHISPERING HOLLOW DRIVE	BETWEEN FM 1626 AND FRONTAGE ROAD I - 35
11.0	THICKET LANE	WHISPERING HOLLOW DRIVE AND FAIRFIELD DRIVE
12.0	EMERALD FIELDS LANE	WHISPERING HOLLOW DRIVE AND EMERALD FIELDS LANE

NOTE:

1. TOTAL AREA = 151,192 SY



REV. #	REVISION DESCRIPTION	DATE

MICRO SURFACE PROJECTS 2019

CITY OF KYLE
ENGINEERING DEPARTMENT
100 W CENTER STREET
KYLE, TX 78640
PH (512) 262-3965

DATE:	03-19-2019
JOB NO.	-
DRAWN BY:	KG
APPROVED BY:	LB

4.0

Item No.	Description	Unit	Quantity	Unit Price	Amount
	Micro Surface	SY	151,192.00	3.19	482,302.48

Exhibit 3

Quantities and Bid Prices for Striping the Project Limit

Specifications for Striping

Bid Prices for Striping Quantities MSSST - 2019

VIKING
Construction, Inc.

2592 Shell Road
Georgetown, TX 78628
Office 1(512)930-5777 ▼ Facsimile 1(512) 868-1955

Preserving Texas roads with pride and integrity.

Description	Unit	QTY	Unit Price	TOTAL
TY IIAA	EA	400	$ 5.25	$ 2,100.00
TYIIBB	EA	50	$ 10.50	$ 525.00
ELIMINATE	LS	1	$ 5,835.00	$ 5,835.00
REF PAV MRK TY I (W) 24" (SLD)(100MIL)	LF	1,078	$ 8.40	$ 9,055.20
REF PM TY (W)12"(SLD)	LF	2,325	$ 4.75	$ 11,043.75
REF PM TY I(W)4"(SLD)	LF	1,050	$ 0.45	$ 472.50
REF PAV MRK TY I (W)(WORD)	EA	21	$ 137.00	$ 2,877.00
REF PAV MRK TY I (W)(ARROW)	EA	21	$ 115.50	$ 2,425.50
REF PAV MRK TY I (W)4"(BRK)	LF	1,000	$ 0.45	$ 454.00
REF PM TY I (Y)4"(SLD)	LF	1,614	$ 0.45	$ 726.30
REF PM TY I (Y)4"(SLD)HATCH		1,550	$ 1.05	$ 1,627.50
REF PM TY I (Y)4"(SLD)MIDDLE LANE		1,200	$ 0.45	$ 540.00
REF PM TY I (Y)4"(BRK)	LF	6,800	$ 0.45	$ 3,060.00
2 PORTABLE CHANGEABLE MESSAGE SIGNS	DAY	15	$ 185.00	$ 2,775.00
			TOTAL	**$ 43,516.75**

SPECIAL PROVISION TO
Standard Specification Item NO. 803S
"Barricades, Signs, and Traffic Handling"

For this project Standard Specification Item No. 803S, "Barricades, Signs, and Traffic Handling", of the City of Austin Standard Technical Specifications is hereby amended with respect to the clauses cited below. No other clauses or requirements of this Section of the City of Austin Standard Specifications are waived or changed.

Section 803S.7 Payment:

Add the following to the list of Pay Items:

Pay Item No. SP803S-LS: Barricades, Signs, Traffic Handling, and Temporary Signs/Markings – Lump Sum

Add the following COA Standard Specifications to the list of **Related Cross Reference Materials.**

Designation	Description
Item No. 802S-2	CIP Movable Project Sign Type II
Item No. 804S-1	Arterial One Lane Closure
Item No. 804S-1A	Temporary Arterial One Lane Closure
Item No. 804S-2	Collector/Residential Street Flagging Operations
Item No 804S-3	Temporary Traffic Control Pavement Markings
Item No. 804S-4	Safety Fence
Item No. 804S-5	Channelizing Devices

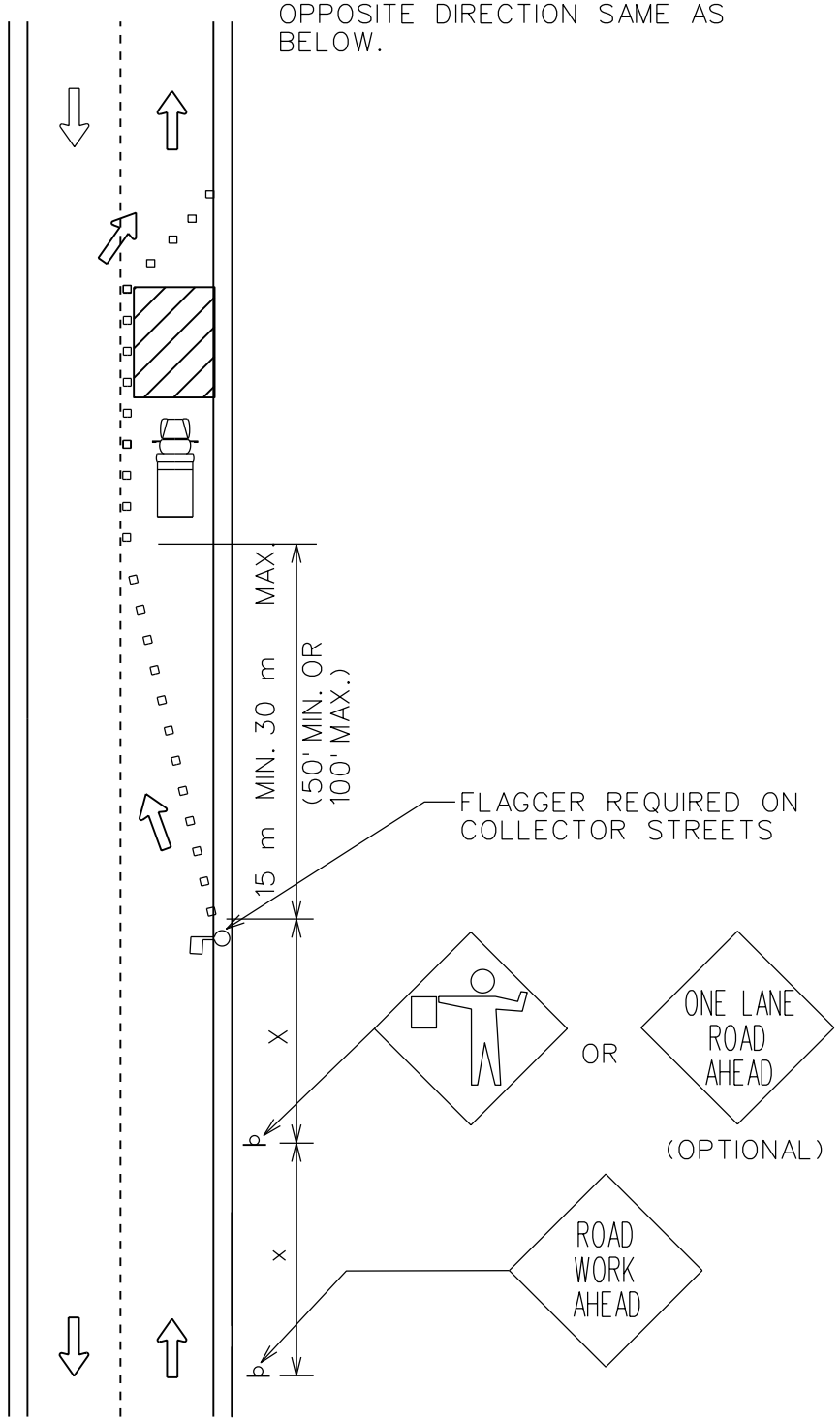
End.

FLAGGER REQUIRED ON COLLECTOR STREETS

NOTE:

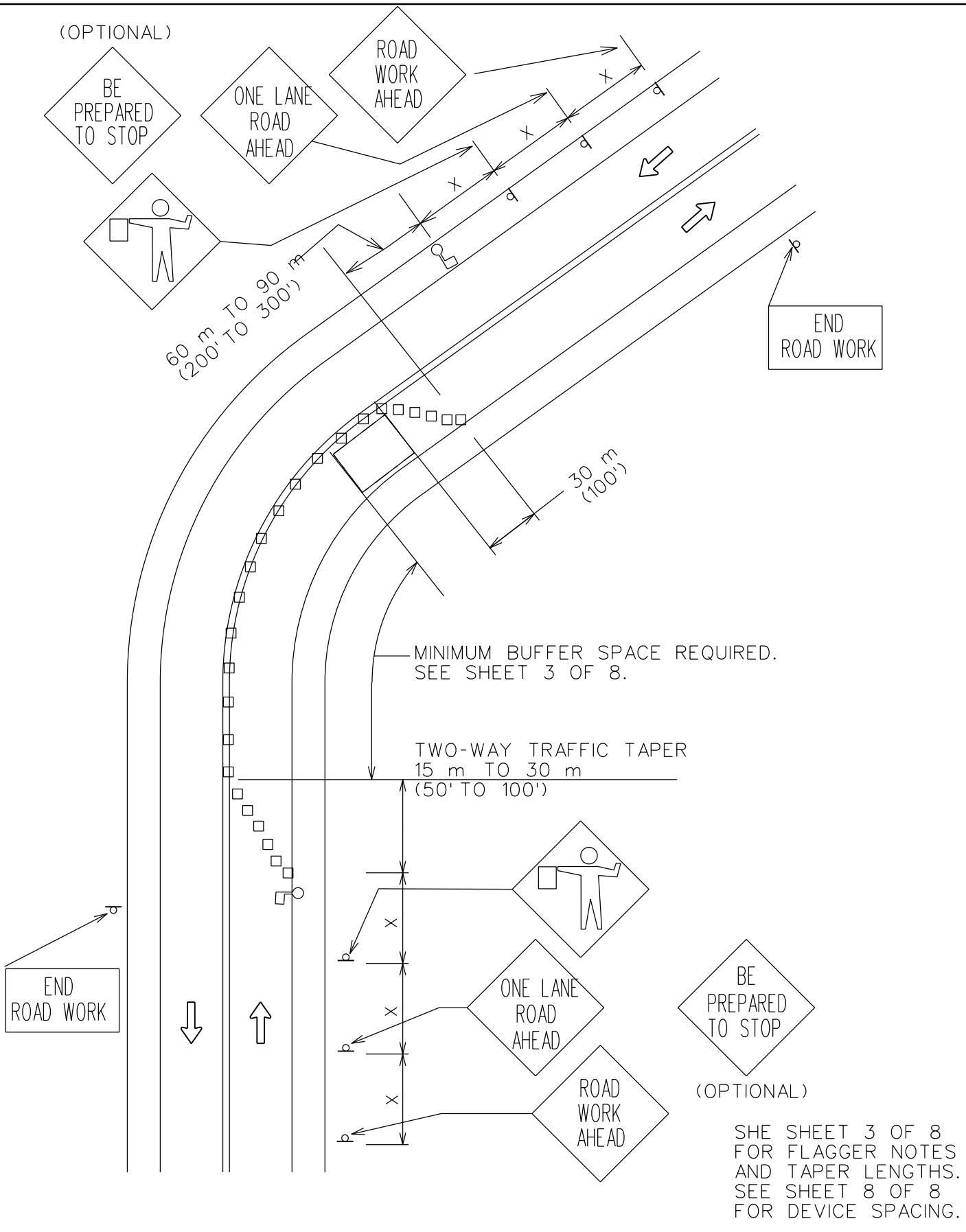
WARNING SIGN SEQUENCE IN OPPOSITE DIRECTION SAME AS BELOW.

USE OF SECOND FLAGGER IS OPTIONAL.



SHE SHEET 3 OF 8 FOR FLAGGER NOTES AND TAPER LENGTHS. SEE SHEET 8 OF 8 FOR DEVICE SPACING.

CITY OF AUSTIN DEPARTMENT OF PUBLIC WORKS		COLLECTOR / RESIDENTIAL STREET FLAGGING OPERATIONS	
RECORD COPY SIGNED BY BILL GARDNER	*03/13/06* ADOPTED	THE ARCHITECT/ENGINEER ASSUMES RESPONSIBILITY FOR APPROPRIATE USE OF THIS STANDARD.	STANDARD NO. 804S-2



CITY OF AUSTIN DEPARTMENT OF PUBLIC WORKS	FLAGGER SETUP FOR 2 LANE ROADWAY	
RECORD COPY SIGNED BY BILL GARDNER — *03/13/06* — ADOPTED	THE ARCHITECT/ENGINEER ASSUMES RESPONSIBILITY FOR APPROPRIATE USE OF THIS STANDARD.	STANDARD NO. 804S-2

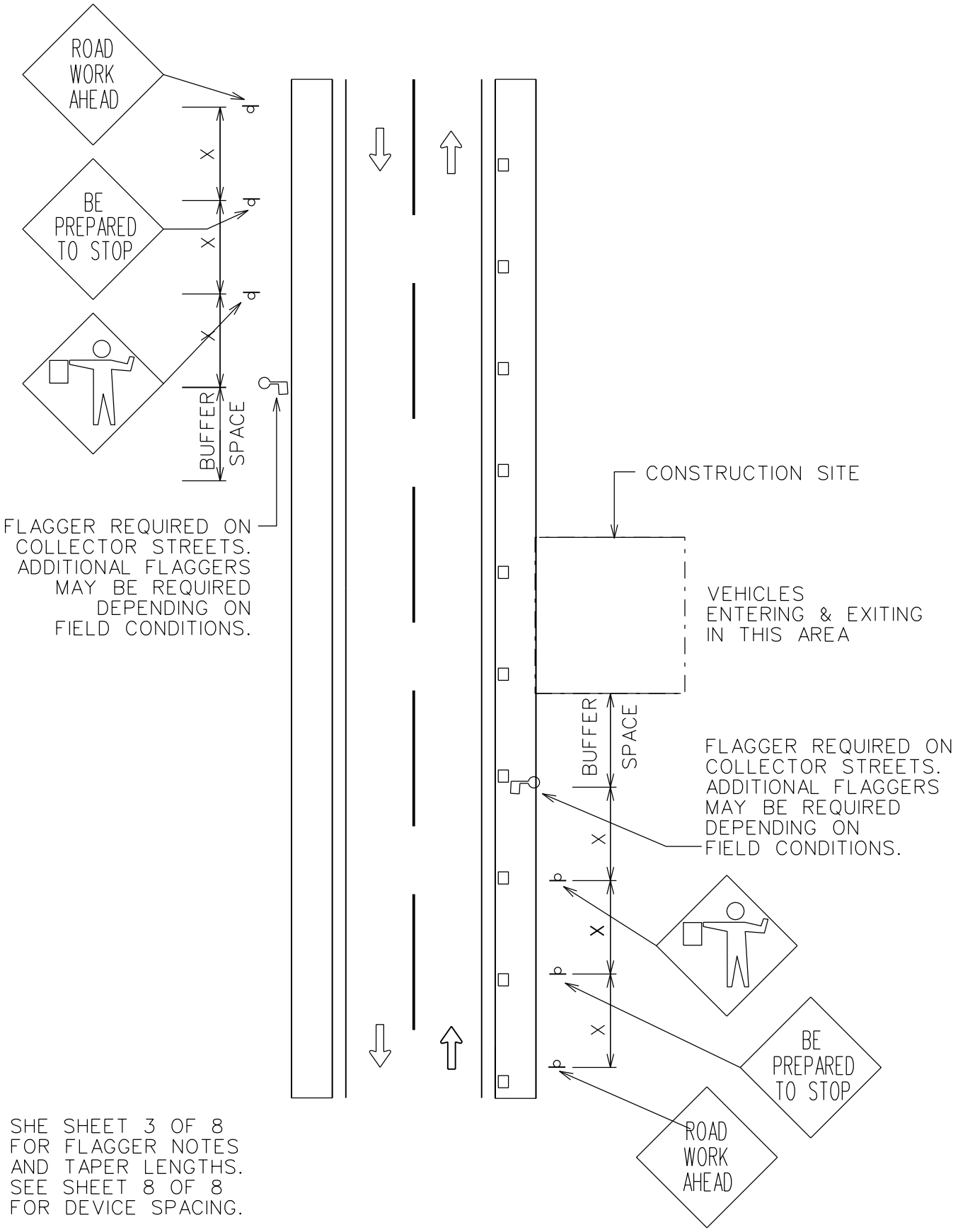
1. FOR DAYTIME WORK, THE FLAGGER SHALL WEAR AN APPROVED BRIGHTLY COLORED VEST. FOR NIGHTTIME WORK, THE VEST SHALL BE RETROFLECTIVE. THE RETRO-REFLECTIVE MATERIAL SHALL BE ORANGE, YELLOW, WHITE, SILVER, STRONG YELLOW-GREEN OR A FLOURESCENT VERSION OF THESE COLORS AND SHALL BE VISIBLE AT A MINIMUM DISTANCE OF 305 m (1,000').
2. FOR LOW-VOLUME APPLICATIONS, A SINGLE FLAGGER MAY BE ADEQUATE. WHERE ONE FLAGGER CAN BE USED, SUCH AS FOR SHORT WORK AREAS ON STRAIGHT ROADWAYS, THE FLAGGER MUST BE VISIBLE TO APPROACHING TRAFFIC FROM BOTH DIRECTIONS.
3. FLAGGERS SHALL USE ONLY STOP/SLOW PADDLE TO DIRECT TRAFFIC UNLESS WORKING IN A SIGNALIZED INTERSECTION WHERE DRIVERS MAY BE CONFUSED BY THE SIGN PADDLE. HAND SIGNAL MAY BE USED IN THESE SITUATIONS.
4. FLAGGERS SHALL ENSURE THAT ALL REQUIRED SIGNING IS IN PLACE PRIOR TO BEGINNING FLAGGING OPERATIONS.
5. FLAGGERS SHALL NOT PERFORM WORK THAT IS NOT RELATED TO FLAGGING WHILE ON DUTY.
6. FLAGGERS MAY CARRY AIR HORNS OR WHISTLES TO WARN WORKERS OF AN EMERGENCY CONDITION.
7. FLAGGERS SHALL BE REQUIRED TO USE TWO-WAY RADIOS WHEN OUT OF CLEAR VIEW OF EACH OTHER.
8. FLOODLIGHTS SHOULD BE PROVIDED TO MARK FLAGGER STATIONS AT NIGHT AS NEEDED.

TAPER LENGTHS

SPEED (kmph)	SPEED* (mph)	LENGTH (meters)	LENGTH (feet)
30	20	11	35
40	25	17	55
50	30	26	85
55	35	36	120
65	40	51	170
70	45	66	220
80	50	84	280
90	55	101	335
95	60	125	415
105	65	146	485

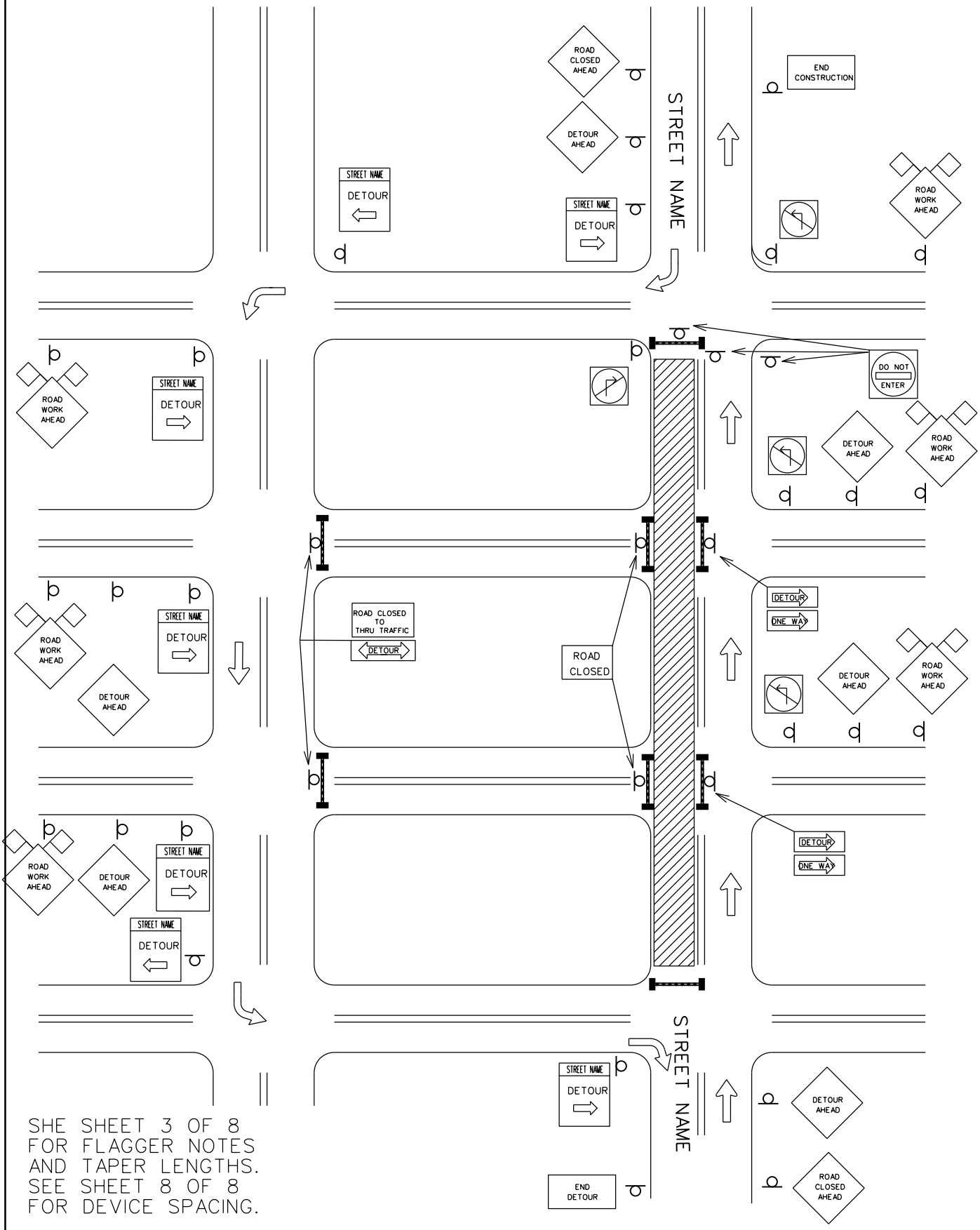
*POSTED SPEED

CITY OF AUSTIN DEPARTMENT OF PUBLIC WORKS		FLAGGER SETUP FOR 2 LANE ROADWAY	
RECORD COPY SIGNED BY BILL GARDNER	*03/13/06* ADOPTED	THE ARCHITECT/ENGINEER ASSUMES RESPONSIBILITY FOR APPROPRIATE USE OF THIS STANDARD.	STANDARD NO. 804S-2



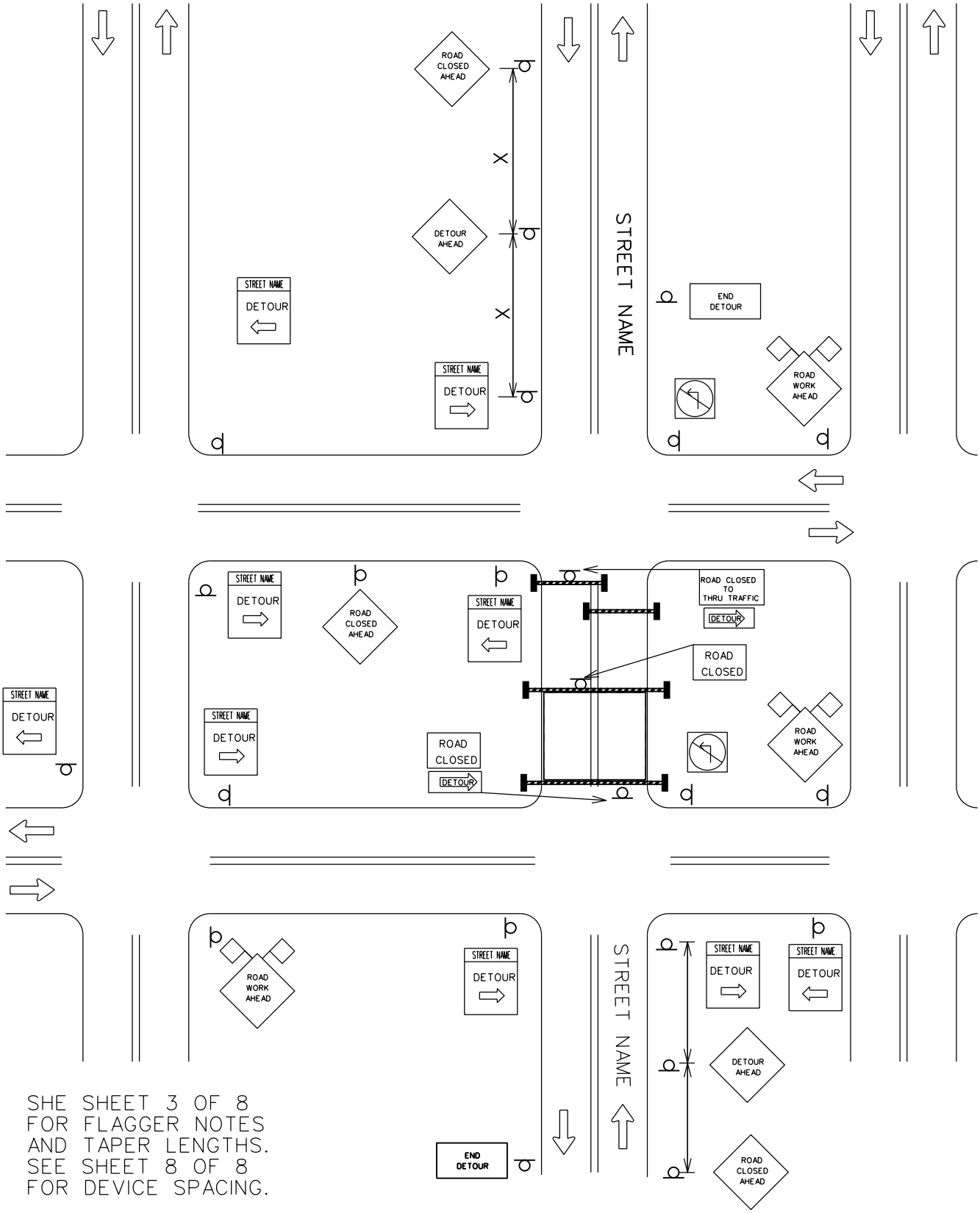
SHE SHEET 3 OF 8
FOR FLAGGER NOTES
AND TAPER LENGTHS.
SEE SHEET 8 OF 8
FOR DEVICE SPACING.

CITY OF AUSTIN DEPARTMENT OF PUBLIC WORKS		FLAGGER SETUP FOR VEHICLES ENTERING AND EXITING WORK SITE	
RECORD COPY SIGNED BY BILL GARDNER	*03/13/06* ADOPTED	THE ARCHITECT/ENGINEER ASSUMES RESPONSIBILITY FOR APPROPRIATE USE OF THIS STANDARD.	STANDARD NO. 804S-2



SHE SHEET 3 OF 8
FOR FLAGGER NOTES
AND TAPER LENGTHS.
SEE SHEET 8 OF 8
FOR DEVICE SPACING.

CITY OF AUSTIN DEPARTMENT OF PUBLIC WORKS	STREET DETOUR SINGLE DIRECTION	
RECORD COPY SIGNED BY BILL GARDNER — *03/13/06* — ADOPTED	THE ARCHITECT/ENGINEER ASSUMES RESPONSIBILITY FOR APPROPRIATE USE OF THIS STANDARD.	STANDARD NO. 804S-2

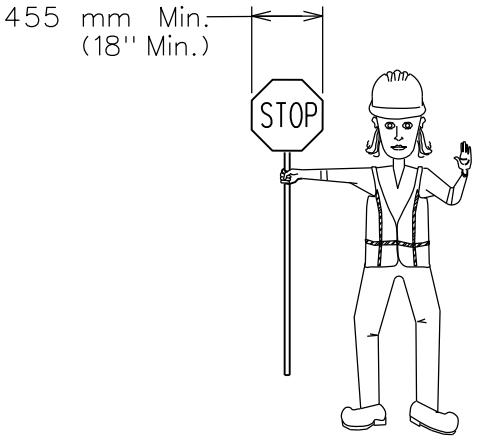


SHE SHEET 3 OF 8
FOR FLAGGER NOTES
AND TAPER LENGTHS.
SEE SHEET 8 OF 8
FOR DEVICE SPACING.

CITY OF AUSTIN DEPARTMENT OF PUBLIC WORKS	STREET DETOUR BOTH DIRECTIONS	
RECORD COPY SIGNED BY BILL GARDNER — *03/13/06* — ADOPTED	THE ARCHITECT/ENGINEER ASSUMES RESPONSIBILITY FOR APPROPRIATE USE OF THIS STANDARD.	STANDARD NO. 804S-2

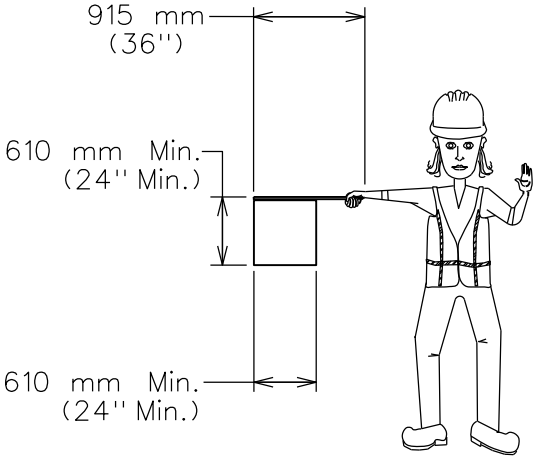
PREFERRED METHOD

PADDLE

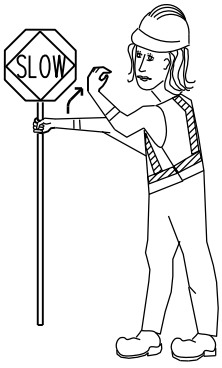


EMERGENCY USE ONLY

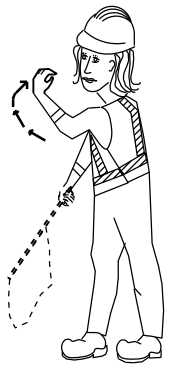
FLAG

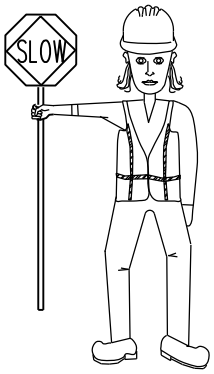


TO STOP TRAFFIC

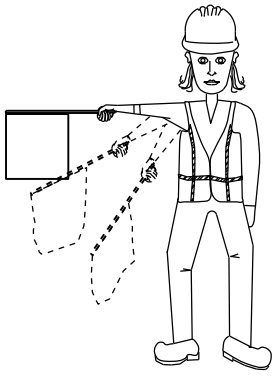


TRAFFIC PROCEED





TO ALERT AND
SLOW TRAFFIC



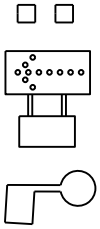
SHE SHEET 3 OF 8
FOR FLAGGER NOTES.

CITY OF AUSTIN DEPARTMENT OF PUBLIC WORKS		USE OF HAND SIGNALING DEVICES	
RECORD COPY SIGNED BY BILL GARDNER	*03/13/06* ADOPTED	THE ARCHITECT/ENGINEER ASSUMES RESPONSIBILITY FOR APPROPRIATE USE OF THIS STANDARD.	STANDARD NO. 804S-2

Typical Transition Lengths and Suggested Maximum Spacing of Devices

Speed KMPH	Posted Speed MPH	Formula	Minimum Desirable Taper Lengths (L) Meters (Feet) 3.0(10) Offset Meters (feet)	3.3(11) Offset Meters (feet)	3.6(12) Offset Meters (feet)	Suggested Max. Device Spacing On a taper Meters (feet)	On a tangent Meters (feet)	Suggested Sign Spacing Meters (Feet) "X" Dimension
50	30	$L=\frac{WS^2}{60}$	45 (150)	50 (165)	55 (180)	9 (30)	15-20 (60-75)	40 (120)
55	35		65 (205)	70 (225)	75 (245)	10 (35)	25-25 (70-90)	50 (160)
65	40		80 (265)	90 (295)	100 (320)	12 (40)	25-30 (80-100)	75 (240)
70	45	L=WS	135 (450)	150 (495)	165 (540)	13 (45)	25-30 (90-110)	100 (320)
80	50		150 (500)	165 (550)	180 (600)	15 (50)	30-35 (100-125)	120 (400)
90	55		165 (550)	185 (605)	200 (660)	16 (55)	35-40 (110-140)	150 (500)
95	60		180 (600)	200 (660)	220 (720)	18 (60)	40-45 (120-150)	180 (600)
105	65		195 (650)	215 (715)	235 (780)	19 (65)	40-50 (130-165)	210 (700)
115	70		215 (700)	235 (770)	255 (840)	21 (70)	45-55 (140-175)	240 (800)

LEGEND



Channelizing devices

Trailer mounted flashing arrow board

Flagger

TRAFFIC DETOUR NOTES:

1. "STREET CLOSED" AND "STREET CLOSED TO THRU TRAFFIC" MAY BE USED IN PLACE OF "ROAD CLOSED" AND "ROAD CLOSED TO THRU TRAFFIC".
2. THE USE OF A STREET SIGN NAME NAME MOUNTED WITH THE M4-9 DETOUR SIGN** IS REQUIRED. THE STREET NAME PLATE SHOULD BE PLACED ABOVE THE DETOUR SIGN. THE PLATE MAY HAVE EITHER A WHITE-ON-GREEN OR A BLACK-ON-ORANGE LEGEND.
3. ADDITIONAL "DO NOT ENTER SIGNS" MAY BE DESIRABLE AT INTERSECTIONS WITH INTERVENING STREETS.
4. A M4-9 DETOUR SIGN** WITH AN ADVANCE TURN ARROW MAY BE USED IN ADVANCE OF A TURN. ON MULTI-LANE STREETS, SUCH SIGNS SHOULD BE USED.
5. M4-9 DETOUR SIGNS** MAY BE LOCATED ON THE FAR SIDE OF INTERSECTIONS.

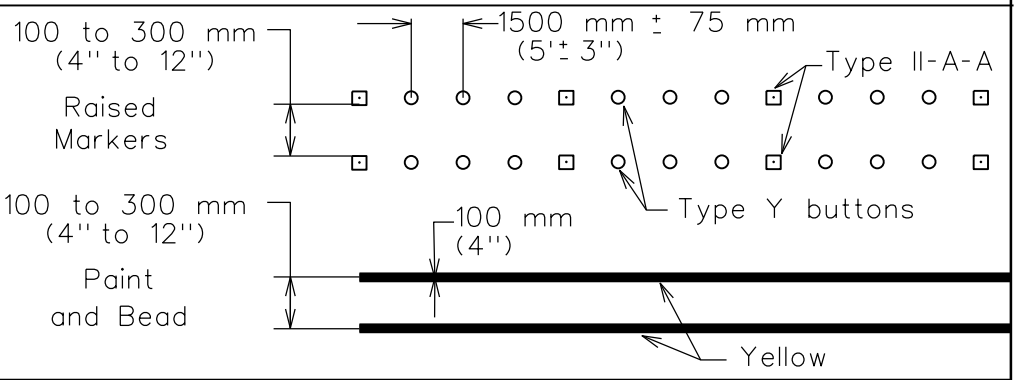
** TEXAS MANUAL ON UNIFORM TRAFFIC CONTROL DEVICES

CITY OF AUSTIN DEPARTMENT OF PUBLIC WORKS		TYPICAL LENGTHS & SPACING OF DEVICES, LEGEND and GENERAL NOTES	
RECORD COPY SIGNED BY BILL GARDNER	*03/13/06* ADOPTED	THE ARCHITECT/ENGINEER ASSUMES RESPONSIBILITY FOR APPROPRIATE USE OF THIS STANDARD.	STANDARD NO. 804S-2

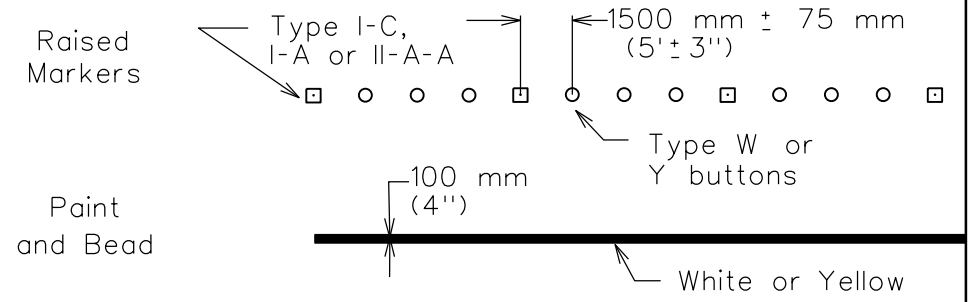
STANDARD WORK ZONE PAVEMENT MARKINGS DETAIL

SOLID LINES

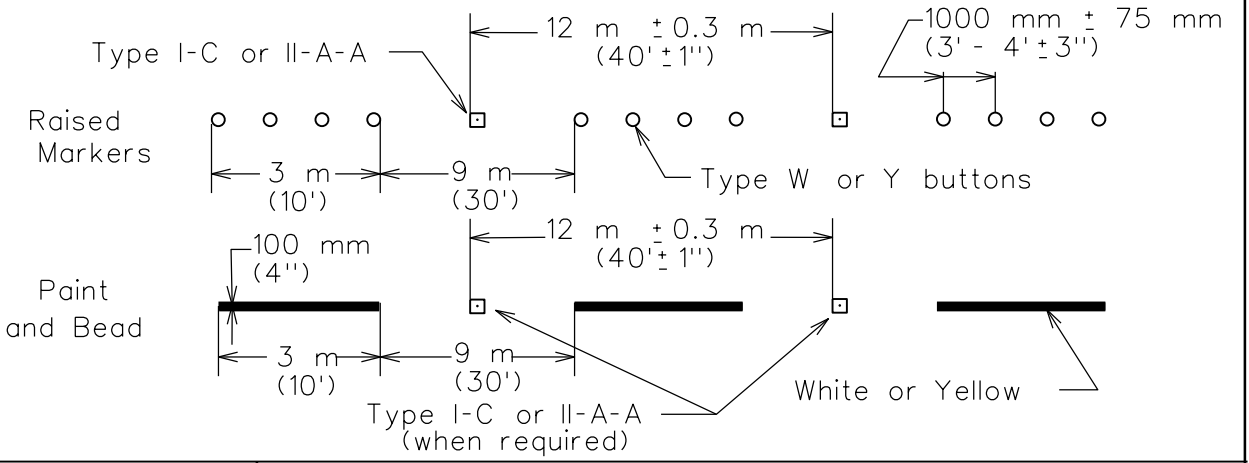
DOUBLE NO-PASSING LINE



EDGE LINE OR CHANNELIZING LINE (To discourage lane changing)

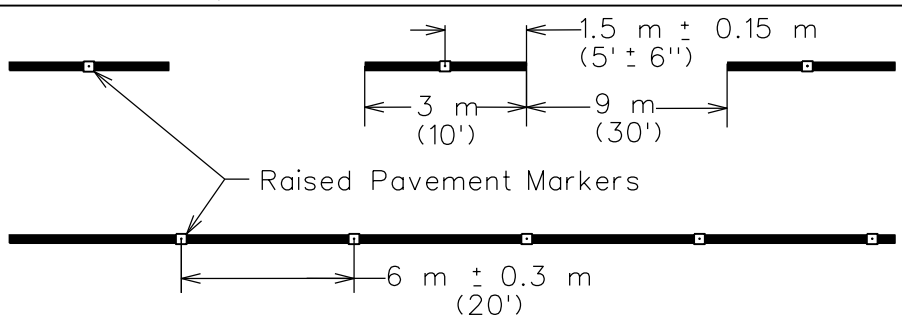


BROKEN LINE (For CL or Lane Line)



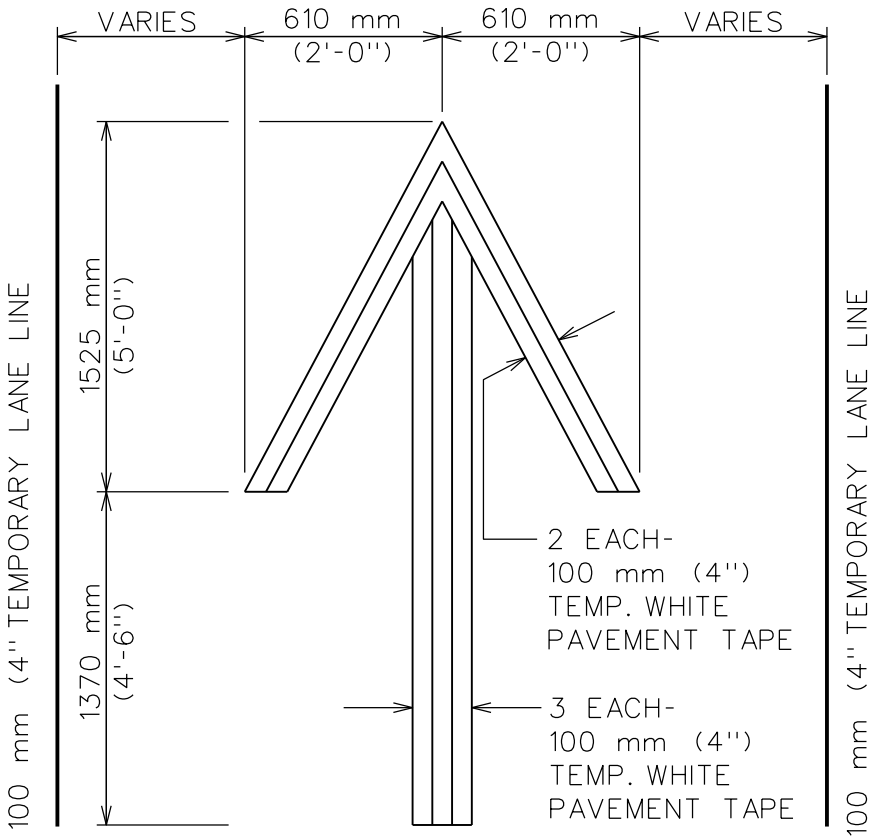
REMOVABLE MARKINGS WITH RAISED PAVEMENT MARKERS

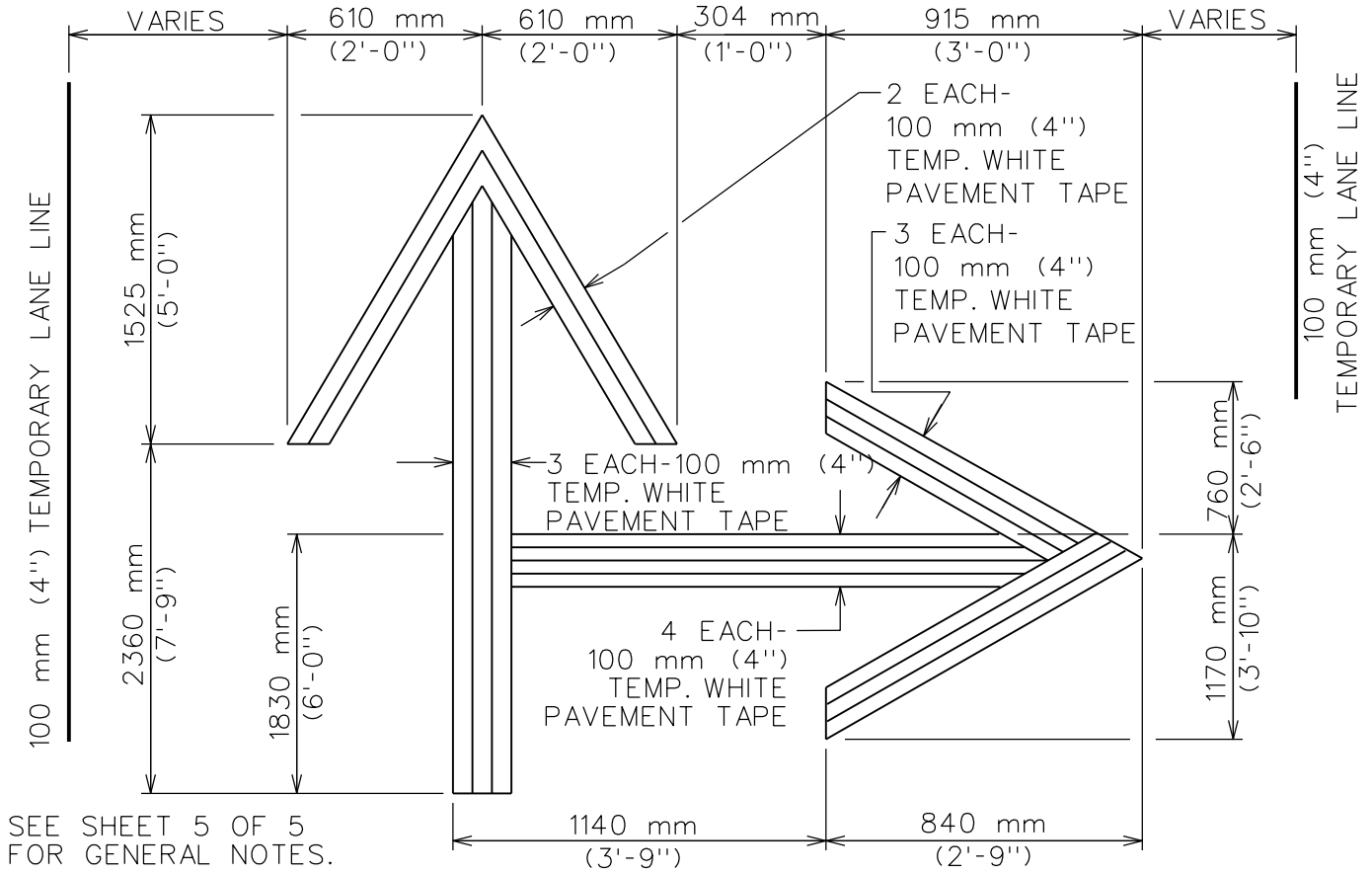
SEE STANDARD 804S-3
SHEET 5 OF 5
FOR GENERAL NOTES.



NOTE: IF RAISED PAVEMENT MARKERS ARE USED TO SUPPLEMENT REMOVABLE MARKINGS, THE MARKERS SHALL BE APPLIED TO THE TOP OF THE TAPE AT THE APPROXIMATE MID-LENGTH OF TAPE BROKEN LINES AND AT APPROXIMATE 6 m (20') SPACING FOR SOLID LINES. THIS ALLOWS AN EASIER REMOVAL OF RAISED MARKERS AND TAPE.

CITY OF AUSTIN DEPARTMENT OF PUBLIC WORKS		TEMPORARY TRAFFIC CONTROL PAVEMENT MARKINGS	
RECORD COPY SIGNED BY BILL GARDNER	*03/13/06* ADOPTED	THE ARCHITECT/ENGINEER ASSUMES RESPONSIBILITY FOR APPROPRIATE USE OF THIS STANDARD.	STANDARD NO. 804S-3





SEE SHEET 5 OF 5
FOR GENERAL NOTES.

CITY OF AUSTIN
DEPARTMENT OF PUBLIC WORKS

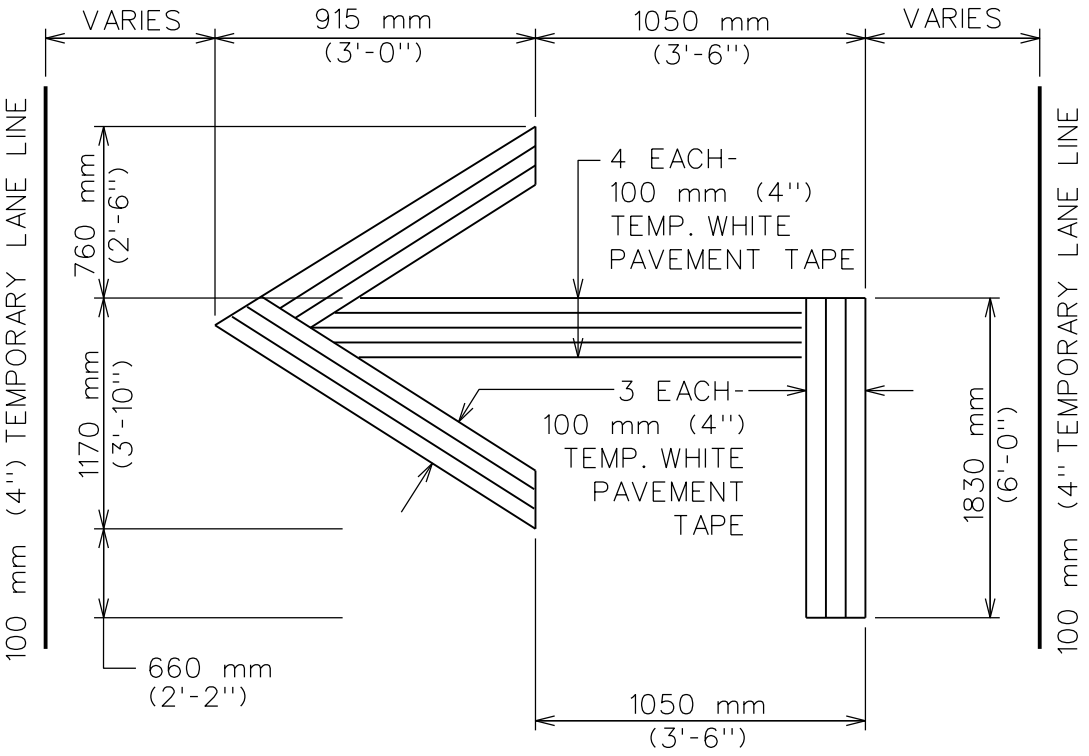
TEMPORARY REMOVABLE TAPE, ARROWS AND LEGENDS

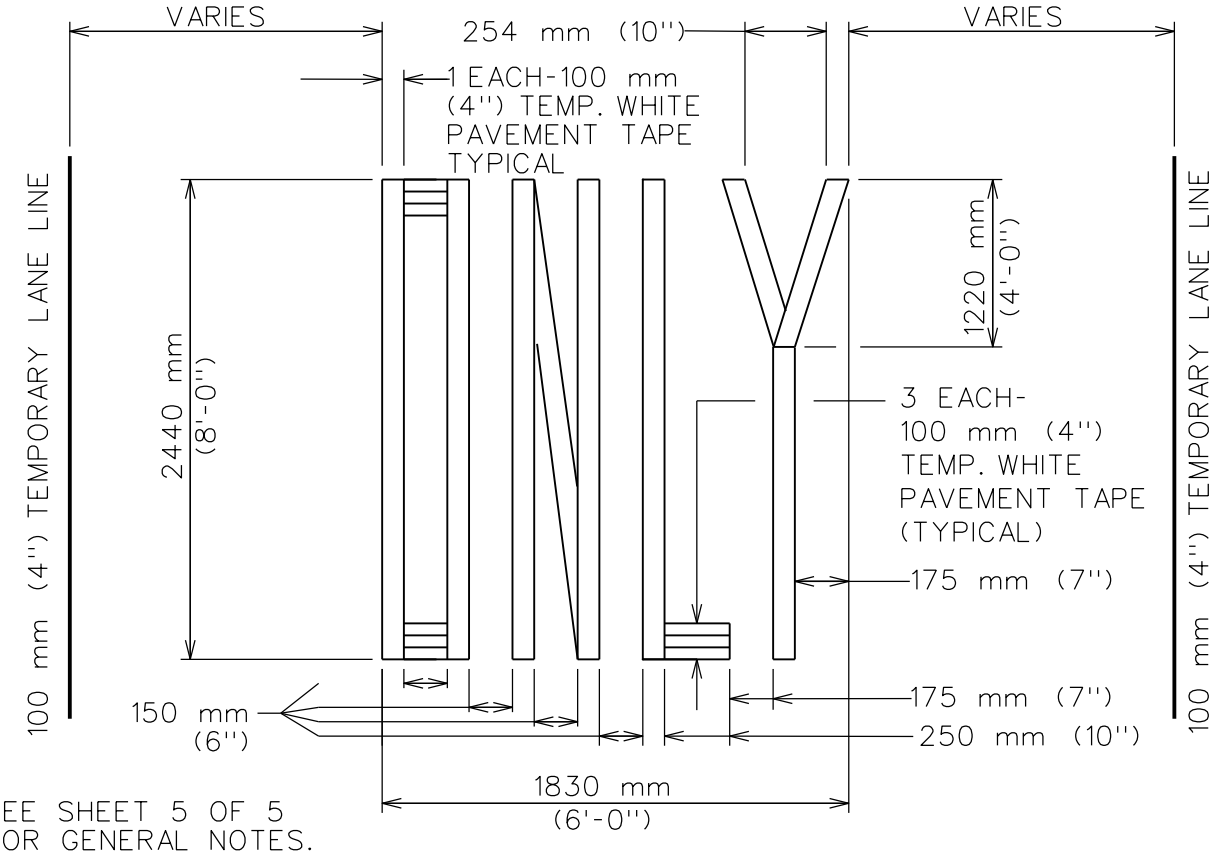
RECORD COPY SIGNED BY BILL GARDNER

03/13/06
ADOPTED

THE ARCHITECT/ENGINEER ASSUMES RESPONSIBILITY FOR APPROPRIATE USE OF THIS STANDARD.

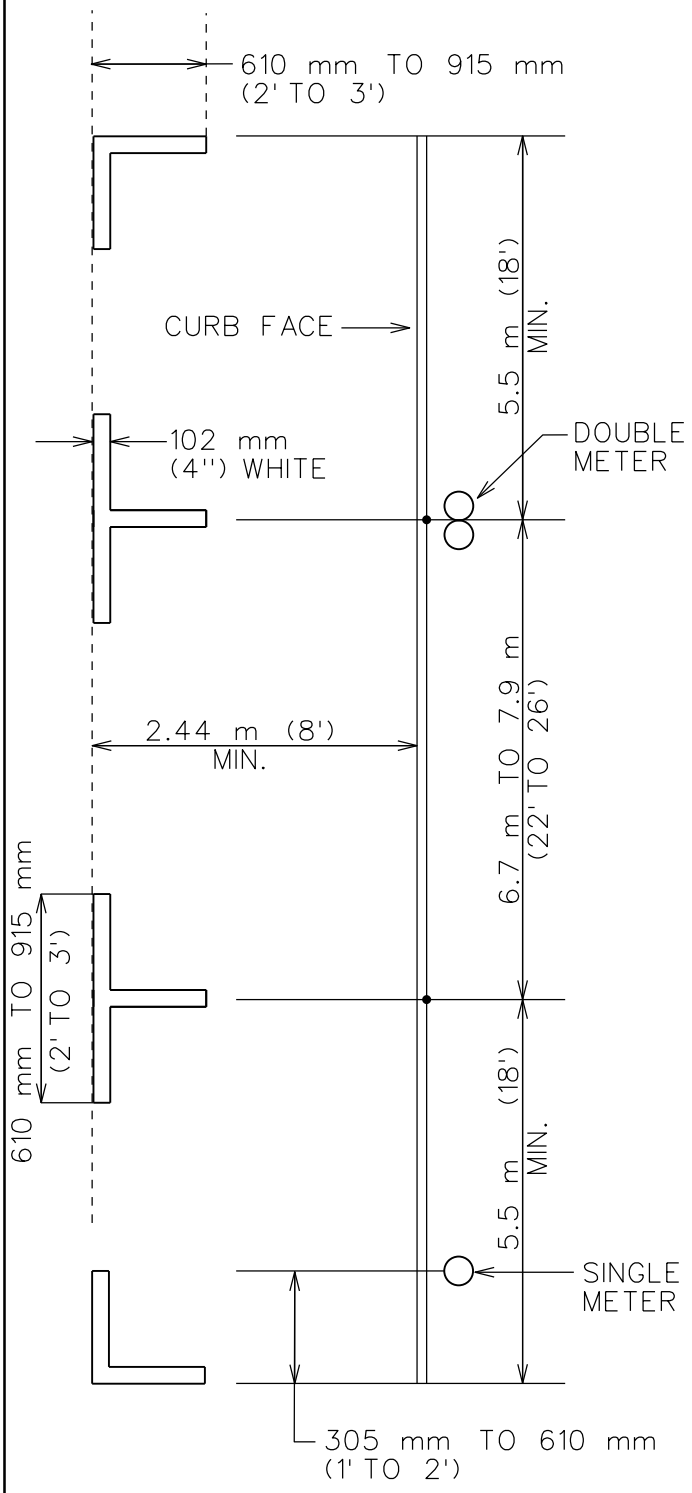
STANDARD NO.
804S-3





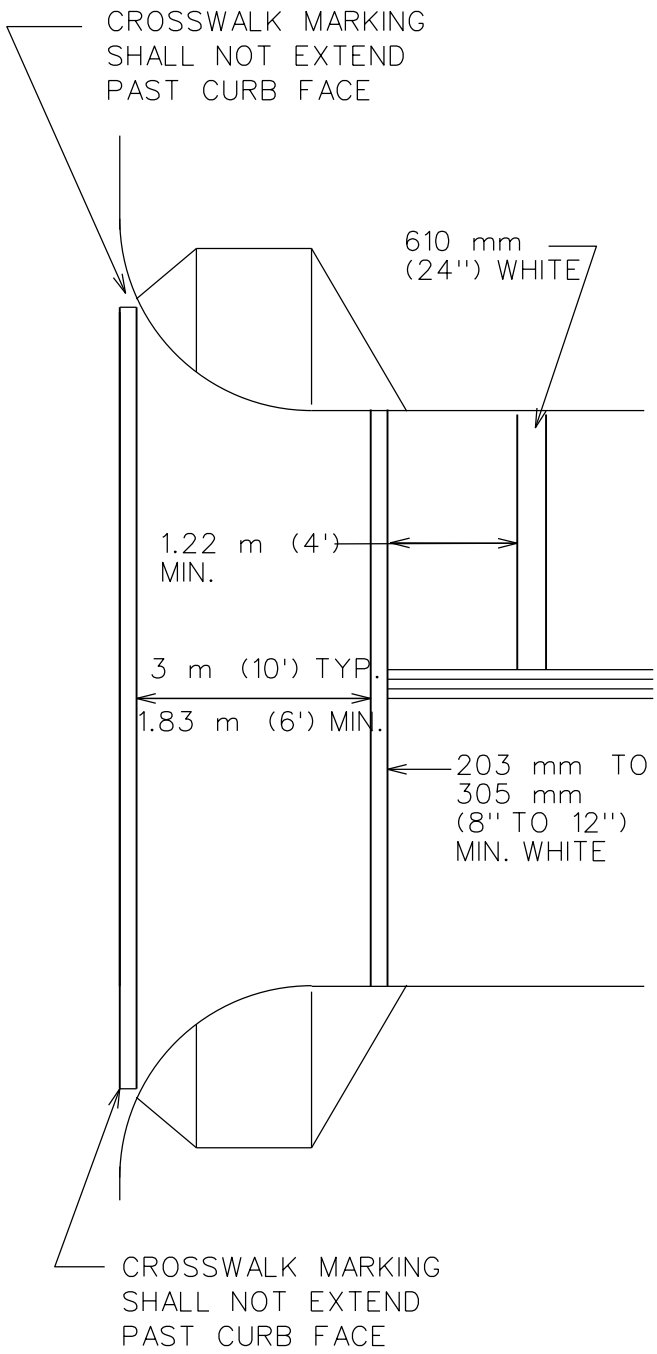
SEE SHEET 5 OF 5
FOR GENERAL NOTES.

CITY OF AUSTIN DEPARTMENT OF PUBLIC WORKS	TEMPORARY REMOVABLE TAPE, ARROWS AND LEGENDS	
RECORD COPY SIGNED BY BILL GARDNER — *03/13/06* ADOPTED	THE ARCHITECT/ENGINEER ASSUMES RESPONSIBILITY FOR APPROPRIATE USE OF THIS STANDARD.	STANDARD NO. 804S-3



PARKING STALLS

SEE SHEET 5 OF 5
FOR GENERAL NOTES.

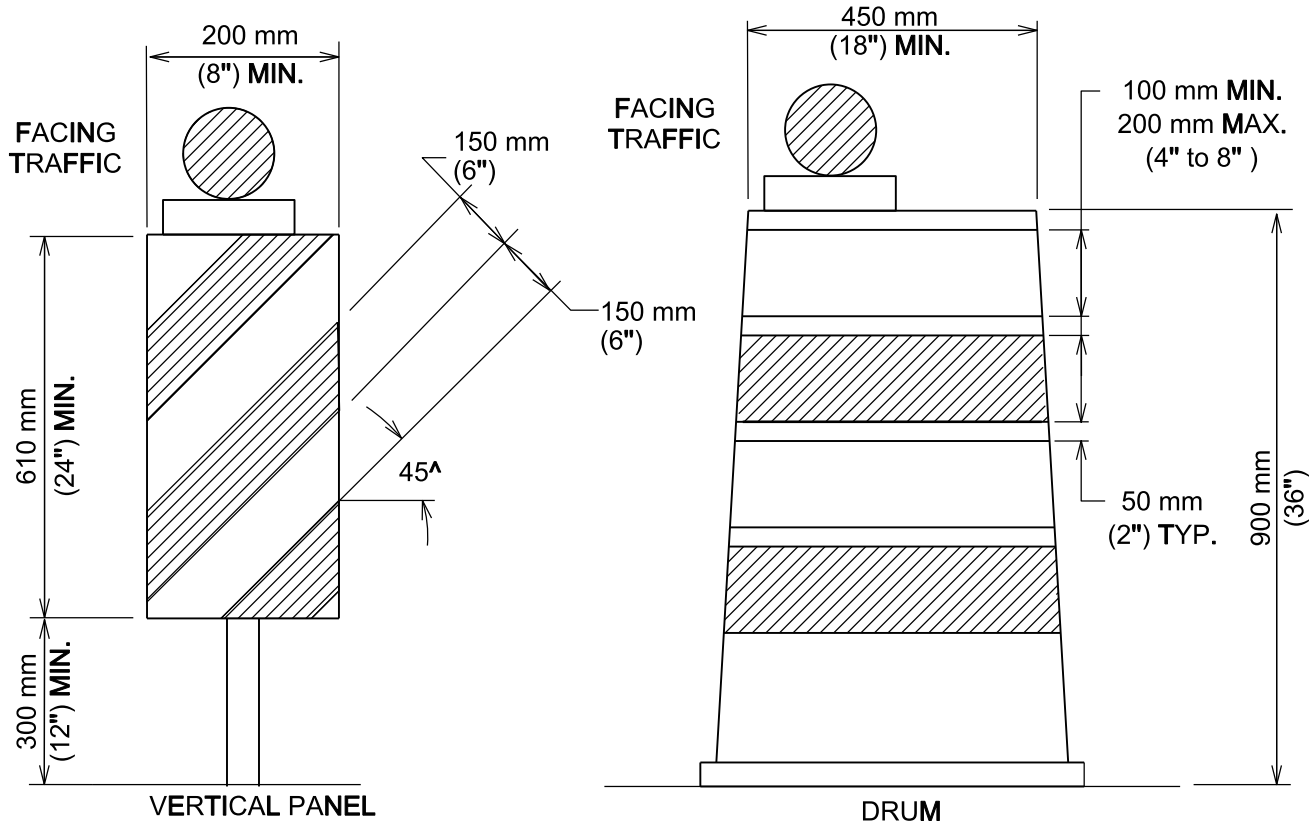


CROSSWALK AND STOPBARS

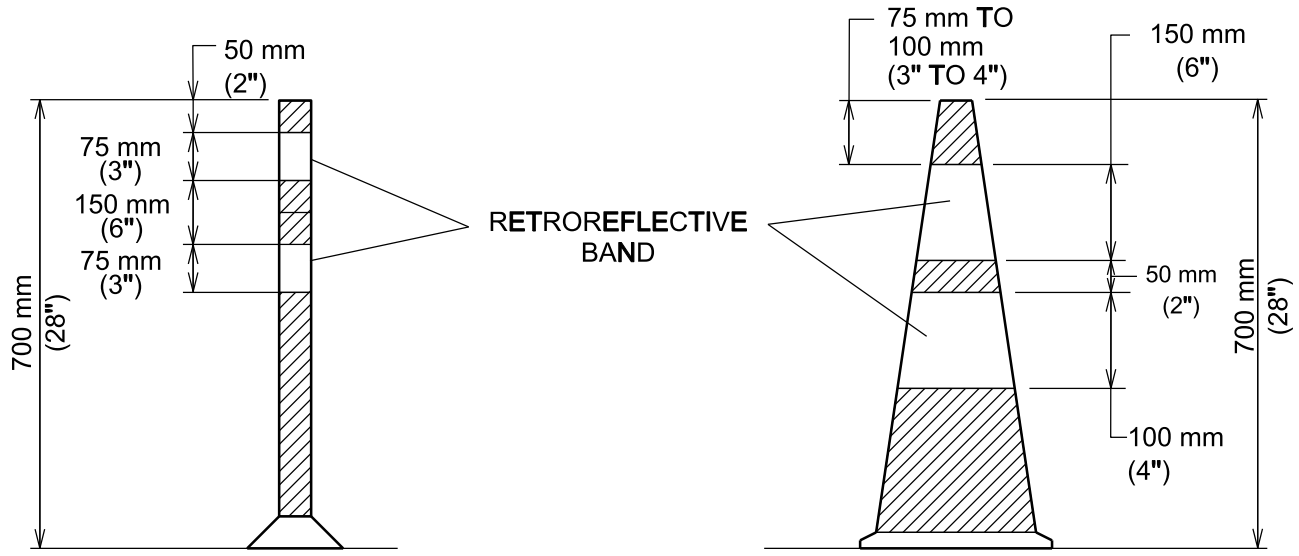
CITY OF AUSTIN DEPARTMENT OF PUBLIC WORKS		PARKING STALLS, CROSSWALK AND STOP BARS	
RECORD COPY SIGNED BY BILL GARDNER	*03/13/06* ADOPTED	THE ARCHITECT/ENGINEER ASSUMES RESPONSIBILITY FOR APPROPRIATE USE OF THIS STANDARD.	STANDARD NO. 804S-3

1. ALL PAVEMENT MARKINGS USED SHALL CONFORM TO THE CURRENT EDITION OF THE TEXAS MANUAL ON UNIFORM TRAFFIC CONTROL DEVICES (TMUTCD) AND THE CITY OF AUSTIN TRANSPORTATION CRITERIA MANUAL.
2. THE CONTRACTOR SHALL BE RESPONSIBLE FOR MAINTAINING ALL TEMPORARY AND EXISTING PAVEMENT MARKINGS ON ALL ROADWAYS WITHIN THE CONSTRUCTION LIMITS AND ON ANY ROADWAY OUTSIDE THE CONSTRUCTION LIMITS THAT REQUIRES THE REROUTING OF TRAFFIC FOR HIS WORK.
3. ALL ROADWAYS TO BE OPENED TO TRAFFIC SHALL HAVE TEMPORARY OR STANDARD PAVEMENT MARKINGS INSTALLED AS SHOWN IN THE DRAWINGS, AT THE END OF EACH DAY'S OPERATION.
4. MARKINGS SHALL PROVIDE A VISIBLE REFERENCE FOR A MINIMUM DISTANCE OF 91.5 m (300') DURING NORMAL DAYLIGHT HOURS AND 49 m (160') WHEN ILLUMINATED BY AUTOMOBILE LOW-BEAM HEADLIGHTS AT NIGHT, UNLESS SIGHT DISTANCE IS RESTRICTED BY ROADWAY GEOMETRICS.
5. ALL TEMPORARY REMOVABLE PAVEMENT MARKINGS SHALL BE SUPPLEMENTED WITH RAISED PAVEMENT MARKERS.
6. TEMPORARY REMOVABLE PAVEMENT MARKING TAPE IS THE PREFERRED PAVEMENT MARKING; HOWEVER, THE CONTRACTOR MAY, WITH APPROVAL OF THE ENGINEER OR DESIGNATED REPRESENTATIVE, USE RAISED PAVEMENT MARKINGS, PAINT AND BEADS OR THERMOPLASTIC IF THE ROADWAY IS TO BE COMPLETELY RESURFACED.
7. PAVEMENT MARKINGS THAT ARE NO LONGER APPLICABLE AND WHICH MAY CREATE CONFUSION OR DIRECT A MOTORIST TOWARD OR INTO THE CLOSED PORTION OF THE ROADWAY, SHALL BE REMOVED OR OBLITERATED BEFORE THE ROADWAY IS OPENED TO TRAFFIC. THE ABOVE DOES NOT APPLY TO SHORT-DURATION, SHORT TERM STATIONARY OR INTERMEDIATE TERM STATIONARY WORK.
8. REMOVAL OR OBLITERATION OF PAVEMENT MARKINGS INCLUDES CENTERLINES, CHANNELIZING LINES, LANE LINES, EDGE LINES, WORDS, ARROWS, SYMBOLS AND RAISED PAVEMENT MARKINGS.
9. PAVEMENT MARKINGS SHALL BE REMOVED OR OBLITERATED TO THE FULLEST EXTENT POSSIBLE, SO AS NOT TO LEAVE A DISCERNIBLE MARK. GRINDING OF PAVEMENT MARKINGS WILL ONLY BE ALLOWED ON PAVEMENT THAT IS TO BE COMPLETELY REPLACED.
10. TEMPORARY FLEXIBLE-REFLECTIVE TABS MAY BE USED FOR TEMPORARY PAVEMENT MARKINGS ON NEW PAVEMENT, PROVIDED THEY ARE PLACED ON 1.5 m (5') CENTERS.
11. THE CONTRACTOR SHALL PLACE TEMPORARY FLEXIBLE-REFLECTIVE TABS IMMEDIATELY AFTER THE FINAL HMAC OVERLAY AS EACH LANE IS COMPLETED AND READY FOR TRAFFIC. NO DIRECT PAYMENT WILL BE MADE FOR THIS OPERATION, BUT WILL BE CONSIDERED SUBSIDIARY TO THE OTHER BID ITEMS. FINAL STRIPING SHOULD BE COMPLETED WITHIN FOURTEEN (14) DAYS OF THE FINAL PAVING.

CITY OF AUSTIN DEPARTMENT OF PUBLIC WORKS		GENERAL NOTES	
RECORD COPY SIGNED BY BILL GARDNER	*03/13/06* ADOPTED	THE ARCHITECT/ENGINEER ASSUMES RESPONSIBILITY FOR APPROPRIATE USE OF THIS STANDARD.	STANDARD NO. 804S-3



LONG TERM AND INTERMEDIATE TERM STATIONARY WORK



TUBULAR MARKERS

CONES

SHORT TERM AND SHORT DURATION WORK

SEE STANDARD 804S-5
SHEET 12 OF 13 AND SHEET 13 OF 13
FOR GENERAL NOTES AND DEVICE SPACING.

CITY OF AUSTIN DEPARTMENT OF PUBLIC WORKS	CHANNELIZING DEVICES	
RECORD COPY SIGNED BY SAM ANGOORI — *01/04/10* ADOPTED	THE ARCHITECT/ENGINEER ASSUMES RESPONSIBILITY FOR APPROPRIATE USE OF THIS STANDARD.	STANDARD NO. 804S-5

CHANNELIZING DEVICES

1. ALL CHANNELIZING DEVICES SHALL HAVE WARNING LIGHTS OR LARGE REFLECTORS WHEN USED AT NIGHT. FLASHING WARNING LIGHTS MAY BE PLACED ON CHANNELIZING DEVICES USED SINGULARLY OR IN GROUPS TO MARK A SPOT CONDITION. WARNING LIGHTS ON CHANNELIZING DEVICES USED IN A SERIES SHALL BE STEADY-BURN. CHANNELIZING DEVICES IN TAPERS AT NIGHT SHALL HAVE TYPE C WARNING LIGHTS.
2. THE RETROREFLECTIVE MATERIAL USED ON CHANNELIZING DEVICES SHALL HAVE A SMOOTH, SEALED OUTER SURFACE.
3. THE NAME AND TELEPHONE NUMBER OF THE AGENCY, CONTRACTOR OR SUPPLIER SHALL BE SHOWN ON THE NON-RETROREFLECTIVE SURFACE OF ALL CHANNELIZING DEVICES. THE LETTERS AND NUMBERS SHALL BE A NON-RETROREFLECTIVE COLOR AND NOT OVER 50 mm (2") IN HEIGHT.
4. PARTICULAR ATTENTION SHOULD BE GIVEN TO ASSURE THAT CHANNELIZING DEVICES ARE MAINTAINED AND KEPT CLEAN, VISIBLE AND PROPERLY POSTITIONED AT ALL TIMES. DEVICES SHALL BE REPLACED THAT ARE DAMAGED AND HAVE LOST A SIGNIFICANT AMOUNT OF THEIR RETROREFLECTIVITY AND EFFECTIVENESS.

CONES

CONES SHALL PREDOMINANTLY BE ORANGE, FLUORESCENT RED-ORANGE, OR FLUORESCENT YELLOW-ORANGE IN COLOR, NOT LESS THAN 70 mm (28") IN HEIGHT, AND SHALL BE MADE OF A MATERIAL THAT CAN BE STRUCK WITHOUT DAMAGING VEHICLES ON IMPACT. FOR NIGHT TIME USE, CONES SHALL BE RETROREFLECTIVE OR EQUIPPED WITH LIGHTING DEVICES FOR MAXIMUM VISIBLITY. RETROREFLECTION OF CONES SHALL BE PROVIDED BY A WHITE BOND 150 mm (6") WIDE, NO MORE THAN 75 TO 100 mm (3 TO 4") FROM THE TOP OF THE CONE, AND AN ADDITIONAL 100 mm (4") WHITE BAND A MINIMUM OF 50 mm (2") BELOW THE 150 mm (6") BAND. TRAFFIC CONES ARE NORMALLY USED FOR SHORT-TERM STATIONARY AND SHORT DURATION WORK. HOWEVER, CONES MAY BE USED FOR INTERMEDIATE-TERM STATIONARY WORK AT NIGHT, IF THE SITE IS CONTINUOUSLY MANNED.

TUBULAR MARKERS

TUBULAR MARKERS SHALL PREDOMINANTLY BE ORANGE IN COLOR, NOT LESS THAN 700 mm (28") IN HEIGHT , A MINIMUM 50 mm (2") WIDE WHEN FACING TRAFFIC AND MADE OF A MATERIAL THAT CAN BE STRUCK WITHOUT DAMAGING VEHICLES. FOR NIGHT TIME USE, TUBLULAR MARKERS SHALL BE RETROREFLECTIVE PROVIDED BY TWO (2) 75 mm (3") WIDE WHITE BANDS PLACED A MAXIMUM OF 50 mm (2") FROM THE TOP, WITH A MAXIMUM OF 150 mm (6") BETWEEN BANDS. TUBULAR MARKERS ARE NORMALLY USED FOR SHORT-TERM STATIONARY AND SHORT DURATION WORK. HOWEVER, TUBULAR MARKERS MAY BE USED FOR INTERMEDIATE-TERM STATIONARY WORK AT NIGHT, IF THE SITE IS CONTINUOUSLY MANNED.

VERTICAL PANELS

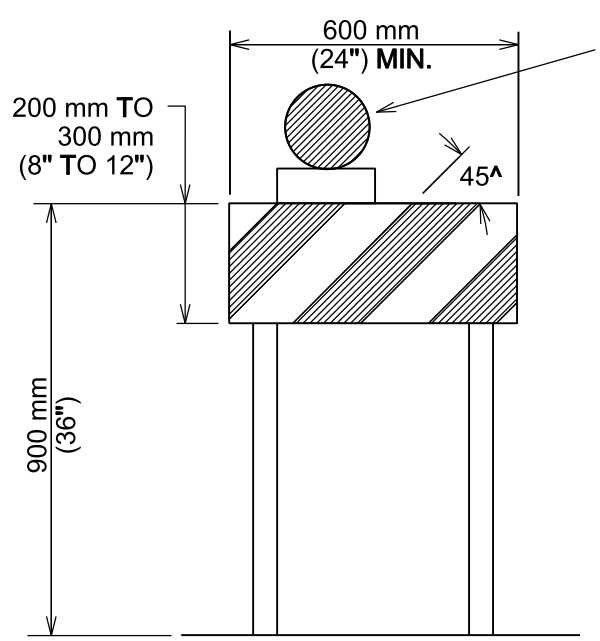
VERTICAL PANELS SHALL BE 200 TO 300 mm (8 TO 12") WIDE AND AT LEAST 600 mm (24") IN HEIGHT. THEY SHALL HAVE ORANGE AND WHITE STRIPES, AND BE RETROREFLECTIVE. PANEL STRIPE WIDTHS SHALL BE 150 mm (6") EXCEPT WHERE PANEL HEIGHTS ARE LESS THAN 900 mm (36"), WHEN 100 mm (4") STRIPES MAY BE USED. IF USED FOR TWO-WAY TRAFFIC, BACK-TO-BACK PANELS SHALL BE USED.

DRUMS

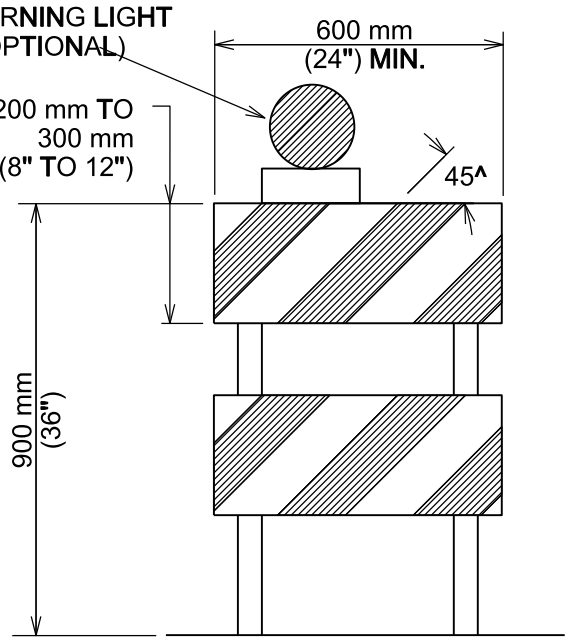
1. DRUMS USED FOR TRAFFIC WARNING OR CHANNELIZATION SHALL BE CONSTRUCTED OF LIGHT-WEIGHT FLEXIBLE AND DEFORMABLE MATERIALS AND BE A MINIMUM OF 900 mm (36") IN HEIGHT, AND HAVE AT LEAST 450 mm (18") MINIMUM WIDTH, REGARDLESS OF OREINTATION. STEEL DRUMS SHALL NOT BE USED. THE MARKINGS ON DRUMS SHALL BE HORIZONTAL, CIRCUNFERENTIAL, ALTERNATING ORANGE AND WHITE RETROREFLECTIVE STRIPES 100 TO 200 mm (4 TO 8") WIDE. EACH DRUM SHALL HAVE A MINIMUM OF TWO (2) ORANGE AND TWO (2) WHITE STRIPES. ANY NON-RETROREFLECTIVE SPACES BETWEEN THE HORIZONTAL ORANGE AND WHITE STRIPES, SHALL NOT EXCEED 50 mm (2") WIDE. DRUMS SHALL HAVE CLOSED TOPS THAT WILL NOT ALLOW COLLECTION OF ROADWORK OR OTHER DEBRIS.

2. DRUMS SHOULD NOT BE WEIGHTED WITH SAND, WATER OR ANY MATERIAL TO AN EXTENT THAT WOULD MAKE THE HAZARDOUS TO MOTORISTS, PEDESTRIANS OR WORKERS. WHEN THEY ARE USED IN REGIONS SUSCEPTIBLE TO FREEZING, THEY SHOULD HAVE DRAINAGE HOLES IN THE BOTTOM SO WATER WILL NOT ACCUMULATE AND FREEZE,CAUSING A HAZARD IF STRUCK BY A MOTORIST. BALLAST SHALL NOT BE PLACED ON TOP OF THE DRUM.

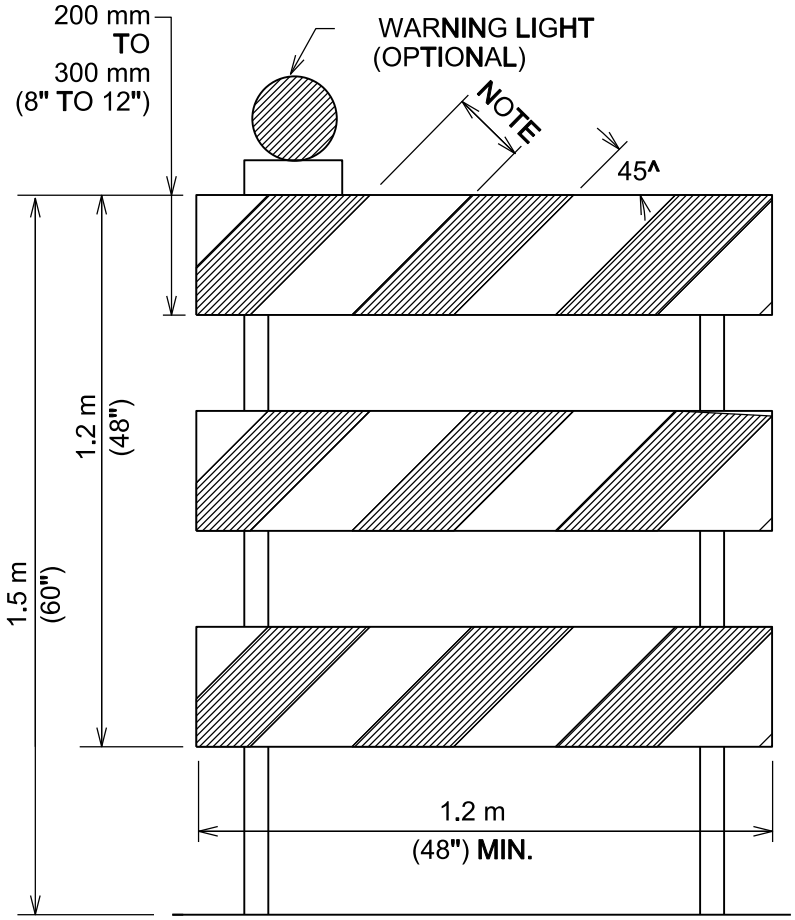
CITY OF AUSTIN DEPARTMENT OF PUBLIC WORKS	CHANNELIZING DEVICES	
RECORD COPY SIGNED BY SAM ANGOORI *01/04/10* ADOPTED	THE ARCHITECT/ENGINEER ASSUMES RESPONSIBILITY FOR APPROPRIATE USE OF THIS STANDARD.	STANDARD NO. 804S-5



TYPE I BARRICADE



TYPE II BARRICADE



TYPE III BARRICADE

NOTES:

1. NOMINAL LUMBER DIMENSIONS ARE SATISFACTORY FOR BARRICADE RAIL WIDTH DIMENSIONS.
2. RAIL STRIPE WIDTHS SHALL BE 150 mm (6") EXCEPT WHERE RAIL LEGNTHS ARE LESS THAN 900 mm (36"), THEN 100 mm (4") WIDE STRIPES MAY BE USED.
3. THE SIDE OF BARRICADES FACING TRAFFIC SHALL HAVE RETRO-REFLECTIVE RAIL FACES.

SEE STANDARD 804S-5
SHEET 12 OF 13 AND SHEET 13 OF 13
FOR GENERAL NOTES AND DEVICE SPACING.

CITY OF AUSTIN DEPARTMENT OF PUBLIC WORKS	BARRICADES	
RECORD COPY SIGNED BY SAM ANGOORI *01/04/10* ADOPTED	THE ARCHITECT/ENGINEER ASSUMES RESPONSIBILITY FOR APPROPRIATE USE OF THIS STANDARD.	STANDARD NO. 804S-5

BARRICADES

1. BARRICADES SHALL BE OF THREE TYPES: TYPE I, TYPE II OR TYPE III.

2. STRIPES ON BARRICADE RAILS SHALL BE ALTERNATING ORANGE AND WHITE RETRO-REFLECTIVE STRIPES (SLOPING DOWNWARD AT AN ANGLE OF 45 DEGREES IN THE DIRECTION TRAFFIC IS TO PASS). THE STRIPES SHALL BE 150 mm (6") WIDE, EXCEPT WHERE RAIL LENGTHS ARE LESS THAN 900 mm (36"), WHEN 100 mm (4") WIDE STRIPES MAY BE USED.

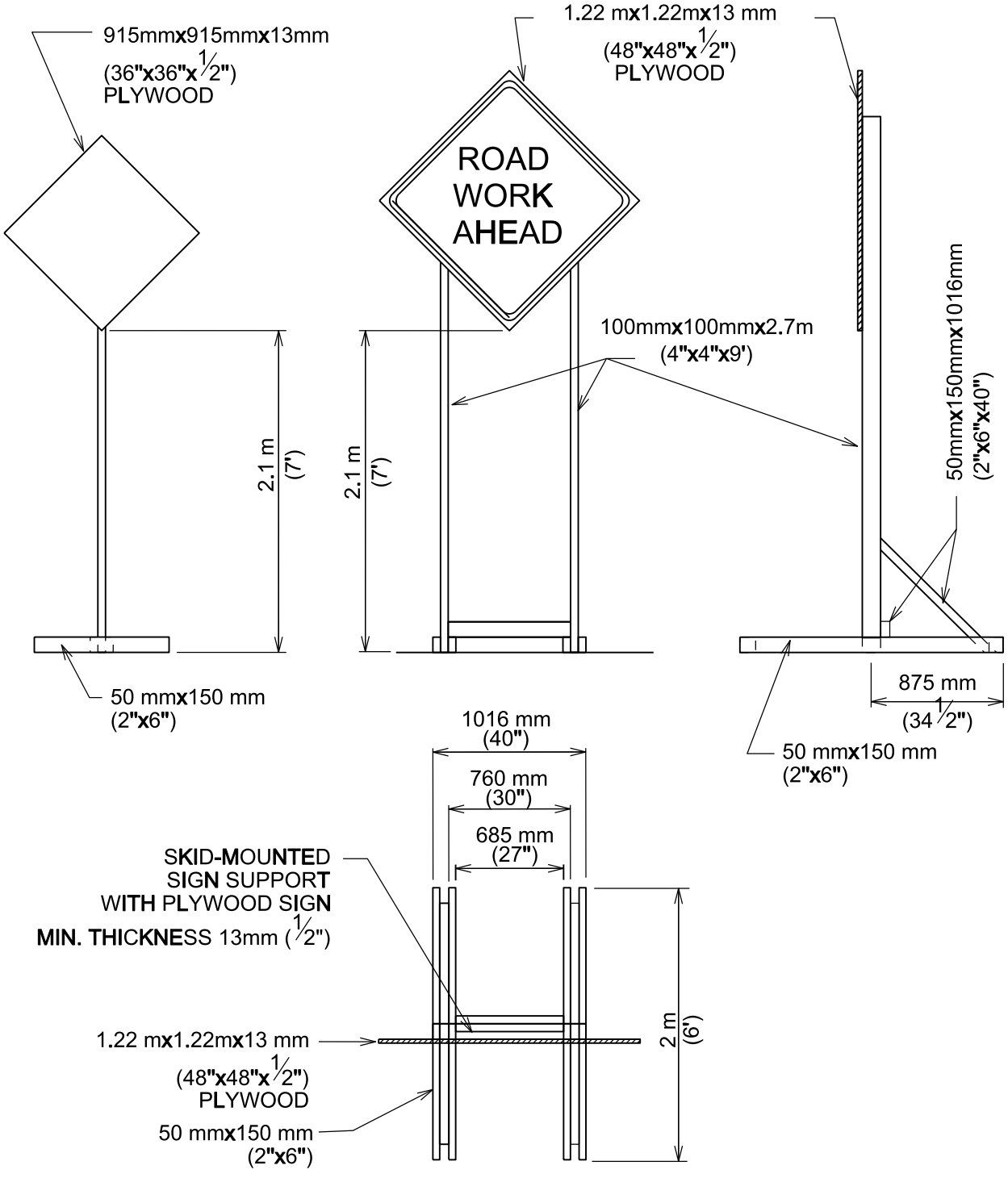
3. WHERE A BARRICADE EXTENDS ENTIRELY ACROSS A ROADWAY, THE SURFACE STRIPES SHOULD SLOPE DOWNWARD IN THE DIRECTION TOWARD WHICH TRAFFIC MUST TURN. WHERE BOTH RIGHT AND LEFT TURNS ARE PROVIDED, THE STRIPES MAY SLOPE DOWN-WARD IN BOTH DIRECTIONS FROM THE CENTER OF THE BARRICADE OR BARRICADES. WHERE NO TURNS ARE INTENDED, THE STRIPES SHOULD SLOPE DOWNWARD TOWARD THE CENTER OF THE BARRICADE OR BARRICADES.

4. BARRICADE RAILS SHOULD BE SUPPORTED IN A MANNER THAT WILL ALLOW THEM TO BE SEEN BY THE MOTORIST AND PROVIDE A STABLE SUPPORT NOT EASILY BLOWN OVER BY THE WIND OR TRAFFIC. FOR TYPE I BARRICADES, THE SUPPORT MAY INCLUDE OTHER UNSTRIPED HORIZONTAL PANELS NECESSARY TO PROVIDE STABILITY.

5. BARRICADES ARE LOCATED ADJACENT TO TRAFFIC AND ARE THEREFORE SUBJECT TO IMPACT WITH ERRANT VEHICLES. BECAUSE OF THEIR VULNERABLE POSITION AND THE HAZARD THEY COULD CREATE, THEY SHOULD BE CONSTRUCTED OF LIGHTWEIGHT MATERIALS AND HAVE NO RIGID STAY BRACING FOR A-FRAME DESIGNS. ALL BARRICADE SYSTEMS SHOULD BE CRASHWORTHY.

6. ON HIGH-SPEED EXPRESSWAYS OR IN OTHER SITUATION WHERE BARRICADES MAY BE SUSCEPTIBLE TO OVERTURING IN THE WIND, SANDBAGS SHOULD BE USED FOR BALLASTING. SANDBAGS MAY BE PLACED ON PARTS OF THE FRAME OR STAYS TO PROVIDE THE REQUIRED BALLAST BUT SHALL NOT BE PLACED ON TOP OF ANY STRIPED RAIL. BARRICADES SHALL NOT BE BALLASTED BY HEAVY OBJECTS SUCH AS ROCKS OR CHUNKS OF CONCRETE.

CITY OF AUSTIN DEPARTMENT OF PUBLIC WORKS		BARRICADES	
RECORD COPY SIGNED BY SAM ANGOORI	*01/04/10* ADOPTED	THE ARCHITECT/ENGINEER ASSUMES RESPONSIBILITY FOR APPROPRIATE USE OF THIS STANDARD.	STANDARD NO. 804S-5

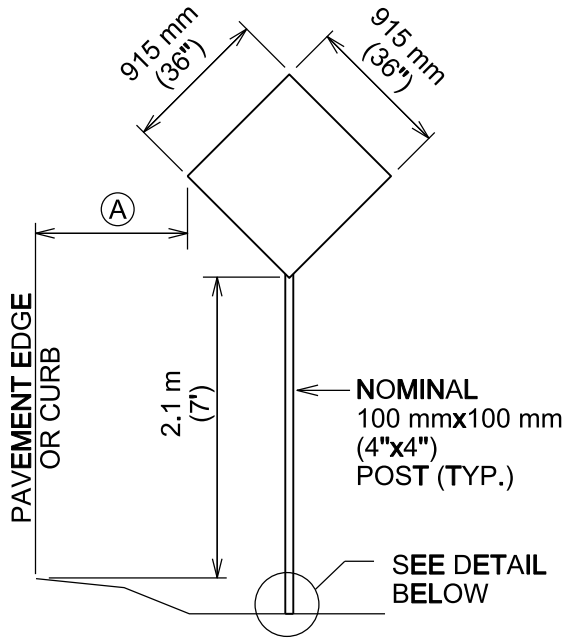


(LONG TERM AND INTERMEDIATE-TERM STATIONARY WORK)

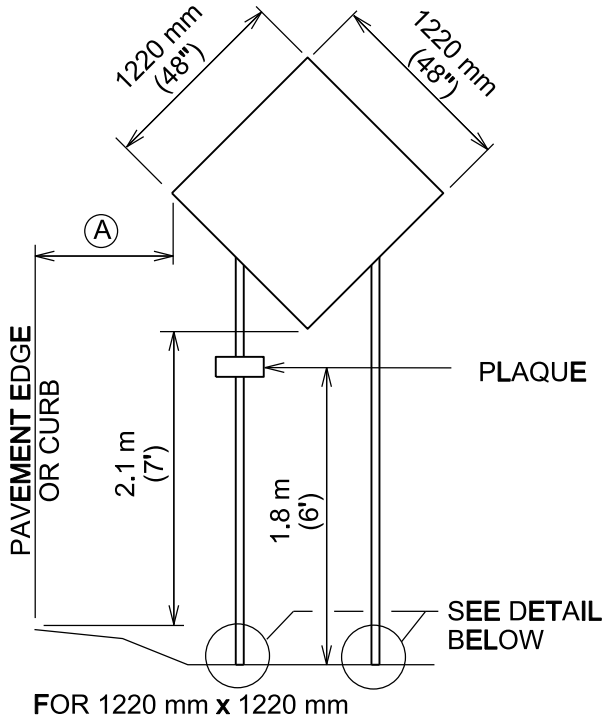
TEMPORARY SIGN SUPPORT

SEE STANDARD 804S-5
SHEET 12 OF 13 AND SHEET 13 OF 13
FOR GENERAL NOTES AND DEVICE SPACING.

CITY OF AUSTIN DEPARTMENT OF PUBLIC WORKS	TRAFFIC CONTROL SIGNS	
RECORD COPY SIGNED BY SAM ANGOORI — *01/04/10* — ADOPTED	THE ARCHITECT/ENGINEER ASSUMES RESPONSIBILITY FOR APPROPRIATE USE OF THIS STANDARD.	STANDARD NO. 804S-5

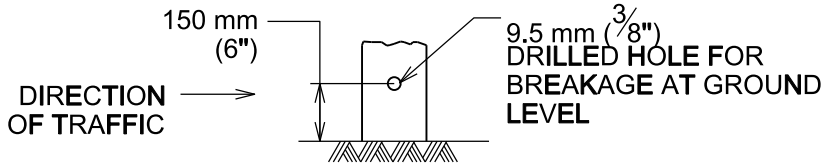


FOR 915 mmx 915 mm (36"x36") AND SMALLER WARNING SIGNS & OTHER SIGNS HAVING AN AREA NOT EXCEEDING 1 sm (10.7 sf).

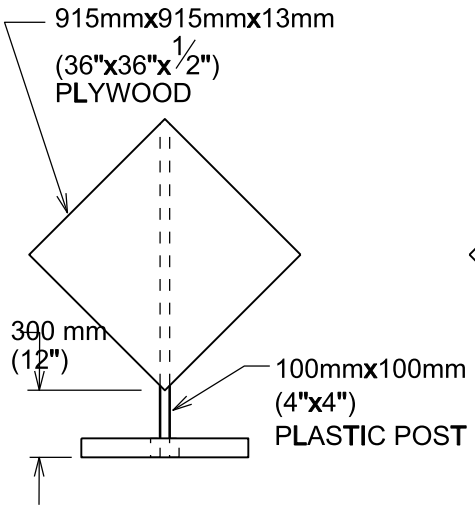


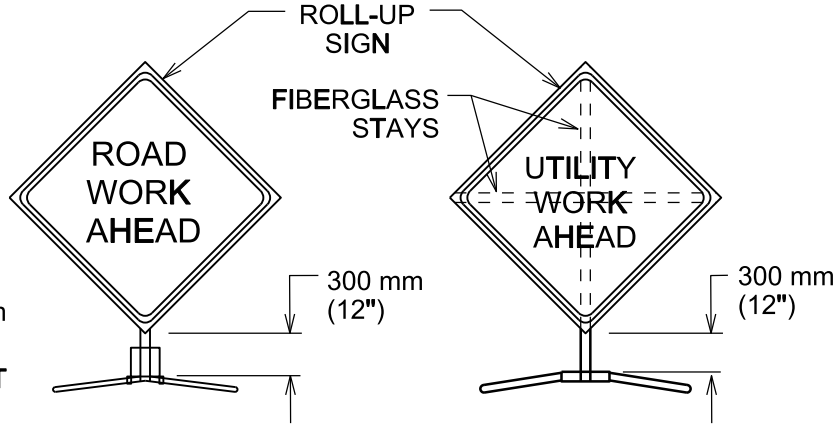
FOR 1220 mm x 1220 mm (48"x48") WARNING SIGNS.

Ⓐ 610 mm (2') MINIMUM (REFER TO TMUTCD)



WOOD POST SIGN SUPPORT USED AS FIXED SIGN SUPPORTS





300 mm (1') MOUNTING HEIGHT (SHORT TERM AND SHORT DURATION WORK)

SEE STANDARD 804S-5 SHEET 12 OF 13 AND SHEET 13 OF 13 FOR GENERAL NOTES AND DEVICE SPACING.

PORTABLE SIGN SUPPORT

CITY OF AUSTIN DEPARTMENT OF PUBLIC WORKS	TRAFFIC CONTROL SIGNS	
RECORD COPY SIGNED BY SAM ANGOORI — *01/04/10* — ADOPTED	THE ARCHITECT/ENGINEER ASSUMES RESPONSIBILITY FOR APPROPRIATE USE OF THIS STANDARD.	STANDARD NO. 804S-5

1. WARNING SIGNS SHALL BE ORANGE, FLUORESCENT RED-ORANGE OR FLUORESCENT YELLOW-ORANGE IN COLOR. THE FLUORESCENT VERSIONS OF ORANGE PROVIDE HIGHER CONSPICUITY THAN STANDARD ORANGE, ESPECIALLY DURING TWILGHT. ALL SIGNS USED AT NIGHT SHALL BE EITHER RETRORE-FLECTIVE, WITH A MATERIAL THAT HAS A SMOOTH, SEALED OUTER SURFACE, OR ILLUMINATED TO SHOW SIMILAR SHAPE AND COLOR BOTH DAY AND NIGHT. SIGN ILLUMINATION MAY BE EITHER IN-TERNAL OR EXTERNAL. ROADWAY LIGHTING DOES NOT MEET THE REQUIREMENTS FOR SIGN ILLUMINATION.
2. TYPE A FLASHING WARNING LIGHTS MAY BE USED IN CONJUNCTION WITH SIGNS AT NIGHT. STANDARD ORANGE FLAGS MAY BE USED FOR DAY TIME OPERATIONS. HOWEVER, NEITHER LIGHTS NOR FLAGS MAY BLOCK THE SIGN LEGEND.
3. SIGNS SHOULD BE LOCATED ON THE RIGHT-HAND SIDE OF THE ROADWAY. WHEN SPECIAL EMPHASIS IS NEEDED, SIGNS MAY BE PLACE ON BOTH THE LEFT AND RIGHT SIDES OF ROADWAY. SIGNS SHALL BE PLACED ON BOTH THE LEFT AND RIGHT SIDES OF ONE-WAY OR DIVIDED ROADWAYS. SIGNS USED FOR LONG-TERM STATIONARY AND INTERMEDIATE-TERM STATIONARY WORK SHALL BE MOUNTED AT A HEIGHT OF AT LEAST 2.1 m (7'), MEASURED FROM THE BOTTOM OF THE SIGN. THE HEIGHT TO THE BOTTOM OF A SECONDARY SIGN MOUNTED BELOW ANOTHER SIGN MAY BE O.3 m (1') LESS THAN THE APPROPRIATE HEIGHT ABOVE.
4. SIGNS MAY BE MOUNTED ON PORTABLE SUPPORTS FOR SHORT-TERM, SHORT DURATION, MOBILE CON-DITIONS AND EMERGENCIES. SIGNS MOUNTED ON PORTABLE SUPPORTS SHALL BE AT A HEIGHT OF AT LEAST 0.3 m (1'), MEASURED FROM THE BOTTOM OF THE SIGN.
5. ALL SIGN SYSTEMS SHOULD BE CRASHWORTHY. NO SIGN MOUNTS SHALL BLOCK OR IMPEDE SIDEALKS UNLESS NO OTHER OPTION IS AVAILABLE. ONLY SANDBAGS SHOULD BE USED FOR BALLASTING SIGN MOUNTS.

TABLE VI-3 TYPICAL CONSTRUCTION WARNING SIGN SIZE AND SPACING

Roadway Classification	Posted Speed	Sign Spacing ☆	Long-term Stationary Or Intermediate-term Stationary Approaching Warning Signs CW20 Series And CW22-1 Sign		Short-term Stationary Or Short Duration Approach Warning Signs CW22 Series		Other Warning Signs
			Standard	Minimum[4]	Standard	Minimum[4]	Standard
Conven.	KPH (MPH)	meter (feet)	mm (inches)	mm (inches)	mm (inches)	mm (inches)	mm (inches)
	50 (30)	40 (120)	1220x1220 (48x48)	915x915 (36x36)			
	55 (35)	50 (160)	↓	↓	915x915 (36x36)		915x915 (36x36)
	65 (40)	75 (240)	↓	↓	↓		↓
	70 (45)	100 (320)	↓	Use Standard Size	↓	Use Standard Size	↓
	80 (50)	120 (400)	↓	↓	↓	↓	↓
	90 (55)	150 (500) [2]	↓	↓	↓	↓	↓
	100 (60)	180 (600) [2]	↓	↓	1220x1220 (48x48)	↓	1220x1220 (48x48)
	105 (65)	210 (700) [2]	↓	↓	↓	↓	↓
	115 (70)	240 (800) [2]	↓	↓	↓	↓	↓
Exp. or Fwy	☆☆	☆☆ [3]	↓	↓	☆☆☆	☆☆☆	☆☆☆

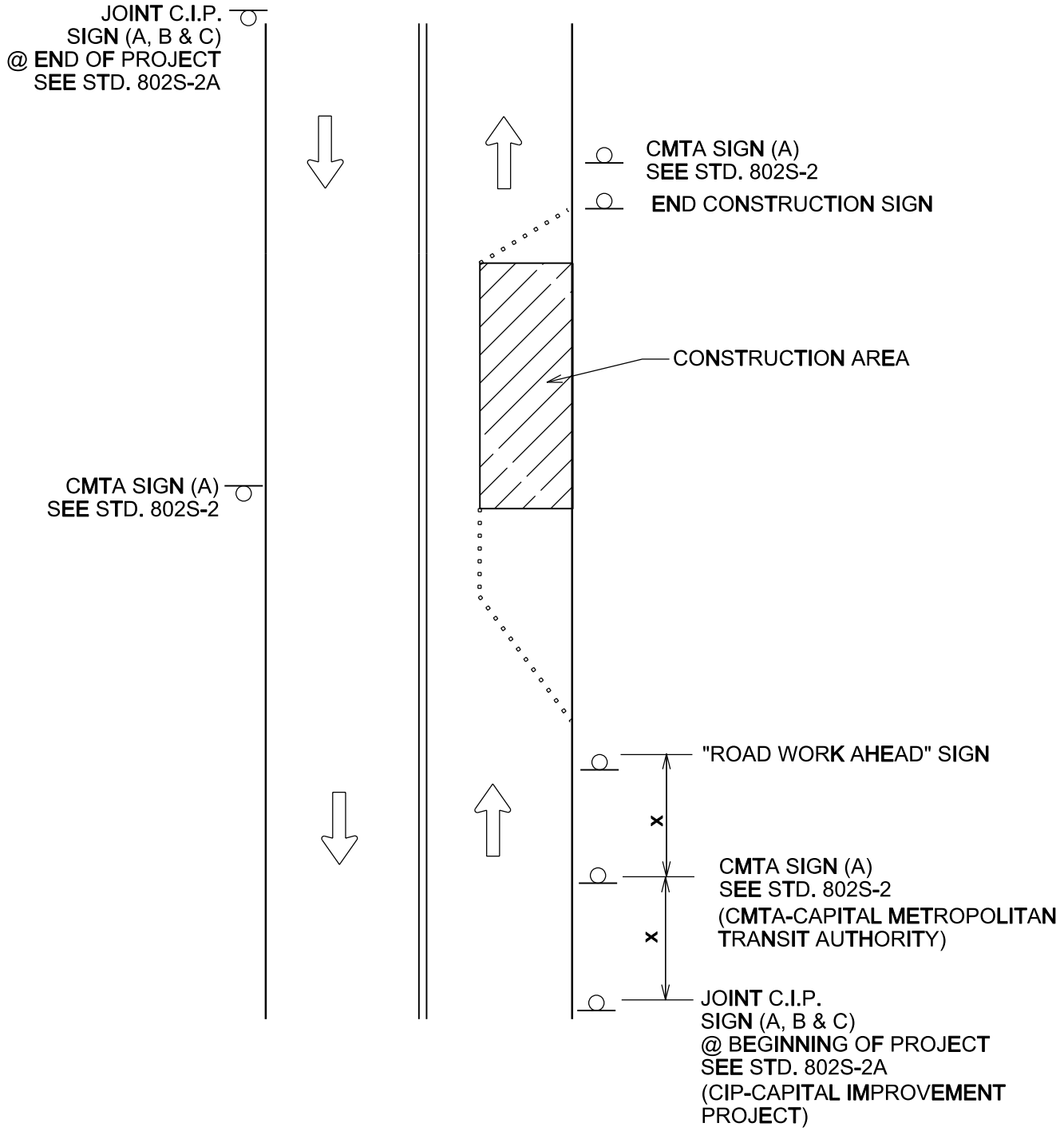
☆ MINIMUM DISTANCE FROM WORK TO 1st ADVANCE WARNING SIGN AND/OR DISTANCE BETWEEN EACH ADDITIONAL SIGN.

☆☆ FOR TYPICAL SIGN SPACINGS ON EXPRESSWAYS AND FREEWAYS, REFER TO THE CURRENT ADDITION OF TMUTCD.

☆☆☆ SMALLER SIGN SIZES MAY BE USED WHERE SIGN DESIGNS HAVE NOT BEEN INCLUDED IN THE "STANDARD HIGHWAY SIGNS DESIGN MANUAL".

1. SPECIAL OR LARGER SIZE SIGNS MAY BE USED AS NECESSARY.
2. DISTANCE BETWEEN SIGNS SHOULD BE INCREASED AS REQUIRED TO HAVE 450 m (1500') OR MORE ADVANCE WARNING.
3. DISTANCE BETWEEN SIGNS SHOULD BE INCREASED AS REQUIRED TO HAVE A 0.8 km ($\frac{1}{2}$ MILE) OR MORE ADVANCE WARNING.
4. FOR USE ONLY ON SECONDARY ROADS OR CITY STREETS WHERE SPEEDS ARE LOW.

CITY OF AUSTIN DEPARTMENT OF PUBLIC WORKS	TRAFFIC CONTROL SIGNS	
RECORD COPY SIGNED BY SAM ANGOORI — *01/04/10* ADOPTED	THE ARCHITECT/ENGINEER ASSUMES RESPONSIBILITY FOR APPROPRIATE USE OF THIS STANDARD.	STANDARD NO. 804S-5



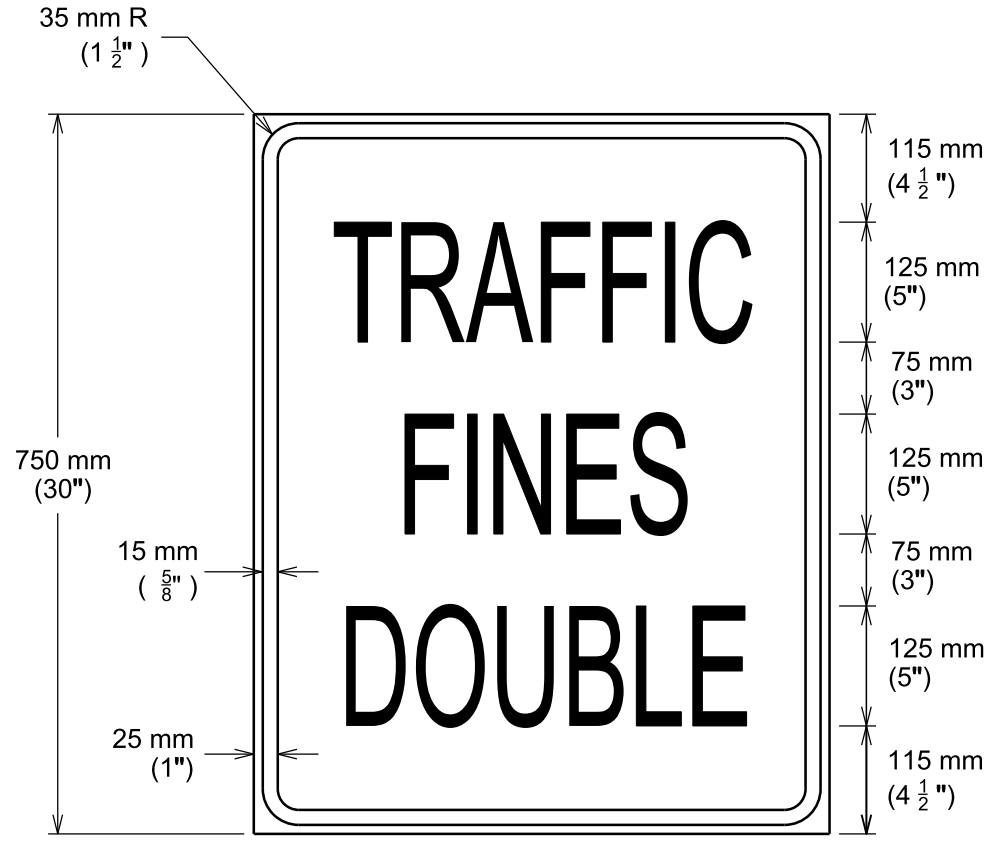
NOTES:

1. OTHER REQUIRED SIGNS NOT SHOWN FOR CLARITY.
2. "X" DISTANCES SAME AS STANDARD TABLE SHOWN ON SHEET 13 OF 13.

SEE STANDARD 804S-5
SHEET 12 OF 13 AND SHEET 13 OF 13
FOR GENERAL NOTES AND DEVICE SPACING.

CITY OF AUSTIN DEPARTMENT OF PUBLIC WORKS	TYPICAL CMTA/C.I.P. SIGN LOCATIONS	
RECORD COPY SIGNED BY SAM ANGOORI *01/04/10* ADOPTED	THE ARCHITECT/ENGINEER ASSUMES RESPONSIBILITY FOR APPROPRIATE USE OF THIS STANDARD.	STANDARD NO. 804S-5

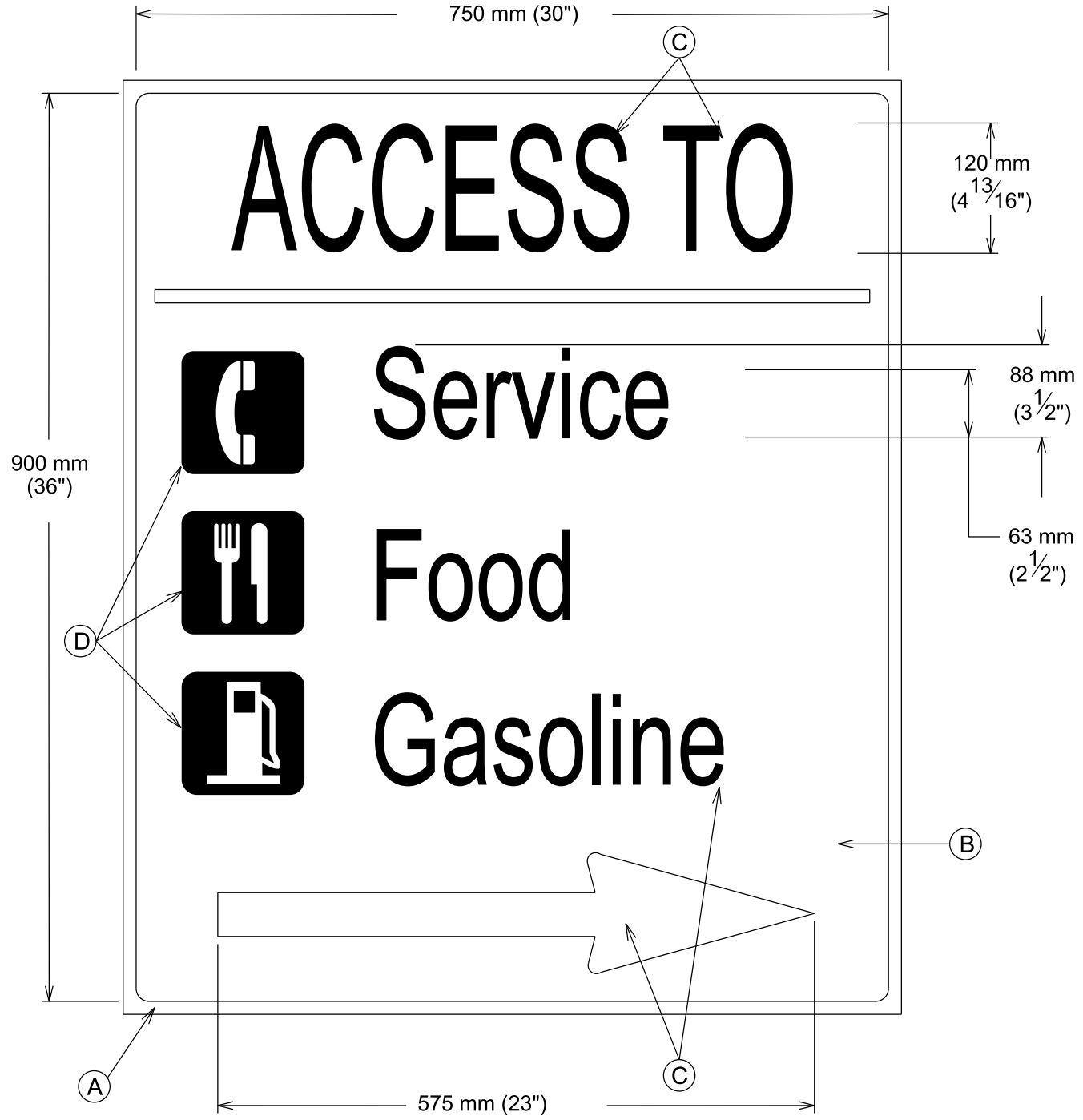
LETTERS - BLACK
BORDER - BLACK
BACKGROUND - ORANGE
REFL.



LETTERS - BLACK
BORDER - BLACK
BACKGROUND - WHITE
REFL.

SEE STANDARD DETAIL 804S-5
SHEET 5 OF 13 FOR SKID-
MOUNTED SIGN SUPPORT.

CITY OF AUSTIN DEPARTMENT OF PUBLIC WORKS	SPECIAL WORK ZONE SIGNS	
RECORD COPY SIGNED BY SAM ANGOORI — *01/04/10* — ADOPTED	THE ARCHITECT/ENGINEER ASSUMES RESPONSIBILITY FOR APPROPRIATE USE OF THIS STANDARD.	STANDARD NO. 804S-5

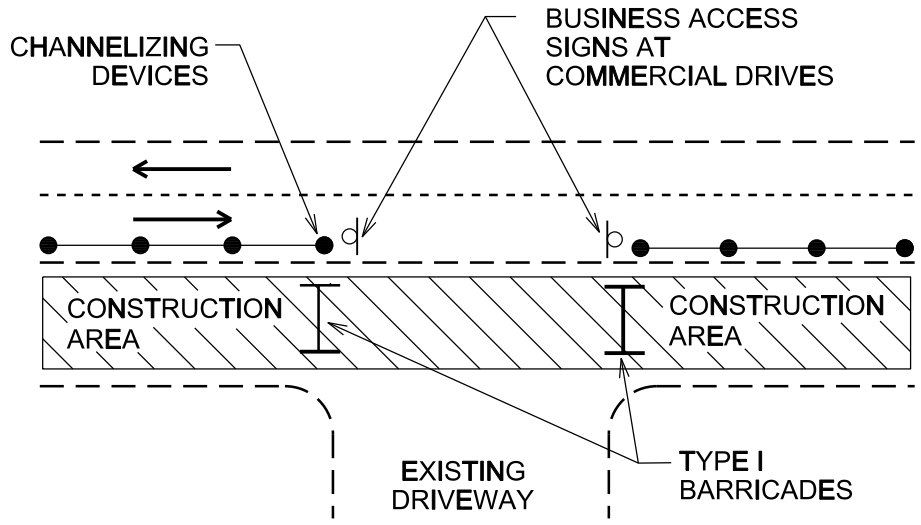


(A) 50 mm (1/2") WHITE RETRORFLECTIVE BORDER
(B) BLUE RETROFEFLECTIVE BACKGROUND
(C) WHITE RETRORFLECTIVE ARROW AND LETTERS
(D) WHITE RETRORFELCTIVE BUSINESS LOGO

NOTES:

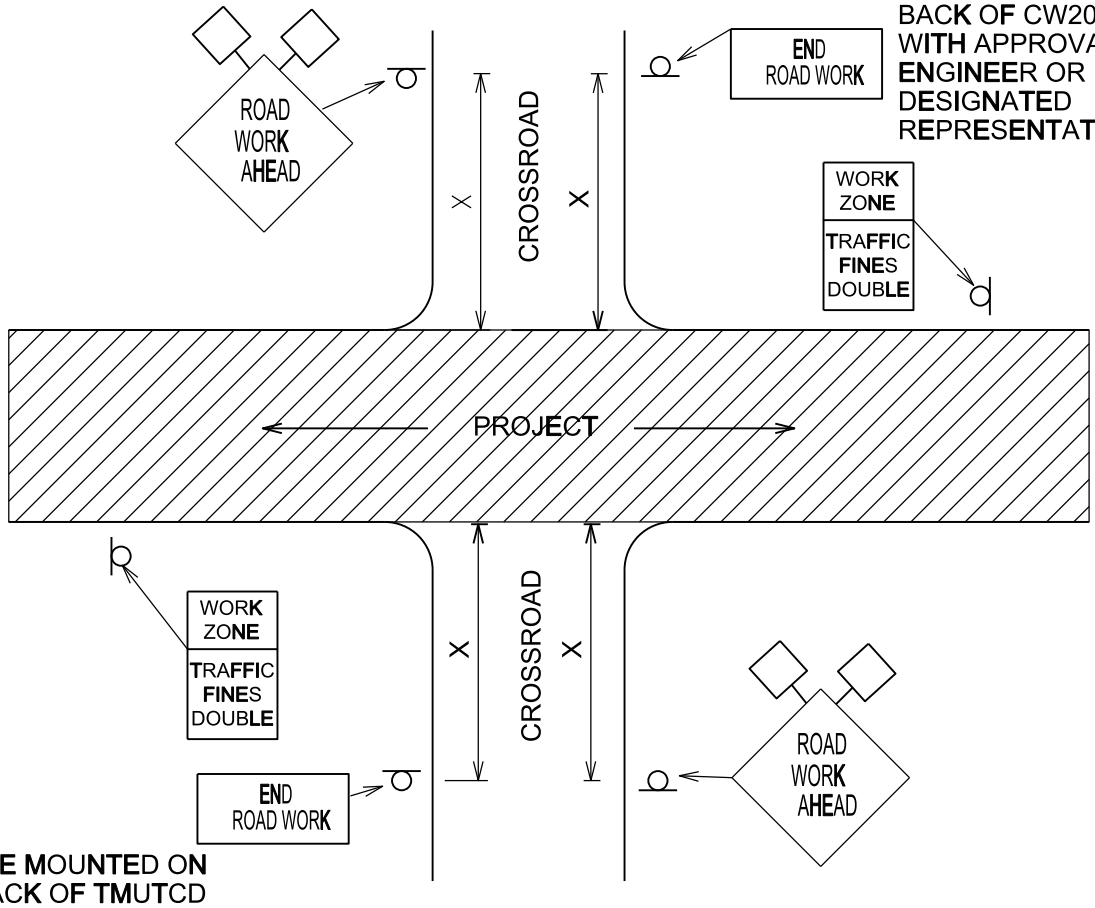
1. CONTRACTORS CAN MAKE BUSINESS NAMES REMOVABLE/CHANGEABLE AS AN OPTION.
2. BUSINESS LOGO ARE OPTIONAL. IF USED LETTERING MUST BE MINIMIZED.

CITY OF AUSTIN DEPARTMENT OF PUBLIC WORKS		SPECIAL WORK ZONE SIGNS	
RECORD COPY SIGNED BY SAM ANGOORI	*01/04/10* ADOPTED	THE ARCHITECT/ENGINEER ASSUMES RESPONSIBILITY FOR APPROPRIATE USE OF THIS STANDARD.	STANDARD NO. 804S-5



DRIVEWAY ACCESS BARRICADE DETAIL

MAY BE MOUNTED ON BACK OF CW20-1 SIGN WITH APPROVAL OF ENGINEER OR DESIGNATED REPRESENTATIVE



MAY BE MOUNTED ON BACK OF TMUTCD CW20-1 SIGN WITH APPROVAL OF ENGINEER OR DESIGNATED REPRESENTATIVE (TMUTCD-TEXAS MANUAL FOR UNIFORM TRAFFIC CONTROL DEVICES)

CROSSROAD SIGNING AND BARRICADING

SEE STANDARD 804S-5
SHEET 12 OF 13 AND SHEET 13 OF 13
FOR GENERAL NOTES AND DEVICE SPACING.

CITY OF AUSTIN DEPARTMENT OF PUBLIC WORKS	SIGNING AND BARRICADING CROSSROAD & DRIVEWAY	
RECORD COPY SIGNED BY SAM ANGOORI — *01/04/10* — ADOPTED	THE ARCHITECT/ENGINEER ASSUMES RESPONSIBILITY FOR APPROPRIATE USE OF THIS STANDARD.	STANDARD NO. 804S-5

1. ALL TRAFFIC CONTROL DEVICES, SIGNS, BARRICADES AND WARNING SIGNS SHALL BE FURNISHED, PLACED, CONSTRUCTED AND MAINTAINED IN THE APPROPRIATE TYPES AND SIZES AND FLAGGER OPERATIONS EXECUTED IN ACCORDANCE WITH THE CURRENT EDITION OF THE TEXAS MANUAL ON UNIFORM CONTROL DEVICES (TMUTCD), THE CITY OF AUSTIN STANDARD SPECIFICATIONS SERIES 800 AND THE CITY OF AUSTIN TRANSPORTATION CRITERIA MANUAL, OR AS DIRECTED BY THE ENGINEER OR DESIGNATED REPRESENTATIVE. IF A CONFLICT ARISES THEN THE CITY OF AUSTIN TRANSPORTATION CRITERIA MANUAL SHALL CONTROL UNLESS OTHERWISE INSTRUCTED BY THE ENGINEER OR DESIGNATED REPRESENTATIVE.

2. THE CONTRACTOR SHALL NOTIFY THE TRANSPORTATION DIVISION OF THE DEPARTMENT OF PUBLIC WORKS AT 974-7024 NO LATER THAN THE MONDAY OF THE WEEK DURING WHICH THE CONTRACTOR INTENDS TO SET UP BARRICADES TO START CONSTRUCTION.

3. PROPOSED CONSTRUCTION TRAFFIC MOVEMENTS MAY REQUIRE EXISTING SIGNAL HEADS TO BE RELOCATED. THE CITY OF AUSTIN WILL REVIEW SIGNAL HEAD LOCATIONS DURING CONSTRUCTION AND PERFORM THE REQUIRED ADJUSTMENTS. THE CONTRACTOR SHALL CONTACT THE TRANSPORTATION DIVISION OF THE DEPARTMENT OF PUBLIC WORKS AT 974-7024, THREE (3) DAYS PRIOR TO PLACMENT ANY TRAFFIC CONTROLS WHICH MAY REQUIRE SIGNAL HEAD ADJUSTMENTS/RELOCATION.

4. THE CONTRACTOR SHALL PROVIDE ONE (1) FULL-TIME OFF-DUTY, UNIFORMED AUSTIN POLICE DEPARTMENT CERTIFIED PEACE OFFICER AND ONE (1) VEHICLE OF THE TYPE APPROVED BY THE ENGINEER OR DESIGNATED REPRESENTATIVE FOR TEMPORARY LANE CLOSURES WHEN UNDERSEALING, MILLING, PAVING AND WHEN WORKING IN INTERSECTIONS AS PART OF THE TRAFFIC CONTROL OPERATIONS. THE PEACE OFFICER SHALL BE ABLE TO SHOW PROOF OF CERTIFICATION BY THE TEXAS COMMISSION ON LAW ENFORCEMENT OFFICER STANDARDS.

5. THE CONTRACTOR SHALL NOTIFY ALL OTHER GOVERNMENTAL AGENCIES WHOSE RIGHTS-OF-WAY ARE AFFECTED BY HIS WORK ACTIVITIES. THE CONTRACTOR SHALL PROVIDE ANY ADDITIONAL TRAFFIC CONTROL DEVICES THAT THEY MAY NEED.

6. THE CONTRACTOR SHALL MAINTAIN ONE (1) DUST-FREE LANE OF TRAFFIC IN EACH DIRECTION AT ALL TIMES, UNLESS OTHERWISE NOTED IN THE DRAWINGS OR APPROVED THE ENGINEER OR DESIGNATED REPRESENTATIVE.

7. THERE SHALL BE A MINIMUM OF THREE (3) METERS (10 FEET) CLEAR WIDTH FOR EACH LANE OF TRAFFIC IN CHANNELIZED AREAS, UNLESS OTHERWISE NOTED ON THE DRAWINGS OR APPROVED BY THE ENGINEER OR DESIGNATED REPRESENTATIVE.

8. THE CONTRACTOR SHALL MAINTAIN DRIVEWAY ACCESS AT ALL TIMES. IF ACCESS CANNOT BE MAINTAINED, THE CONTRACTOR WITH THE APPROVAL OF THE ENGINEER OR DESIGNATED REPRESENTATIVE SHALL PROVIDE AT LEAST 24 HOUR WRITTEN NOTICE OF LIMITED ACCESS TO AFFECTED PROPERTY OWNERS. THE CONTRACTOR SHALL PROVIDE BUSINESS ACCESS SIGNS AS NEEDED TO NFORM DRIVERS OF THE LOCATIONS OF ALL DRIVEWAYS.

9. TEMPORARY LANE CLOSURES IN THE CENTRAL BUSINESS DISTRICT (CBD) OR ON ARTERIAL STREETS SHALL NOT BE PERMITTED DURING THE HOURS OF 7 AM TO 9 AM AND 4 PM TO 6PM MONDAY THROUGH FRIDAY UNLESS PRIOR APPROVAL HAS BEEN OBTAINED FROM THE TRANSPORTATION DIVISION.

10. TRAFFIC CONTROL SHOWN ON STANDARD DETAILS IS TYPICAL. ADDITIONAL SIGNING AND/OR BARRICADING, AS WELL AS TEMPORARY PAVEMENT MARKINGS AND OBLITERATION/RESTORATION OF EXISTING PAVEMENT MARKINGS, MAY BE REQUIRED DEPENDING ON FIELD CONDITIONS. FIELD ADJUSTMENTS TO TRAFFIC CONTROLS WILL NOT BE PAID FOR DIRECTLY, BUT WILL BE CONSIDERED SUBSIDIARY TO ITEM NO. 803S "BARRICADES, SIGNS AND TRAFFIC HANDLING".

11. THE CONTRACTOR SHALL DESIGNATE A COMPETENT PERSON FOR TRAFFIC CONTROL. THE COMPETENT PERSON SHALL MAKE INSPECTIONS OF THE TRAFFIC CONTROL DEVICES AT LEAST TWO (2) TIMES A DAY (ONCE AT THE BEGINNING OF THE DAY AND ONCE AT THE END OF THE DAY), INCLUDING NON-WORKING DAYS, ENSURING THAT ALL DEVICES ARE IN THEIR PROPER PLACE AND ARE IN WORKING ORDER.

12. ALL DEVICES SHALL BE MADE USING MATERIALS LISTED ON THE TxDOT APPROVED PRODUCTS LIST.

CITY OF AUSTIN DEPARTMENT OF PUBLIC WORKS	GENERAL TRAFFIC CONTROL NOTES	
RECORD COPY SIGNED BY SAM ANGOORI — *01/04/10* ADOPTED	THE ARCHITECT/ENGINEER ASSUMES RESPONSIBILITY FOR APPROPRIATE USE OF THIS STANDARD.	STANDARD NO. 804S-5

13. ALL PERSONS WORKING WITHIN THE RIGHT-OF-WAY SHALL WEAR A BRIGHTLY COLORED SAFETY VEST. FOR NIGHTTIME WORK THE VEST SHALL BE RETRORFLECTIVE,

14. WHEN AN INTERSECTION IS CLOSED FOR CONSTRUCTION, THE CONTRACTOR SHALL PROCEED WITH CONSTRUCTION IN SUCH A MANNER THAT THE CLOSURE TIME IS MINIMIZED.

15. THE CONTRACTOR SHALL NOTIFY THE CAPITAL METRO DISPATCHER AT 385-4295 ONE (1) WEEK PRIOR TO LANE CLOSURES ADJACENT TO BUS STOPS.

DURATION OF WORK

WORK DURATION IS A MAJOR FACTOR IN DETERMINING THE NUMBER AND TYPES OF DEVICES USED IN TEMPORARY TRAFFIC ZONES. THE FIVE (5) CATEGORIES OF WORK DURATION AND THEIR TIME AT A LOCATION ARE AS FOLLOWS:

- LONG-TERM STATIONARY-WORK THAT OCCUPIES A LOCATION FOR MORE THAN 3 DAYS.
- INTERMEDIATE-TERM STATIONARY-WORK THAT OCCUPIES A LOCATION FROM OVERNIGHT TO 3 DAYS.
- SHORT-TERM STATIONARY-DAYTIME WORK THAT OCCUPIES A LOCATION FROM 1 TO 12 HOURS.
- SHORT-DURATION WORK THAT OCCUPIES A LOCATION UP TO 1 HOUR.
- MOBILE-WORK THAT MOVES INTERMITTENTLY OR CONTINUOUSLY.

Typical Transition Lengths and Suggested Maximum Spacing of Devices

		Minimum Desirable Taper Lengths (L) Meters (Feet)			Suggested Max. Device Spacing		Suggested Sign Spacing Meters (Feet)
Posted Speed KPH (MPH)	Formula	3.0(10) Offset Meters (feet)	3.3(11) Offset Meters (feet)	3.6(12) Offset Meters (feet)	On a taper Meters (feet)	On a tangent Meters (feet)	"X" Dimension
50 (30)	$L=\frac{WS^2}{60}$	45 (150)	50 (165)	55 (180)	9 (30)	15-20 (60-75)	40 (120)
55 (35)		65 (205)	70 (225)	75 (245)	10 (35)	25-25 (70-90)	50 (160)
65 (40)		80 (265)	90 (295)	100 (320)	12 (40)	25-30 (80-100)	75 (240)
70 (45)	L=WS	135 (450)	(495)	165 (540)	13 (45)	25-30 (90-110)	100 (320)
80 (50)		150 (500)	165 (550)	180 (600)	15 (50)	30-35 (100-125)	120 (400)
90 (55)		165 (550)	185 (605)	200 (660)	16 (55)	35-40 (110-140)	150 (500)
100 (60)		180 (600)	200 (660)	220 (720)	18 (60)	40-45 (120-150)	180 (600)
105 (65)		195 (650)	215 (715)	235 (780)	19 (65)	40-50 (130-165)	210 (700)
115 (70)		215 (700)	235 (770)	255 (840)	21 (70)	45-55 (140-175)	240 (800)

CITY OF AUSTIN DEPARTMENT OF PUBLIC WORKS	GENERAL TRAFFIC CONTROL NOTES	
RECORD COPY SIGNED BY SAM ANGOORI — *01/04/10* — ADOPTED	THE ARCHITECT/ENGINEER ASSUMES RESPONSIBILITY FOR APPROPRIATE USE OF THIS STANDARD.	STANDARD NO. 804S-5

Special Specification 6001
Portable Changeable Message Sign

1. DESCRIPTION

Furnish, operate, and maintain portable trailer mounted changeable message sign (PCMS) units.

2. MATERIALS

Furnish new or used material in accordance with the requirements of this Item and the details shown on the plans. Provide a self-contained PCMS unit with the following:

- Sign controller
- Changeable Message Sign
- Trailer
- Power source

Paint the exterior surfaces of the power supply housing, supports, trailer, and sign with Federal Orange No. 22246 or Federal Yellow No. 13538 of Federal Standard 595C, except paint the sign face assembly flat black.

2.1. **Sign Controller**. Provide a controller with permanent storage of a minimum of 75 pre-programmed messages. Provide an external input device for random programming and storage of a minimum of 75 additional messages. Provide a controller capable of displaying up to 3 messages sequentially. Provide a controller with adjustable display rates. Enclose sign controller equipment in a lockable enclosure.

2.2. **Changeable Message Sign**. Provide a sign capable of being elevated to at least 7 ft. above the roadway surface from the bottom of the sign. Provide a sign capable of being rotated 360° and secured against movement in any position.

Provide a sign with 3 separate lines of text and 8 characters per line minimum. Provide a minimum 18 in. character height. Provide a 5 × 7 character pixel matrix. Provide a message legibility distance of 600 ft. for nighttime conditions and 800 ft. for normal daylight conditions. Provide for manual and automatic dimming light sources.

The following are descriptions for 3 screen types of PCMS:

- **Character Modular Matrix**. This screen type comprises of character blocks.
- **Continuous Line Matrix**. This screen type uses proportionally spaced fonts for each line of text.
- **Full Matrix**. This screen type uses proportionally spaced fonts, varies the height of characters, and displays simple graphics on the entire sign.

2.3. **Trailer**. Provide a 2 wheel trailer with square top fenders, 4 leveling jacks, and trailer lights. Do not exceed an overall trailer width of 96 in. Shock mount the electronics and sign assembly.

2.4. **Power Source**. Provide a diesel generator, solar powered power source, or both. Provide a backup power source as necessary.

2.5. **Cellular Telephone**. When shown on the plans, provide a cellular telephone connection to communicate with the PCMS unit remotely.

3. CONSTRUCTION

Place or relocate PCMS units as shown on the plans or as directed. The plans will show the number of PCMS units needed, for how many days, and for which construction phases.

Maintain the PCMS units in good working condition. Repair damaged or malfunctioning PCMS units as soon as possible. PCMS units will remain the property of the Contractor.

4. MEASUREMENT

This Item will be measured by each PCMS or by the day used. All PCMS units must be set up on a work area and operational before a calendar day can be considered measurable. When measurement by the day is specified, a day will be measured for each PCMS set up and operational on the worksite.

5. PAYMENT

The work performed and materials furnished in accordance with this Item and measured as provided under "Measurement" will be paid for at the unit price bid for "Portable Changeable Message Sign." This price is full compensation for PCMS units; set up; relocating; removing; replacement parts; batteries (when required); fuel, oil, and oil filters (when required); cellular telephone charges (when required); software; and equipment, materials, tools, labor, and incidentals.

ITEM NO. 863S - REFLECTORIZED PAVEMENT MARKERS 9-26-12

863S.1 - Description

This item governs reflectorized pavement markers to be used to delineate traffic lanes or fire hydrants.

This specification is applicable for projects or work involving either inch-pound or SI units. Within the text, the inch-pound units are given preference followed by SI units shown within parentheses.

863S.2 - Submittals

The submittal requirements of this specification item include:

A. List of specific application(s) [i.e. type: (reflectorized Type I-A, I-C or II-A-A, II-B-B or II-C-R)] and applicable epoxy system and adhesive types [867S.5].

B. Specific manufacturer with test results and technical specifications for proposed pavement markers.

C. Manufacturer's recommendations for surface preparation, cleaning, placement temperatures and installation instructions.

D. Adhesive components and mixing recommendations.

863S.3 - Materials

All materials shall meet the requirements as specified below and indicated on City of Austin Standard Detail 863S-1, "Pavement Markers (Reflectorized - Type I & II)". The pavement markers shall comply with TxDoT Departmental Materials Specifications DMS-4210.

A. Design and Shape

The outer surface of the marker shall be smooth and all corners and edges exposed to traffic must be rounded. The base of the marker shall have a width of 4.0 inches + ½ inch (100 mm + 13 mm) and shall have a minimum area exposed to traffic of 12.5 square inches (8000 square mm). The maximum height shall be ¾ inch (19 mm). The maximum slope of the reflector face or faces shall be not more than 30 degrees from the horizontal.

The bottom surface of the markers shall be of a design for adhesion with epoxy adhesives to comply with TxDoT Test Method Tex-611-J.

The marker shall be designed to show no change in shape or color when subjected to the requirements of TxDoT Test Method Tex-846-B, at a temperature of 140°F (60°C) with the marker in a vertical position.

B. Optical

1. Definitions

(a) Horizontal entrance angle is defined as being in a plane parallel to the base of the road marker, between a line in the direction of the incident light and a line that is perpendicular to the leading edge of the reflective surface.

(b) Divergence angle shall mean the angle at the reflector between observer's line of sight and the direction of the light incident on the marker.

(c) Specific intensity shall mean candle power of the returned light at the chosen divergence and entrance angles for each footcandle of incident light per reflective face. TxDoT Test Method Tex-842-B will be used to determine specific intensity.

2. Performance

For the pavement markers the specific intensity of the reflecting surface at a 15-degree divergence angle shall be not less than the following when the incident light is parallel to the base of the marker.

Horizontal Entrance Angle, Degrees	Specific Intensity	
	Crystal	Amber
0	3.0	2.0
20	1.5	1.0

The specific intensity of the marker shall not be less than 80 percent of the above minimum values after being subjected to heat test of TxDoT Test Method Tex-846-B.

C. Pavement Marker Types

Pavement markers shall be of the following types:

1. Type I-A shall contain an approach face that reflects amber light. The body, other than the reflective face, shall be yellow.
2. Type I-C shall contain an approach face that reflects white light. The body, other than the reflective face, shall be white, silver white or light gray.
3. Type II-A-A, shall contain two reflective faces (approach and trailing), each of which shall reflect amber light. The body, other than the reflective faces, shall be yellow.
4. Type II-B-B shall contain two reflective faces (approach and trailing) with glass covered pneumatic reflective faces, each of which shall reflect blue light. The body, other than the reflective faces, shall be blue.
5. Type II-C-R shall contain two reflective faces (approach and trailing), one of which reflects white light and one of which reflects red light. The body, other than the reflective faces, shall be either white, silver white or light gray or one-half white, silver white or light gray on the side that reflects white light and one-half red on the side that reflects red light.

   The reflective faces of the Type II markers shall be located so that the direction from one face shall be directly opposite the direction of reflections of the other face.

863S.4 - Sampling

Sampling will be conducted in accordance with TxDoT Test Method Tex-729-I.

863S.5 - Testing

The Contractor shall certify that the markers meet the requirements defined in the specification and meet or exceed the applicable tests required. All testing will be in accordance with the TxDoT manual of Testing Procedures. Applicable tests shall include the following:

Tex-611-J: Adhesion Requirements

Tex-842-B: Light Retroreflectivity

Tex-846-B: Heat Resistance

Blue markers' color will conform to Fire Department requirements.

863S.6 - Construction Methods

The Contractor shall use a crew experienced in the work of installing reflectorized pavement markers and in the necessary traffic control for such operations on the roadway surface and shall supply all the equipment, personnel, traffic control and materials necessary for the placement of the pavement markings as indicated on the Drawings or as directed by the Engineer or designated representative. All work shall conform to the current edition of the Texas Manual of Uniform Traffic Control Devices (TMUTCD), The City of Austin Transportation Criteria Manual and Standard Detail 863S-1.

All reflectorized pavement markers shall be from the same manufacturer. Surfaces to which markers are to be attached by an adhesive shall be prepared by any method approved by the Engineer or designated representative to ensure that the surface is free of dirt, curing compound, grease, oil, moisture, loose or unsound pavement markings and any other material which would adversely affect the adhesive bond. Unless indicated otherwise on the Drawings, surface preparation for installation of raised reflectorized pavement markers will not be paid for directly, but shall be included in the unit price bid for this specification item.

Guides to mark the lateral location of pavement markings shall be established as indicated on the Drawings or as directed by the Engineer or designated representative. The Contractor will establish the pavement marking guides and the Engineer or designated representative will verify the location of the guides prior to final installation.

The pavement markers shall be placed in proper alignment with the Guides. The deviation rate in alignment shall not exceed 1 inch per 200 feet (25 millimeters per 60 meters) of roadway. The maximum deviation shall not exceed 2 inches (50 millimeters) nor shall any deviation be abrupt.

Markers placed which are not in alignment indicated on the Drawings shall be removed by the Contractor at the Contractor's expense. Removal shall be in accordance with Specification Item 874S except for measurement and payment. Guides placed on the roadway for alignment purposes shall not establish a permanent marking on the roadway.

The Reflectorized Pavement Markers shall be applied using an approved epoxy adhesive (City of Austin Standard Specification Item 867S) to the lines and spacings as indicated on the Drawings or as directed by the Engineer or designated representative. The adhesive shall be applied in sufficient quantity to ensure that 100 percent of the bonding area of the pavement markers shall be in contact with the adhesive. The adhesive shall be applied in accordance with the manufacturer's recommendations.

Pavement markers shall be placed immediately after the adhesive is applied and shall be firmly bonded to the pavement. Adhesive or any other material that impairs functional reflectivity will not be acceptable.

When deemed necessary by the Engineer or designated representative, the Contractor, at the Contractor's expense, shall place any additional pilot markings required to facilitate the placement of the permanent markings in the alignment specified. Any and all additional markings placed on the roadway for alignment purposes shall be temporary in nature and shall not establish a permanent marking on the roadway. Materials used for pilot markings and equipment used to place such markings shall be approved by the Engineer or designated representative.

863S.7 - Measurement

Reflectorized Pavement Marker will be measured as per each, complete in place.

863S.8 - Payment

Payment will be made at the unit bid price per each. The price shall include full compensation for all work performed and all materials furnished in constructing, transporting and placing the markers.

Payment will be made under:

Pay Item No. 863S-1:	Reflectorized Pavement Markers (Type I-A)	Per Each.
Pay Item No. 863S-2:	Reflectorized Pavement Markers (Type I-C)	Per Each.
Pay Item No. 863S-3:	Reflectorized Pavement Markers (Type II-A-A)	Per Each.
Pay Item No. 863S-4:	Reflectorized Pavement Markers (Type II-B-B)	Per Each.
Pay Item No. 863S-5:	Reflectorized Pavement Markers (Type II-C-R)	Per Each.

End

Specification Item 863S " Reflectorized Pavement Markers"	
Texas Department of Transportation: Manual of Testing Procedures	
Designation	Description
Tex 611-J	Adhesion Test For Traffic Buttons, Markers, and Jiggle Bars
Tex-729-I	Sampling of Traffic Markers
Tex-842-B	Method for Measuring Retroreflectivity
Tex-846-B	Method of Testing The Heat Resistance of Reflector Units
Texas Department of Transportation: Departmental Materials Specifications	
Designation	Description

DMS-4210	Pavement Markers (All Weather Reflectorized

City of Austin Standard Details

Designation	Description
863S-1	Pavement Buttons (Reflectorized-Type I & Type II)

City of Austin Standard Specifications

Designation	Description
Item No. 867S	Epoxy Adhesive
Item No. 874S	Eliminating Existing Pavement Markings and Markers
Item No. 875S	Pavement Surface Preparation For Markings

City of Austin Transportation Criteria Manual

Designation	Description
Section 8	Traffic Control

State of Texas Manual on Uniform Traffic Control Devices for Streets and Highways

Designation	Description
Part III	Markings
Part VI	Traffic Controls for Street and Highway Construction, Maintenance, Utility and Incident Management Operations

Part VI, Article D	Markings
Part VI, Article F	Control of Traffic Through Work Areas

RELATED CROSS REFERENCE MATERIALS	
Specification Item 863S " Reflectorized Pavement Markers"	
City of Austin Standard Specifications	
Designation	Description
Item No. 865S	Non-Reflectorized Traffic Buttons
Item No. 870S	Work Zone Pavement Markings
Item No. 871S	Reflectorized Pavement Markings
Item No. 873S	Raised Pavement Markers
Texas Department of Transportation: Standard Specifications for Construction and Maintenance of Highways, Streets, and Bridges	
Designation	Description
Item No. 666	Reflectorized Pavement Markings
Item No. 672	Raised Pavement Markers
Item No. 677	Eliminating Existing Pavement Markings and Markers

Item No. 678	Pavement Surface Preparation For Markings

ITEM NO. 871S - REFLECTORIZED PAVEMENT MARKINGS 6-21-07

871S.1 - Description

This item shall govern furnishing and placement of reflectorized pavement markings of the colors, types, shapes, sizes, widths and thickness indicated on the Drawings.

This specification is applicable for projects or work involving either inch-pound or SI units. Within the text and accompanying tables, the inch-pound units are given preference followed by SI units shown within parentheses.

871S.2 - Materials

A. Type I Marking Material.

Type I markings are thermoplastic type materials that require heating to elevated temperatures for application. Type I marking materials shall conform to TxDOT Departmental Materials Specification Item DMS-8220, "Thermoplastic Pavement Markings". Each container of Type I Marking Material shall be clearly marked to indicate the color, weight (mass), type of material, manufacturer's name and lot/batch number.

B. Type II Marking Material.

Type II markings are paint- type materials that are applied at ambient temperature or slightly elevated temperatures. Type II marking materials shall conform to Specification Item No. 860S, "Pavement Marking Paint".

C. Source of Supply.

All Type I marking materials shall be purchased on the open market. All glass traffic beads shall be purchased on the open market.

871S.3 - Equipment Requirements

The equipment used to place pavement markings shall:

A. be maintained in satisfactory operating condition;

B. be considered in satisfactory operating condition if it has an average placement rate of 5,000 lineal feet (1,525 lineal meters) per hour of acceptable four (4) inch (100 millimeters) solid or broken lines over any five (5) consecutive working days;

C. meet or exceed the material handling at elevated temperature requirements of the National Fire Underwriters and the Texas Railroad Commission;

D. be capable of placing a minimum of 40,000 lineal feet (12,190 lineal meters) of 4 inch (100 millimeters) solid or broken markings per day;

E. have production capabilities similar to four-inch (100 millimeters) marking equipment and shall be capable of placing linear markings up to 8 inches (200 millimeters) in width in a single pass when used for placing markings in widths other than 4 inches (100 millimeters);

F. have production capabilities considered satisfactory by the Engineer or designated representative, when used to place markings other than solid or broken lines;

G. be capable of placing a centerline and no-passing barrier-line configuration consisting of one broken line with two solid lines at the same time to the alignment and spacing shown on the Drawings;

H. be capable of placing broken and/or continuous white line from both sides;

I. be capable of placing lines with clean edges and of uniform cross-section. All lines shall have a tolerance of plus or minus 1/8 inch per 4-inch width (3 mm per 100-mm width);

J. have an automatic cut-off device with manual operating capabilities to provide clean, reasonably square marking ends to the satisfaction of the Engineer, and to provide a method of applying broken line in an approximate stripe-to-gap ratio of 10 to 30. The length of the stripe shall not be less than 10 feet (3.05 meters) or more than 10.5 feet (3.2 meters). The total length of any stripe-gap cycle shall not be less than 39.5 feet (12 meters) or more than 40.5 feet (12.3 meters);

K. provide continuous mixing and agitation of the pavement marking material. The use of pans, aprons or similar appliances, which the die overruns, will not be permitted for longitudinal striping applications;

L. apply beads by an automatic bead dispenser attached to the pavement marking equipment in such a manner that the beads re-dispensed uniformly and almost instantly upon the marking as the marking is being applied to the road surface. The bead dispenser shall have an automatic cut-off control, synchronized with the cut-off of the pavement marking equipment.

871S.4 - Construction Methods

A. General.

When required by the Engineer, the Contractor and the Engineer shall review the sequence of Work to be followed and the estimated progress schedule.

Markings may be placed on streets either free of traffic or open to traffic. On streets already open to traffic, the markings shall be placed under traffic conditions that exist with a minimum of interference to the operation of the facility. Traffic control shall be as shown on the Drawings or as approved in writing by the Engineer or designated representative. All markings placed under open-traffic conditions shall be protected from traffic damage and disfigurement. On streets open to traffic with 3 lanes of travel in one direction, all markings shall be placed from the outside lanes only, unless otherwise approved in writing by the Engineer or designated representative.

Guides to mark the lateral location of pavement markings shall be established as shown on the Drawings or as directed by the Engineer or designated representative. The Contractor shall establish the pavement marking guide and the Engineer or designated representative will verify the location of the guides.

Markings shall be placed in proper alignment with the guides. The deviation rate in alignment shall not exceed 1 inch per 200 feet (25 mm per 60 meters) of street. The maximum deviation shall not exceed 2 inches (50 millimeters) nor shall any deviation be abrupt.

Markings shall essentially have a uniform cross-section. The density and quality of markings shall be uniform throughout their thickness. The applied markings shall have no more than five (5) percent, by area, of holes or voids and shall be free of blisters.

Markings, in place on the street, shall be reflectorized both internally and externally. Glass beads shall be applied to the materials at a uniform rate sufficient to achieve uniform and distinctive retroflective characteristics when observed in accordance with TxDOT Test Method Tex-828-B.

Contractor personnel shall be sufficiently skilled in the Work of installing pavement markings.

Markings placed that are not in alignment or sequence, as shown on the drawings or as stated in the Standard Specification Item, shall be removed by the Contractor at its own expense. Removal shall be in accordance with Specification Item 874S, "Eliminating Existing Pavement Markings and Markers", except for measurement and payment. Guides placed on the street for alignment purposes shall not establish a permanent marking on the street.

Unless indicated otherwise on the Drawings, pavement markings shall not be placed sooner than 3 calendar days after the placement of a new hot mix asphaltic concrete surface course or surface treatment.

Unless otherwise shown on the Drawings, pavement markings may be applied by any method that will yield markings meeting the requirements of the Specification Item.

B. Surface Preparation.

New Portland cement concrete surfaces shall be cleaned in accordance with Specification Item 875S, "Pavement Surface Preparation for Markings" to remove curing membrane, dirt, grease, loose and/or flaking existing construction markings and other forms of contamination.

Older Portland cement concrete surfaces and asphaltic surfaces that exhibit loose and/or flaking existing markings shall be cleaned in accordance with Specification Item 875S, "Pavement Surface Preparation for Markings" to remove all loose and flaking markings.

Pavement to which material is to be applied shall be completely dry. Pavements shall be considered dry if, on a sunny day after observation for 15 minutes, no condensation occurs in the underside of a 1 foot (300 mm) square piece of clear plastic that has been placed on the pavement and weighted on the edges.

C. Application of Type I Markings.

New Portland cement concrete surfaces shall be further prepared for Type I markings, after cleaning, by placing a Type II marking as a sealer in accordance with the Specification Item. When placing Type I markings in new locations on asphaltic surfaces 3 years old or older or any Portland cement concrete surfaces, a Type II marking shall be used as a sealer. Unless otherwise shown on the Drawings, existing Portland cement concrete and asphaltic surfaces to be restriped will not require Type II markings as a sealer; existing markings may be used as a sealer in lieu of Type II markings. Type II markings shall be placed a minimum of 2 and a maximum of 30 calendar days in advance of placing Type I markings. Type II markings which become dirty due to inclement weather or street conditions shall be cleaned by washing, brushing, compressed air or other means approved by the Engineer, prior to application of Type I markings. If washing is used, the surface of Type II markings shall become thoroughly dry before placing Type I markings. Color, location and configuration of Type II markings shall be the same as that of Type I markings.

Type I pavement marking material shall be applied within temperature limits recommended by the material manufacturer. Application of Type I pavement markings shall be done only on clean, dry pavement having a surface temperature above 500F (100C). Pavement temperature shall be measured in accordance with TxDOT Test Method Tex-829-B.

When Type I pavement marking application is by spray, and operations cease for 5 minutes or more, the spray head shall be flushed by spraying pavement marking material into a pan or similar container until the pavement marking material being sprayed is at the proper temperature for application.

Unless otherwise directed by the Engineer in writing, Type I pavement-marking materials shall not be placed on streets between September 30 and March 1, subject to temperature and moisture limitations specified herein.

Unless otherwise shown on the Drawings, the minimum thickness of Type I marking shall be 0.060 inches (60 mil) (1.5 millimeters) for edgeline markings and 0.090 inches (90 mil) (2.3 millimeters) for stop-bars, legends, symbols, gore and center-line/no-passing barrier-line markings, when measured in accordance with TxDOT Test Method Tex-854-B. The maximum thickness of all Type I markings shall be 0.180 inches (180 mil) (4.6 millimeters).

The thickness of Type I markings at the time of placement will be measured above the plane formed by the pavement surface. The Contractor will supply an approved device to measure the thickness of the applied markings. The markings shall be of uniform thickness throughout their lengths and widths.

D. Application of Type II Markings.

The application of Type II marking materials shall be done only on surfaces with a minimum surface temperature of 500F (100C).

The application rate for Type II marking material shall be between 15 and 20 gallons per mile (35 to 47 liters per kilometer) of solid 4 inch (100 millimeter) line and between 30 and 40 gallons per mile (70 to 95 liters per kilometer) of solid 8 inch (200 millimeter) line. For new surface treatment projects the application rate shall be between 25 and 30 gallons per mile (60 to 70 liters per kilometer) of solid four (4) inch line (one hundred (100) millimeters) and between 40 and 50 gallons per mile (95 to 120 liters per kilometer) of solid 8 inch (200 millimeters) line.

Pavement markings for new surface treatment projects shall be applied in two applications, each approximately one-half the application rate. The first application shall not contain glass beads. The interval between the first and second application shall be a minimum of 1 hour.

When there is impending inclement weather and the Contractor chooses to apply water-based traffic paint and the markings, that are subsequently damaged by rain, sleet, hail, etc., the Contractor is responsible for all costs associated with the replacement markings. The Contractor will be paid, when the work is acceptable.

871S.5 - Performance Period for Type I Markings

Type I pavement markings shall meet all the requirements of this technical specification for a minimum of 15 calendar days after installation. Pavement markings that fail to meet all requirements of this specification shall be removed and replaced by the Contractor at its own expense. The Contractor shall replace all pavement markings failing the requirements of this technical specification within 30 calendar days following notification by the Engineer or designated representative of such failing. All replacement markings shall also meet all requirements of this technical specification for a minimum of 15 calendar days after installation.

871S.6 - Measurement

This Specification Item will be measured by the lineal foot (lineal meter), by each of the various words, shapes or symbols, or by any other unit as shown on the Drawings.

Where double stripes are placed, each stripe will be measured separately.

Type II pavement markings requiring 2 applications on new surface treatments (Specification Item No. 320S) will be measured as 1 marking.

Type II pavement marking materials, when used as a sealer for Type I markings will be measured as Type II markings.

Final work zone pavement markings (paint and beads), which will be used as a sealer for Type I pavement markings, will not be measured for payment.

871S.7 - Payment

The work performed and materials furnished in accordance with this Standard Specification Item and measured as provided under "Measurement" will be paid for at the Unit bid price for "Reflectorized Pavement Markings" of the various types, colors, shapes, sizes, widths and thickness (Type I markings only) specified. This price shall include full compensation for furnishing all materials; for application of pavement markings; and for all other labor, tools, equipment and incidentals necessary to complete the Work, except as described below.

Surface Preparation, when indicated on the Drawings, will be paid for under Specification Item 875S, "Pavement Surface Preparation for Markings."

Final work zone pavement markings (paint and beads), which will be used as a sealer for Type I pavement markings, shall be included in the unit price bid for the item of construction for which final work zone pavement markings are used.

When replacement Type II markings are required due to damage to the original markings from rain, sleet, hail, etc., and the original markings were placed at the Direction of the Engineer, the Contractor will be paid for the actual quantity of original and replacement markings at the unit bid price for the bid item.

Payment will be made under one or more of the following:

Original placement of Reflectorized Pavement Markings:

Pay Item 871S-A:	Reflectorized Type I Thermoplastic Pavement Markings _____ inches in width, _____ mils in thickness _____ in color	per lineal foot.
Pay Item 871S-B:	Reflectorized Type I Thermoplastic Pavement Markings _____ inches in width, _____ mils in thickness _____ in color	Words per each.
Pay Item 871S-C:	Reflectorized Type I Thermoplastic Pavement Markings _____ inches in width, _____ mils in thickness _____ in color	Shapes per each.
Pay Item 871S-D:	Reflectorized Type I Thermoplastic Pavement Markings _____ inches in width, _____ mils in thickness _____ in color	Symbols per each.
Pay Item 871S-E:	Reflectorized Type II Paint Pavement Markings _____ inches in width, _____ in color	per lineal foot.
Pay Item 871S-F:	Reflectorized Type II Paint Pavement Markings _____ inches in width, _____ in color	Words per each.
Pay Item 871S-G:	Reflectorized Type II Paint Pavement Markings _____ inches in width, _____ in color	Shapes per each.
Pay Item 871S-H:	Reflectorized II Paint Pavement Markings _____ inches in width, _____ in color	Symbols per each.

Replacement of Reflectorized Pavement Markings:		
Pay Item 871S-AR:	Replace Reflectorized Type I Thermoplastic Pavement Markings _____ inches in width, _____ mils in thickness _____ in color	per lineal foot.
Pay Item 871S-BR:	Replace Reflectorized Type I Thermoplastic Pavement Markings _____ inches in width, _____ mils in thickness _____ in color	Words per each.
Pay Item 871S-CR:	Replace Reflectorized Type I Thermoplastic Pavement Markings _____ inches in width, _____ mils in thickness _____ in color	Shapes per each.
Pay Item 871S-DR:	Replace Reflectorized Type I Thermoplastic Pavement Markings _____ inches in width, _____ mils in thickness _____ in color	Symbols per each.
Pay Item 871S-ER:	Replace Reflectorized Type II Paint Pavement Markings _____ inches in width, _____ in color	per lineal foot.
Pay Item 871S-FR:	Replace Reflectorized Type II Paint Pavement Markings _____ inches in width, _____ in color	Words per each.
Pay Item 871S-GR:	Replace Reflectorized Type II Paint Pavement Markings _____ inches in width, _____ in color	Shapes per each.
Pay Item 871S-HR:	Replace Reflectorized Type II Paint Pavement Markings _____ inches in width, _____ in color	Symbols per each.

END

SPECIFIC CROSS REFERENCE MATERIALS	
Specification Item No. 871S, "Reflectorized Pavement Markings"	

City of Austin Contract Documents	
Designation	Description
Section 00300U	Bid Form (Unit Price)

City of Austin Standard Specifications	
Designation	Description
Item No. 320S	Two Course Surface Treatment
Item No. 860S	Pavement Marking Paint (Reflectorized)
Item No. 874S	Eliminating Existing Pavement Markings and Markers
Item No. 875S	Pavement Surface Preparation For Markings

Texas Department of Transportation: Manual of Testing Procedures	
Designation	Description
Tex-828-B	Determining Functional Characteristics of Pavement Markings
Tex-829-B	Method For Measuring Pavement Temperature
Tex-854-B	Evaluation Of Thermoplastic Striping For Uniformity And Thickness

RELATED CROSS REFERENCE MATERIALS	
Specification Item No. 871S, "Reflectorized Pavement Markings"	

City of Austin Standard Specifications	
Designation	Description
Item No. 301S	Asphalts, Oils and Emulsions
Item No. 302S	Aggregates for Surface Treatments
Item No. 310S	Emulsified Asphalt Treatment
Item No. 311S	Emulsified Asphalt Repaving
Item No. 312S	Seal Coat
Item No. 313S	Rubber Asphalt Joint and Crack Sealant
Item No. 315S	Milling Asphaltic Concrete Paving
Item No. 340S	Hot Mix Asphaltic Concrete Pavement
Item No. 341S	Paving Fabric
Item No. 350S	Heating, Scarifying and Repaving
Item No. 360	Concrete Pavement
Item No. 801S	Construction Detours
Item No. 803S	Barricades, Signs and Traffic Handling
Item No. 863S	Reflectorized Pavement Markers
Item No. 864S	Abbreviated Pavement Markings
Item No. 865S	Nonreflectorized Traffic Buttons
Item No. 866S	Jiggle Bar Tile
Item No. 867S	Epoxy Adhesive

Item No. 870S	Work Zone Pavement Markings
Item No. 872S	Prefabricated Pavement Markings
Item No. 873S	Raised Pavement Markers
Item No. 863S-1	Pavement Buttons (Reflectorized-Type I & Type II)
Item No. 865S-1	Traffic Buttons (Non-Reflectorized)
Texas Department of Transportation: Standard Specifications for Construction and Maintenance of Highways, Streets, and Bridges	
Designation	Description
Item No. 302	Aggregates for Surface Treatments
Item No. 314	Emulsified Asphalt Treatment
Item No. 315	Emulsified Asphalt Seal
Item No. 316	Surface Treatments
Item No. 334	Hot Mix-Cold Laid Asphaltic Concrete Pavement
Item No. 340	Hot Mix Asphaltic Concrete Pavement
Item No. 342	Plant Mix Seal
Item No. 351	Repairing Existing Flexible Pavement Structure
Item No. 354	Planing and/or Texturing Pavement
Item No. 358	Asphaltic Concrete Surface Rehabilitation
Item No. 360	Concrete Pavement
Item No. 421	Hydraulic Cement Concrete

Item No. 427	Surface Finishes for Concrete
Item No. 428	Concrete Surface Treatment
Item No. 662	Work Zone Pavement Markings
Item No. 666	Reflectorized Pavement Markings
Item No. 667	Prefabricated Pavement Markings
Item No. 672	Raised Pavement Markers
Item No. 677	Eliminating Existing Pavement Markings and Markers
Item No. 678	Pavement Surface Preparation For Markings
Texas Department of Transportation: Manual of Testing Procedures	
Designation	Description
Tex 729-I	Sampling of Traffic Markers
Texas Department of Transportation: Departmental Materials Specifications	
Designation	Description
DMS-4100	Jiggle Bar Tile
DMS-4200	Pavement Markers (Reflectorized)
DMS-4300	Traffic Buttons
DMS-4210	Pavement Markers
DMS-6130	Bituminous Adhesive

DMS-8200	Pavement Paint
DMS-8220	Thermoplastic marking material
DMS-8240	Prefabricated Marking Materials
DMS-8241	Removable Tape
DMS-8290	Pavement Paint
YPT-10 and/or WPT-10	Pavement Paint

ITEM NO. 874S - ELIMINATING EXISTING PAVEMENT MARKINGS AND MARKERS 4-3-09

874S.1 - Description

This item shall govern the elimination of existing pavement markings of various types and sizes, and pavement markers as shown on the Drawings or as directed, in writing, by the Engineer or designated representative.

874S.2 - Materials

All surface treatment material application rates shall be as directed by the Engineer or designated representative. Unless otherwise shown on the Drawings, surface treatment materials shall conform to the requirements of Specification Item No. 301S, "Asphalts, Oils and Emulsions," and Specification Item No. 302S, "Aggregates for Surface Treatment." Testing of surface treatment materials may be waived by the Engineer or designated representative. Asphalt and aggregate types and grades shall be as shown on the Drawings or as approved by the Engineer or designated representative.

874S.3 - Construction Methods

Elimination of existing pavement markings and markers shall be accomplished by one or more of the following methods as approved by the Engineer or designated representative.

A. Markings on Asphaltic Surfaces.

1. Placement of a surface treatment a minimum of 2 feet (600 mm) wide to cover the existing marking.
2. Placement of a surface treatment, thin overlay or microsurfacing a minimum of 1 lane in width in areas where directional changes of traffic are involved or other areas as directed by the Engineer or designated representative. Construction methods for surface treatments shall conform to Specification Item No. 320S, "Two Course Surface Treatment."

B. Markings on Concrete Surfaces.

Removal by an approved burning method.

C. Markings on Asphaltic or Concrete Surfaces.

Removal by water, water-sand blasting techniques or any other method(s) proven satisfactory to the Engineer.

D. Markers on Asphaltic or Concrete Surfaces.

Removal by any mechanical method to remove marker and adhesive.

Existing pavement markings and markers on both concrete and asphaltic surfaces shall be removed in such a manner that color and/or texture contrast of the pavement surface will be held to a minimum.

Removal of pavement markings on concrete surfaces by blast cleaning shall be accomplished in accordance with Specification Item No. 875S, "Pavement Surface Preparation for Markings," except for measurement and payment. Blast cleaning shall be performed in such a manner that damage to the Portland cement concrete surface is held to a minimum.

When thermoplastic pavement markings or prefabricated pavement markings are encountered, the application of heat may be used to remove the bulk of the marking material prior to blast cleaning. When heat is used, care shall be taken to prevent spalling of Portland cement concrete surfaces.

A burner may be used for complete removal of pavement markings. Broom removal or light blast cleaning may be used for removal of minor residue.

Damage to asphaltic surfaces, such as spalling, shelling, etc., that is greater than ¼ inch (6 mm) in depth and is caused by the removal of pavement markers shall be repaired by the application of a 2 foot (600 mm) wide surface treatment for longitudinal markers with no directional change or a minimum of 1 lane width surface treatment in areas where directional changes of traffic are involved.

Grinding is not an acceptable method of marker or marking removal. However, equipment utilizing special milling flails is considered acceptable in the removal of markings and markers on asphalt and Portland cement concrete surfaces.

874S.4 - Measurement

This Specification Item will be measured by the square yard (square meter: 1 square meter is equal to 1.196 square yards) of surface treatment, thin overlay or microsurfacing (full lane width) placed; by each word, symbol or shape eliminated; by the lineal foot (lineal meter: 1 lineal meter is equal to 3.281 lineal feet) of markings eliminated; or by any other unit as shown on the Drawings.

Payment for revised quantities will be paid for at the unit price bid for that bid item.

The elimination of pavement markers required in conjunction with the elimination of longitudinal markings will not be measured for payment.

874S.5 - Payment

The work performed and materials furnished in accordance with this Specification Item and measured as provided under "Measurement" will be paid for at the unit bid price for "Eliminating Existing Pavement Markings and Markers" of the various types specified. This price shall include full compensation for blast cleaning, mechanical cleaning and/or other cleaning methods; for all materials, tools, equipment and incidentals necessary to complete the Work, except as specified below.

Elimination of pavement markers when pavement markers are to be removed in conjunction with the elimination of longitudinal markings shall be included in the unit price bid for the item of construction indicated on the drawings.

Payment will be made under one or more of the following:

Pay Item 874S-A:	Eliminating Existing Pavement Markings: _____ inches in width,	Per Lineal Foot.
Pay Item 874S-B:	Eliminating Existing Work Zone Pavement Markings: _____ inches in width,	Per Lineal Foot.
Pay Item 874S-C:	Eliminating Existing Reflectorized Thermoplastic Pavement Markings: _____ inches in width	Words Per Each.
Pay Item 874S-D:	Eliminating Existing Reflectorized Thermoplastic Pavement Markings: _____ inches in width	Shapes Per Each.

Pay Item 874S-E:	Eliminating Existing Reflectorized Thermoplastic Pavement Markings: _____ inches in width	Symbols. Per Each.
Pay Item 874S-F:	Eliminating Existing Raised Pavement Markings, _____ Type,	Per Each.

END

SPECIFIC CROSS REFERENCE MATERIALS	
Specification Item No. 874S, "Eliminating Existing Pavement Markings And Markers"	
City of Austin Contract Documents	
Designation	Description
Section 00300U	Bid Form (Unit Prices)
City of Austin Standard Specifications	
Designation	Description
Item No. 301S	Asphalts, Oils and Emulsions
Item No. 302S	Aggregates for Surface Treatments
Item No. 320S	Two Course Surface Treatment
Item No. 875S	Pavement Surface Preparation For Markings

RELATED CROSS REFERENCE MATERIALS	
Specification Item No. 874S, "Eliminating Existing Pavement Markings And Markers"	

City of Austin Standard Specifications	
Designation	Description
Item No. 310S	Emulsified Asphalt Treatment
Item No. 311S	Emulsified Asphalt Repaving
Item No. 312S	Seal Coat
Item No. 313S	Cleaning and/or Sealing Joints and Cracks (Asphaltic Concrete)
Item No. 315S	Milling Asphaltic Concrete Paving
Item No. 340	Hot Mix Asphaltic Concrete Pavement
Item No. 341S	Paving Fabric
Item No. 350S	Heating, Scarifying and Repaving
Item No. 360	Concrete Pavement
Item No. 413S	Cleaning and/or Sealing Joints and Cracks (Portland Cement Concrete)
Item No. 801S	Construction Detours
Item No. 803S	Barricades, Signs and Traffic Handling
Item No. 860S	Pavement Marking Paint (Reflectorized)
Item No. 863S	Reflectorized Pavement Markers
Item No. 864S	Abbreviated Pavement Markings
Item No. 865S	Non-Reflectorized Traffic Buttons
Item No. 866S	Jiggle Bar Tile
Item No. 867S	Epoxy Adhesive

Item No. 870S	Work Zone Pavement Markings
Item No. 871S	Reflectorized Pavement Markers
Item No. 872S	Prefabricated Pavement Markings
Item No. 873S	Raised Pavement Markings

City of Austin Standard Details

Designation	Description
863S-1	Pavement Buttons (Reflectorized-Type I & Type II)
865S-1	Traffic Buttons (Non-Reflectorized)

Texas Department of Transportation: Standard Specifications for Construction and Maintenance of Highways, Streets, and Bridges

Designation	Description
Item No. 302	Aggregates for Surface Treatments
Item No. 314	Emulsified Asphalt Treatment
Item No. 315	Emulsified Asphalt Seal
Item No. 316	Surface Treatments
Item No. 334	Hot Mix-Cold Laid Asphaltic Concrete Pavement
Item No. 340	Hot Mix Asphaltic Concrete Pavement
Item No. 342	Plant Mix Seal
Item No. 351	Repairing Existing Flexible Pavement Structure
Item No. 354	Planing and/or Texturing Pavement

Item No. 358	Asphaltic Concrete Surface Rehabilitation
Item No. 360	Concrete Pavement
Item No. 421	Hydraulic Cement Concrete
Item No. 427	Surface Finishes for Concrete
Item No. 428	Concrete Surface Treatment
Item No. 662	Work Zone Pavement Markings
Item No. 666	Reflectorized Pavement Markings
Item No. 667	Prefabricated Pavement Markings
Item No. 672	Raised Pavement Markers
Item No. 677	Eliminating Existing Pavement Markings and Markers
Item No. 678	Pavement Surface Preparation For Markings

Texas Department of Transportation: Manual of Testing Procedures

Designation	Description
Tex 729-I	Sampling of Traffic Markers
Tex-828-B	Determining Functional Characteristics of Pavement Markings
Tex-829-B	Method For Measuring Pavement Temperature
Tex-854-B	Evaluation Of Thermoplastic Striping For Uniformity And Thickness

Texas Department of Transportation: Departmental Materials Specification

Designation	Description
DMS-4100	Jiggle Bar Tile

DMS-4200	Pavement Markers (Reflectorized)
DMS-4300	Traffic Buttons
DMS-4210	Pavement Markers
DMS-6130	Bituminous Adhesive
DMS-8200	Pavement Paint
DMS-8220	Thermoplastic marking material
DMS-8240	Prefabricated Marking Materials
DMS-8241	Removable Tape
DMS-8290	Pavement Paint
YPT-10 and/or WPT	Pavement Paint

City of Kyle, Texas
FISCAL NOTE

DATE OF COUNCIL CONSIDERATION:	April 16, 2019
CONTACT CITY DEPARTMENT:	Engineering Services
CONTACT CITY STAFF:	Leon Barba, P.E., City Engineer

SUBJECT:
Approve contract with VIKING CONSTRUCTION, INC., Georgetown, Texas, in an amount of $525,819.23 for the 2019 Miscellaneous Streets Micro-Surfacing Project.

CURRENT YEAR FISCAL IMPACT:
This Purchase Order to VIKING CONSTRUCTION, INC., will require expenditure of funds from the Fiscal Year 2018-2019 approved CIP budget for the Public Works Department (General Fund) as follows:

1.	City Department:	Public Works
2.	Project Name:	2019 Micro-Surfacing Project
3.	Budget/Accounting Code(s):	1110-64800-572170
4.	Funding Source:	General Fund
5.	Current Appropriation:	$ 529,476.84
6.	Unencumbered Balance:	$ 529,476.84
7.	Amount of This Action:	$(525,819.23)
8.	Remaining Balance:	$ 3,657.61

FUNDING SOURCE OF THIS ACTION:
The funding for this Purchase Order will be provided from the Fiscal Year 2018-2019 approved CIP budget for the Public Works Department (General Fund).

ADDITIONAL INFORMATION/COUNCIL ACTION:
N/A.

4/10/2019

Perwez A. Moheet, CPA - Date
Director of Finance

Item # 9

CITY OF KYLE, TEXAS

Sign Ordinance Amendment

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: *(Second Reading)* An Ordinance of the City of Kyle, Texas, Amending Section 29-10(1) to provide for signs erected on property leased or under the control of the city to be exempt from the sign ordinance regulations; ratification of prior approval; providing an effective date; and providing for related matters. ~ *Paige Saenz, City Attorney*

City Council voted 6-0 to approve the Ordinance on First Reading.

Other Information:

Legal Notes:

Budget Information:

ATTACHMENTS:

	Description
🗋	Sign Ordinance Amendment

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF KYLE, TEXAS, AMENDING SECTION 29-10(1) TO PROVIDE FOR SIGNS ERECTED ON PROPERTY LEASED OR UNDER THE CONTROL OF THE CITY TO BE EXEMPT FROM THE SIGN ORDINANCE REGULATIONS; RATIFICATION OF PRIOR APPROVAL; PROVIDING AN EFFECTIVE DATE; AND PROVIDING FOR RELATED MATTERS

WHEREAS, the City of Kyle, Texas, (herein the "City"), is a home-rule city and has the authority to regulate signs in the city limits and the extraterritorial jurisdiction;

WHEREAS, signs erected by or under the authority of the City on property owned by the City are exempt from the City's sign regulations; and

WHEREAS, the City desires to expand the exemption to include signs located on property leased by the City or under the control of the City;

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KYLE, TEXAS:

Section 1. Findings. The foregoing recitals are hereby found to be true and correct and are hereby adopted by the City Council and made a part hereof for all purposes as findings of fact.

Section 2. Amendment of Section 29-10(1). Section 29-10(1) of the City of Kyle Code of Ordinances is hereby amended in its entirety to read as follows:

> (1) Any sign erected by or under the authority of the city on property owned by, leased by, or under the control of the city.

Section 3. Amendment of Conflicting Ordinances. Section 29-10(1) is hereby amended as provided herein. All parts of ordinances in conflict herewith are hereby amended to the extent of such conflict only. In the event of a conflict or inconsistency between this ordinance and any other code or ordinance of the city, the terms and provisions of this ordinance shall govern.

Section 4. Ratification Clause. Approval by the City Council of signage to be located on the Kyle Railroad Depot and Heritage Center property, which is leased by the City, is hereby confirmed, ratified, and approved.

Section 5. Effective Date. This Ordinance shall take effect immediately from and after its passage and publication in accordance with the provisions of the Tex. Loc. Gov't. Code.

Section 6. Open Meetings. It is hereby officially found and determined that the meeting at which this Ordinance is passed was open to the public as required and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act.

PASSED AND APPROVED on First Reading this ___ day of _____, 2019.

FINALLY PASSED AND APPROVED this ____day of _____, 2019.

ATTEST: **CITY OF KYLE, TEXAS**

_____ _____

Jennifer Vetrano, City Secretary Travis Mitchell, Mayor

CITY OF KYLE, TEXAS

2019 Water Modeling Update

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: Authorize award and execution of a purchase order to BURGESS AND NIPLE, INC., Austin, Texas, in an amount not to exceed $99,920.00 for updating the City's water model. ~ *Leon Barba, P.E., City Engineer*

Other Information: On August 19, 2014, City Council approved a contract with Burgess and Niple, Inc. (B&N) to begin development of a water model and a wastewater model. The amount of the contract was $284,250.00

In July 2016 the City received the Water Distribution System Hydraulic Model report. This was the first time the City had done this kind of analysis on the overall water system. Customer meter records from 2013 were used to develop this report. The comprehensive report identified the immediate and future needs to be able to continue to maintain and manage a water distribution system that would meet the City's growth projections. Some of those recommendations have been completed or are in design.

Recently, City Council approved an amendment to perform modeling tasks for a third pressure zone and to include the proposed modifications at the FM 1626 site. Council approved the contract on December 18, 2018 and the contract amount was $18,712.00. This information will also be used to update the water model.

Along with providing GIS information, record drawings for any new pumps, and SCADA information, City staff will also provide customer meter records for the most recent full year which is 2018.

This water model update will provide the following:

- Identify areas of deficiency as they relate to flows, pressure, velocities, head loss and/or fire flow.
- Provide recommendations concerning the third pressure zone since changes have occurred recently.
- Recommendations for second pressure zone redundant and emergency water source capacity and performance improvements.
- Prioritized CIP list with cost estimates..

Legal Notes: N/A

Budget Information: A Fiscal Note is attached.

ATTACHMENTS:

Description

- Kyle Water Modeling 2019 Update Agreement - B&N-Signed
- Fiscal Note

CONTRACT AGREEMENT FOR PROFESSIONAL SERVICES FOR THE WATER DISTRIBUTION MODELING 2019 UPDATE

DATE: April 9, 2019

TO: City Engineer
Kyle City Hall
P.O. Box 40
Kyle, Texas 78640

ATTN : Mr. Leon Barba, P.E.

FROM: Burgess and Niple, Inc.
4029 Capital of Texas Highway, Suite 220
Austin, Texas 78704

PROJECT: Water Distribution Modeling – 2019 Update

This agreement is being presented to the City of Kyle to provide services for the water distribution modeling program in the performance of modeling tasks for the 2019 update. All tasks will be performed by Burgess & Niple, Inc. (B&N) with the existing WaterGEMS® water distribution modeling software.

I. PROJECT WORK PLAN – Exhibit A

II. SCHEDULE OF WORK – Exhibit B

III. SUMMARY OF HOURS AND COMPENSATION – Exhibit C

EXHIBIT A - PROJECT WORK PLAN

This proposed work plan is being presented to the City of Kyle as a water distribution modeling program to update the existing model. All tasks will be performed by Burgess & Niple, Inc. (B&N).

Task 1 – Project Management, Status Reporting & Invoicing

This task consists of general project administration, supervision and management, and scheduling of field tasks. It also includes the quality assurance/control of all engineering and fieldwork, data management and security, data collection activities, hydraulic modeling, engineering evaluations, and report preparation.

B&N will prepare and submit for approval, monthly invoices and will be responsible for providing management, supervision, and coordination of all tasks as well as all project technical memorandums and task deliverables as part of this effort. The City shall provide input and review regarding the overall progress of the project and information regarding any potential changes in scope of the project or other changes to the nature of the project.

B&N will provide all project schedules, updates, status reports, and invoicing.

Task 2 – Project Meetings

This task project meetings and workshops to exchange information with City Staff at identified project milestones, including:

- Kickoff Meeting – To occur following notice to proceed
- Project Review Meeting – Following model update completion
- Project Workshop – Following model calibration
- Project Closeout Meeting – Following draft Technical Memorandum submission

Meetings will be held at City of Kyle meeting locations.

B&N will provide all meeting agendas, handouts, presentation materials and minutes.

City staff shall attend meeting and provide input and review regarding the overall project scope of work, and review and provide input regarding the materials presented in the meeting.

Task 3 – Update WaterGEMS® model

The existing WaterGEMS® water distribution model will be updated based on the following information, to be provided by the City:

- ArcGIS data containing current topography, parcel information, valves, tanks, pump stations, hydrants, pipelines, etc.
- Record drawings for new pump stations and/or tanks installed (where applicable)

- Pump curves for any new pumps installed (where applicable)
- SCADA tank level and pump operation recordings for each hour over a 24 hour day for a typical 7-day week

The provided information will be applied to the model in accordance with the following criteria:

- Ground elevations will be loaded into the model from the best available contour mapping for new development areas.

- Pump curve and tank levels will be imported into the model (if applicable).

- Average day, maximum day, and peak hour demands will be updated based on the following information to be provided by the City:
    - Most recent year of total water production/purchase per day for the water system.
    - Customer meter records for most recent full year in digital format, assumed to include:
        - Water consumption readings;
        - Dates consumption readings were collected;
        - Meter street address (street name and house number);
        - Customer names (where available);
        - Meter sizes (where available);
        - Customer types (where available)

Assumption: *Task work hours assumes new water distribution system piping infrastructure is included in current ArcGIS files.*

Note: *Crosswinds development water demand/build-out scenarios, water distribution system infrastructure and tank sizing are unknowns as of this proposal. Inclusion in Update Water GEMS Model Task is dependent upon data and information (preliminary water system design) being provided within the Update Water Model (Task 3) and Future Model Projections (Task 5) work process, as included in the Project Schedule.*

Task 4 – Hydrant Testing

A hydrant flow testing program will be developed by B&N and provided to the City. City crews will perform flow testing and provide the test results to B&N in the format provided. A total of 30 flow tests are assumed for model calibration. Test locations will include locations identified throughout the water distribution model.

The flow testing results provided by the City will be applied to the current model for steady state calibration. The pipe roughness factors may be adjusted and closed valves may be identified in calibrating the model. Results will be summarized in a table presenting and comparing updated model results with collected field data. Where model results deviate from field data by more than 3 pounds per square inch, the summary table will recommend additional fieldwork/testing to be

performed by the City to improve model accuracy. Additional fieldwork may include checking for closed valves and additional flow testing.

SCADA records for tank operating levels and pump operation provided by the City will be used to calibrate the model in extended period. The model will be simulated in extended period by reviewing and revising as necessary all the demand patterns and pump and valve controls.

Task 5 – Future Model Projections

Future model scenarios will be created for all known future development infrastructure data provided by the City. City staff will provide B&N with the following:

- Conceptual layout design for impacted water distribution infrastructure and/or;
- Available proposed industrial user demands.
- GIS shapefile that incorporates any new parcel coordinates, acreage, and zoning.
- Proposed water distribution system connection location (where known) and/or;
- Proposed new water infrastructure location to serve new development
- Available population, L.U.E., densities, demands

Water consumption projections will be updated for the City of Kyle for the next 20 years in increments of 5 years. Consumption projections will be based off a projected growth rate agreed upon with the City at the time of the model update. The model will be evaluated in the following scenarios:

- Current Model – Year 2019 demands
- Scenario 1 – Year 2024 demands
- Scenario 2 – Year 2029 demands
- Scenario 3 – Year 2034 demands
- Scenario 4 – Year 2039 demands

A third pressure zone will be evaluated based on the following:

- Proposed third pressure zone infrastructure and demands (City of Kyle Water Distribution Model – Pressure Zone 3 Technical Memorandum prepared by B&N, February 2019).
- The model will be updated to include any additional future developments or changes to the proposed infrastructure and demands provided by the City at the time of the model update.

Redundant and emergency water sources will be reviewed with the computer model to determine their capacity and performance for the second pressure zone, to help mitigate any loss of the single well source there.

Assumption: *Future development projections for Scenarios 1 through 4 will be provided by the City within two weeks of the Project Kickoff Meeting. Any changes to future development projections after the water model update is complete (Task 3) may incur additional task hours and associated fee.*

Note: *Crosswinds development water demand/build-out scenarios, water distribution system infrastructure and tank sizing are unknowns as of this proposal. Inclusion in Future Model Projections Task is dependent upon data and information (preliminary water system design) being provided within the Update Water Model (Task 3) and Future Model Projections (Task 5) work process, as included in the Project Schedule.*

Task 6 – Deliverables

The following deliverable will be submitted to the City:

- Technical Memorandum – A technical memorandum will be prepared to summarize the following steady state and extended period model results for the current and future scenarios:
    - System flows, pressures, velocities, head loss, and fire flow will be evaluated based on the AWWA Manual of Practice M32 Computer Modeling of Distribution System and current International Organization of Standardization (ISO) requirements.
        - Recommendations for areas with deficiencies will be provided.
    - Third pressure zone recommendations will be provided for the following based on updated information provided by the City at the time of the water model update:
        - Tank volume and operating levels
        - Pump operating points
        - Transmission main sizes
        - Pressure zone boundaries
    - Recommendations for second pressure zone redundant and emergency water source capacity and performance improvements.
    - Capital Improvements Project List (CIP) list and capital cost estimates (with costs based upon recent bid tabulations provided by the City, or approved regional recent construction bid tabulations) for each identified project. Each project will be prioritized based on recommendations and discussions with the City.
- Exhibits – The following exhibits will be developed in ArcGIS software for the current and future modeling scenarios:
    - Hydraulic system performance results
    - Fireflow results
    - Water Age Results
    - CIP Improvements

Note: *Crosswinds development water demand/build-out scenarios, water distribution system infrastructure and tank sizing are unknowns as of this proposal. Inclusion in the project deliverables is dependent upon data and information (preliminary water system design) being provided within*

the Update Water Model (Task 3) and Future Model Projections (Task 5) work process, as included in the Project Schedule.

A draft deliverable (electronic) will be provided to City staff for review and approval. All data and conclusions presented in the draft deliverable will subject to finalization based on comments from City staff. All digital data and hard copy (3 copies) products will be delivered to the City with the final deliverable.

Task 7– Training

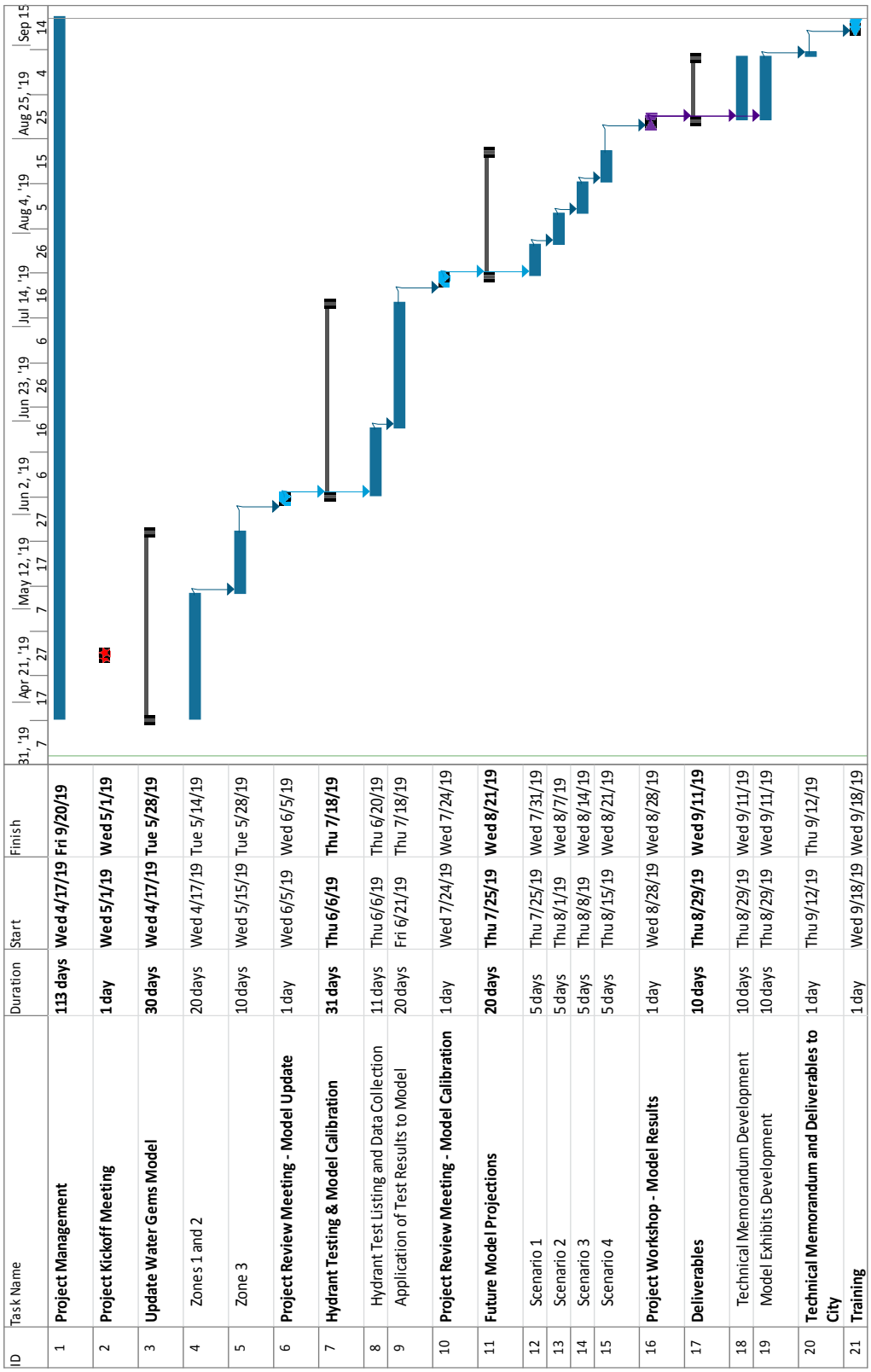
This task provides for conducting customized training on maintenance and use of the modeling software. The training shall be conducted by B&N and shall be conducted over a one full working day (8 working hours; can be divided into two concurrent days). The training will be conducted for four different user levels as designated by the City of Kyle for its staff. The four user levels are:

- End Users. (higher-level management staff)
- Viewers (project-level staff)
- Modelers (staff who will use the model on a daily basis)
- Advanced (staff who will be performing model updates and run scenarios)

Bentley WaterGEMS® modeling software and model files will be installed and configured for use by City staff. B&N will provide the computing and audio/visual equipment required and prepare any course materials for on-site model usage training.

Note: *Follow-up training can be provided by B&N staff on an on-call basis for an additional scope and fee at the discretion of the City of Kyle.*

EXHIBIT B – SCHEDULE OF WORK



ID	Task Name	Duration	Start	Finish
1	**Project Management**	**113 days**	**Wed 4/17/19**	**Fri 9/20/19**
2	**Project Kickoff Meeting**	**1 day**	**Wed 5/1/19**	**Wed 5/1/19**
3	**Update Water Gems Model**	**30 days**	**Wed 4/17/19**	**Tue 5/28/19**
4	Zones 1 and 2	20 days	Wed 4/17/19	Tue 5/14/19
5	Zone 3	10 days	Wed 5/15/19	Tue 5/28/19
6	**Project Review Meeting - Model Update**	1 day	Wed 6/5/19	Wed 6/5/19
7	**Hydrant Testing & Model Calibration**	**31 days**	**Thu 6/6/19**	**Thu 7/18/19**
8	Hydrant Test Listing and Data Collection	11 days	Thu 6/6/19	Thu 6/20/19
9	Application of Test Results to Model	20 days	Fri 6/21/19	Thu 7/18/19
10	**Project Review Meeting - Model Calibration**	1 day	Wed 7/24/19	Wed 7/24/19
11	**Future Model Projections**	**20 days**	**Thu 7/25/19**	**Wed 8/21/19**
12	Scenario 1	5 days	Thu 7/25/19	Wed 7/31/19
13	Scenario 2	5 days	Thu 8/1/19	Wed 8/7/19
14	Scenario 3	5 days	Thu 8/8/19	Wed 8/14/19
15	Scenario 4	5 days	Thu 8/15/19	Wed 8/21/19
16	**Project Workshop - Model Results**	1 day	Wed 8/28/19	Wed 8/28/19
17	**Deliverables**	**10 days**	**Thu 8/29/19**	**Wed 9/11/19**
18	Technical Memorandum Development	10 days	Thu 8/29/19	Wed 9/11/19
19	Model Exhibits Development	10 days	Thu 8/29/19	Wed 9/11/19
20	**Technical Memorandum and Deliverables to City**	1 day	Thu 9/12/19	Thu 9/12/19
21	**Training**	1 day	Wed 9/18/19	Wed 9/18/19

EXHIBIT C – SUMMARY OF HOURS AND COMPENSATION

EXHIBIT C - KYLE WATER DISTRIBUTION MODELING - 2019 Update						
Task	Task Description	Team Member Hours				Total Costs
		Project Manager	Modeling Engineer	Project Engineer	Graduate Engineer	
1	**Project Management, Status Reporting and Invoicing**					
	Reporting, Supervision, Adminstration and Management	40	8	4		$ 11,440.00
					Task 1 Total	**$ 11,440.00**
2	**Project Meetings**					
	Kickoff Meeting	4	12	4		$ 3,440.00
	Project Review Meeting	4		6		$ 1,800.00
	Project Workshop	4	12	4		$ 3,440.00
	Project Closeout Meeting	4		6		$ 1,800.00
					Task 2 Total	**$ 10,480.00**
3	**Update Water GEMS Model**					
	Zones 1 and 2	1	34	60		$ 14,080.00
	Zone 3	1	8	24		$ 4,880.00
					Task 3 Total	**$ 18,960.00**
4	**Hydrant Testing**					
	Hydrant Test Listng and Data Collection	1	4	8	8	$ 3,040.00
	Application of Test Results to Model		32	56		$ 12,960.00
					Task 4 Total	**$ 16,000.00**
5	**Future Model Projections**					
	Scenario 1	1	2	8		$ 1,680.00
	Scenario 2	1	2	8		$ 1,680.00
	Scenario 3	1	2	8		$ 1,680.00
	Scenario 4	1	2	8		$ 1,680.00
					Task 5 Total	**$ 6,720.00**
6	**Deliverables**					
	Technical Memorandum	8	24	60	20	$ 16,760.00
	Exhibits	2	4	16	24	$ 6,480.00
	Model Files			2		$ 280.00
					Task 6 Total	**$ 23,520.00**
7	**Training**					
	End User Level Training - Model Training Session Part 1	2	10	8		$ 3,200.00
	Viewer Level Training - Model Training Session Part 2	2	10	8		$ 3,200.00
	Modeler Level Training - Model Training Session Part 3	2	10	8		$ 3,200.00
	Model Advanced Training - Model Training Session Part 4	2	10	8		$ 3,200.00
					Task 7 Total	**$ 12,800.00**
	Project Total Hours and Fee	81	186	314	52	**$ 99,920.00**

IV. INDEMNIFICATION

Notwithstanding any other provisions of this Agreement, the CLIENT agrees, to the fullest extent permitted by law, to indemnify and hold harmless B&N, its officers, directors, employees, and subconsultants, (collectively, B&N) against all damages, liabilities or costs including reasonable attorneys' fees and defense costs, arising out of or in any way connected with this project or the performance by any of the parties above named of the services under this Agreement, excepting only those damages, liabilities, or costs attributable to the negligent acts or negligent failure to act by B&N.

V. COMPENSATION FOR SERVICES AND TERMS OF PAYMENT

The total price to cover all services described in **Exhibit A – Project Work Plan** and will be invoiced in accordance with **Exhibit C – Summary of Hours and Compensa**tion as authorized by the CLIENT, Invoices will be rendered every six weeks and are due within thirty (30) days of receipt.

VII. TIME SCHEDULE

The work being performed under this project shall be completed in accordance with **Exhibit B – Schedule of Work.**

VIII. NOTICE TO PROCEED

The completion of the proposed work shall be contingent upon receipt of Authorization to Proceed by the CLIENT and a signed copy of this agreement.

DESIGN PROFESSIONAL: BURGESS & NIPLE, INC.

Edwin J. Muccillo, P.E.
Director, Southwest Operations

4/9/19
Date

THE CITY OF KYLE, TEXAS

Travis Mitchell, Mayor
City of Kyle

Date

City of Kyle, Texas
FISCAL NOTE

DATE OF COUNCIL CONSIDERATION:	April 16, 2019
CONTACT CITY DEPARTMENT:	Engineering Services
CONTACT CITY STAFF:	Leon Barba, P.E., City Engineer

SUBJECT:
Authorize award and execution of a Purchase Order to BURGESS AND NIPLE, INC., Austin, Texas, in an amount not to exceed $99,920.00 for updating the City's water model.

CURRENT YEAR FISCAL IMPACT:
This award of a Purchase Order to BURGESS & NIPLE, INC., will require expenditure of funds approved in the Fiscal Year 2018-2019 operating budget as follows:

1.	City Department:	Engineering Services
2.	Project Name:	2019 Water Model Update
3.	Budget/Accounting Code(s):	3100-16200-551130
4.	Funding Source:	Water Utility Fund
5.	Current Appropriation:	$ 100,000.00
6.	Unencumbered Balance:	$ 100,000.00
7.	Amount of This Action:	$ (99,920.00)
8.	Remaining Balance:	$ 80.00

FUNDING SOURCE OF THIS ACTION:
The funding for this Purchase Order will be provided from the approved operating budget of the Engineering Services Department (Water Utility Fund).

ADDITIONAL INFORMATION/COUNCIL ACTION:
N/A.

Perwez A. Moheet 4/10/2019

Perwez A. Moheet, CPA - Date
Director of Finance

CITY OF KYLE, TEXAS

Texas Gas Service GRIP

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: A Resolution of the City of Kyle, Texas Suspending the Proposed Gas Reliability Infrastructure Program Interim Rate Adjustment of Texas Gas Service Company, a Division of One Gas, Inc., an Oklahoma Corporation; finding that the meeting complies with the open meetings act; declaring an effective date and requiring delivery of this resolution to the company. ~ *Jerry Hendrix, Chief of Staff*

Other Information: State law allows the gas utilities to file interim rate adjustments that allow them to recover costs associated with upgrading and maintaining their infrastructure. These rate adjustments are commonly known as a "GRIP," or Gas Reliability Infrastructure Program. The 2019 GRIP filing covers system investments in calendar year 2018.

The interim rate adjustment will increase the average residential bill by $1.46 per month, excluding taxes. It would increase the average commercial bill by $6.41 per month, excluding taxes.

The new rates would go into effect 60 days from March 2, or May 1ST, unless the City suspends the implementation for 45 days. State law provides cities with an option to suspend (delay) the implementation of the new rates for an additional 45 days. This resolution will satisfy the requirements to suspend the increase.

The new rates will go into effect 60 days from March 1, or April 30, unless the City suspends the implementation for 45 days as allowed by State law.

By approving the resolution to suspend, rates will be implemented on the 105th day, or June 14th.

Customer counts for Texas Gas Service in Kyle as on March, 2019, are as follows:

- Residential - 442
- Commercial - 25
- Industrial - 0
- Public Authority - 1

Legal Notes:

Budget Information:

ATTACHMENTS:

Description

- TGS GRIP Rate Suspension Resolution

RESOLUTION NO. _____

A RESOLUTION OF THE CITY OF KYLE, TEXAS SUSPENDING THE PROPOSED GAS RELIABILITY INFRASTRUCTURE PROGRAM INTERIM RATE ADJUSTMENT OF TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC., AN OKLAHOMA CORPORATION; FINDING THAT THE MEETING COMPLIES WITH THE OPEN MEETINGS ACT; DECLARING AN EFFECTIVE DATE AND REQUIRING DELIVERY OF THIS RESOLUTION TO THE COMPANY

WHEREAS, the City of Kyle, Texas ("City"), is a home rule municipality operating pursuant to its Charter and the laws of the State of Texas; and

WHEREAS, pursuant to Texas Utilities Code Section 103.001, the City of Kyle is a regulatory authority having exclusive original jurisdiction over the rates, operations and services of a gas distribution utility in the City limits of the City of Kyle ; and

WHEREAS, Texas Gas Service Company, ("TGS") a Division of ONE Gas, Inc., an Oklahoma corporation, is a gas distribution utility operating within the City of Kyle , Texas; and

WHEREAS, on March 1,2019, TGS filed its 2018 Gas Reliability Infrastructure Program Interim Rate within the City proposing that the rate adjustment be effective 60 days from that date;

WHEREAS, pursuant to Texas Utilities Code Section 104.301, during the 60-day period, the City may act to suspend the implementation of the proposed adjustment for up to 45 days;

WHEREAS, the City Council has determined that additional time and information is needed for it to study the proposed rate adjustment and tariffs and the reasons therefore; and

WHEREAS, the City Council has determined that it is in the best interest of its citizens and ratepayers to suspend the proposed rate adjustment; and

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KYLE, TEXAS THAT

A. FINDINGS OF FACT

The foregoing recitals are incorporated into this Resolution by reference as findings of fact as if expressly set forth herein and such recitals, as findings of fact, are hereby approved.

B. PROPER NOTICE & MEETING

It is hereby officially found and determined that the meeting at which this Resolution was passed was open to the public, and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act, Texas Government Code, Chapter 551.

C. EFFECTIVE DATE

This Resolution shall become effective from and after its passage.

D. COPY OF RESOLUTION TO TGS

Within 10 days after passage, a copy of this Resolution shall be sent Stephanie Houle, Texas Gas Service Company, Barton Skyway IV, 1301 S. Mopac, Suite 400, Austin, Texas 78746 or stephanie.houle@onegas.com.

PASSED AND APPROVED this _____ day of _____ 2019, by a vote of _____ (ayes) to _____(nays) to _____ (abstentions) of the City Council of the City of Kyle, Texas. by the City of Kyle, Texas.

By: _____
Travis Mitchell, Mayor

ATTEST:

By:_____
Jennifer Vetrano, City Secretary

APPROVED AS TO FORM:

_____
Paige Saenz, City Attorney

First Reading: _____

Second Reading:_____

CITY OF KYLE, TEXAS

Add. 5 Plum Creek Development Agreement

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: [Postponed 4/2/2019] Consider approval of Addendum Number 5 to Agreement by and between the City of Kyle and Lennar and Plum Creek Development Partners, Ltd.
~ James R. Earp, Assistant City Manager

Other Information:

Legal Notes: Attorneys are working on the final draft which will be made available as soon as possible.

Budget Information:

ATTACHMENTS:

Description

- Add. 5 Plum Creek Development Agreement
- Ex. B
- Plum_Creek_PID_Analysis_-_1.4.19
- Plum Creek Presentation 2.1.19

ADDENDUM NUMBER FIVE
to the
AGREEMENT BETWEEN THE CITY OF KYLE, PLUM CREEK DEVELOPMENT PARTNERS, LTD., AND WILLIAM NEGLEY, TRUSTEE, FOR DEVELOPMENT AND ANNEXATION OF PHASE I OF THE PLUM CREEK RANCH PROPERTY (THE "*AGREEMENT*")

THIS Addendum Number Five (5) to the Agreement between the City of Kyle, Plum Creek Development Partners, Ltd., and William Negley, Trustee, for Development and Annexation of Phase 1 of the Plum Creek Ranch Property ("*Addendum Number Five*") is agreed upon and entered into this ___ day of _____, 201__ by and between the City of Kyle, Texas, a home rule municipality ("*City*"), and Lennar of Texas Land and Construction, Ltd. a Texas limited partnership ("*Lennar*" or the "*Developer*") for the development of the residential portion of phase II of the Plum Creek Ranch property ("*Phase II - Residential*" or the "*Subdivision*" or "Plum Creek North") (Exhibit A, attached hereto and incorporated herein for all purposes), collectively referred to as "*Parties*".

Whereas, each, every and all of the terms, provisions and conditions of the Agreement between the City of Kyle, Plum Creek Development Partners, Ltd., and Williams Negley, Trustee, for Development and Annexation of Phase 1 of the Plum Creek Ranch Property dated effective April 15, 1997 (the "*Original Agreement*"), as amended or modified by Addendum Number One to the Original Agreement dated effective March __, 2003 ("*Addendum Number 1*"), and Addendum Number Two to the Original Agreement dated effective September 7, 2004 ("*Addendum Number 2*") and Addendum Number Four to Agreement by and between the City of Kyle and Mountain Plum, Ltd. and Plum Creek Development Partners, Ltd. dated effective on or about October 17, 2017 ("*Addendum Number 4*"), shall be and remain in full force and effect subject to the terms of this Addendum Number Five; and,

Whereas, Addendum No. 3 to the Development Agreement by and between the City of Kyle and Benchmark Land Development, Inc., on Behalf of Plum Creek Development Partners, Ltd., by and between the City and Benchmark Land Development, Inc., on behalf of Plum Creek Development Partners, Ltd. dated on or about August 5, 2014 ("*Addendum No. 3*") applies only to Phase I of the Plum Creek Subdivision; and

Whereas, Addendum Number One made Phase II subject to the Agreement; and,

Whereas, William Negley, as Trustee or Individually, Mountain Plum, and Benchmark have divested themselves of their joint venture in the portion of Phase II – Residential, with Benchmark having kept full interest in Phase II - Residential; and,

Whereas, Benchmark has since conveyed all interest in Phase II – Residential to Lennar; and,

Whereas, Lennar represents that neither William Negley, as Trustee or Individually, Mountain Plum, nor Benchmark have any interest in the Land or Agreement for Phase II - Residential, and are not necessary or proper parties to this Addendum Number Five; and,

Whereas, Mountain Plum as master developer was the final arbiter over builder compliance of the planning vision and covenants, conditions and restrictions within Phase I; and,

Whereas, Lennar will be the initial master developer and initial builder of Phase II; and,

Whereas, City desires to ensure development themes present in Phase I remain a part of the project, subject to the terms of the original development agreement and Addendum One which stated that if Phase II were added to the project, that the master developer would make a best effort to continue the qualities and themes of Phase I into Phase II; and,

Whereas, City desire that there be a mechanism that shall ensure proper and sufficient control to the City to review and approve Lennar's development plans and compliance with those plans as Lennar also serves as a home builder of Phase II – Residential and will naturally have a conflict of interest as both master developer and builder; and,

Whereas, this Addendum Number Five serves as Lennar's best effort to continue some of the planning and development qualities of Phase I into Phase II-Residential;

NOW, THEREFORE for and in consideration of Ten Dollars ($10.00) and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged and confessed, the parties contract and agree to the following terms, conditions and provisions of this Addendum as set forth herein below.

1. Purpose; Recitals. The purpose of this Addendum is to amend the Original Agreement, as amended by Addendum Number One, Addendum Number Two, and Addendum Number Four (collectively "*Development Agreement*") by the parties accepting, agreeing to, and adopting the "Development Standards, Requirements, and Review Processes for Phase II-Residential" ("*Phase II Rules*"), which are detailed below and incorporated into the original agreement herein by reference. The foregoing recitals are incorporated herein and made a part of this Addendum for all purposes.

2. Phase II Rules. The Rules for Phase II – Residential are hereby adopted and agreed to as shown in "*Exhibit B*", attached hereto and incorporated herein for all purposes, and shall govern development of Phase II – Residential, and, subject to any modifications or provisions specifically described in Exhibit B, Lennar shall comply with the City of Kyle Style Guide as adopted in Ordinance #962 and codified in the City of Kyle Municipal Code.

3. Developer to Seek Public Improvement District "*PID*" Financing. The Developer intends to request PID financing under Chapter 372, Texas Local Government Code, in a total estimated amount of $15,000,000.00 (including PID bond issuance and other financing costs) for eligible public infrastructure serving the Phase II Residential to be developed as conceptually envisioned in Exhibits A and B; provided that up to $25,000,000.00 (including PID bond issuance and other financing costs) of PID financing for eligible public infrastructure may be used. The Developer intends to request that the City authorize the issuance of bonds, in approximately three series, pursuant to Chapter 372, Texas Local Government Code, and any applicable agreements between the Parties (the "*PID Bonds*"). If PID Financing is approved the following obligations shall also apply:

   a. Offsite Contribution.
      i. The Developer will pay to the City the sum of two million dollars ($2,000,000.00) (the "*Developer Contribution*") to cover Plum Creek North's portion of offsite improvements and related work necessary for water utility service to be extended to the Phase II Residential which includes a portion of the Anthem Water Tower, and portions of a new water transmission line from Anthem to Plum Creek North. The Developer Contribution is contingent upon and is due and payable after the City authorizes the issuance of the first series of PID Bonds and at the time the PID Trustee receives the proceeds of such PID Bond issuance. The Developer will pay the City the Developer Contribution within ten days of the date that the City gives the Developer written notice of the PID Trustee's receipt of the PID Bond proceeds. The PID Bond proceeds will not be authorized to be distributed to the Developer until the City receives the Developer Contribution.
      ii. Upon the earlier to occur of: (A) within ten days of the date that the City gives the Developer written notice of the PID Trustee's receipt of the PID Bond proceeds for the second PID Bond issuance; or (B) at the time the Developer conveys the Multi-Use Tract (defined in Section 4(a)) to the City, the Developer shall pay to the City six hundred thousand dollars ($600,000) (the "*Multi-Use Tract Improvement Deposit"*). The Multi-Use Tract Improvement Deposit shall be held in a separate account by the City and used to improve the Multi-Use Tract and the Option Land, if acquired by the City, for soccer fields and related improvements (including but not limited to parking and lighting) and recreational uses. If Section 3(a)(ii)(A)

applies, PID Bond proceeds for the second PID Bond issuance will not be authorized to be distributed to the Developer until the City receives the Multi-Use Tract Improvement Deposit.

iii. In the event the City fails to approve the next PID Bond issuance requested by the Developer following the first series that is approved, then a pro rata portion of the Developer Contribution will be credited against the water impact fees for the Subdivision until the Developer has received water impact fee credits equal to $1,333,333.00.

iv. The City will use best efforts to issue PID Bonds within four months (4) months after receiving a bond issuance request from the Developer, provided that:

(A) An appraisal of the Property has been prepared by a third party selected by the City, in consultation with the property owner, prior to issuance of PID Bonds;
(B) The parties have entered into a PID Financing Agreement;
(C) Special assessments in an amount adequate to finance the PID Bonds have been levied against the Property and a service and assessment plan has been adopted;
(D) The minimum value to lien ratio at the issuance date of each series of Bonds shall be at least 3 to 1, to be calculated as set forth in the Trust Indenture; and
(E) Developer can reasonably demonstrate to the City and its financial advisors that, as of the time of the proposed bond sale that (i) the applicable tests in accordance with the City's Public Improvement District Policy necessary for issuance of the Bonds have been satisfied, (ii) sufficient security for the PID Bonds based upon the market conditions exist at the time of such bond sale, and (iii) any other terms reasonably determined appropriate by the City, including but not limited to the City's PID Policy, have been satisfied.

b. Design Development Standards. In the event the City fails to approve the creation of the PID as described above or fails to approve the issuance of PID Bonds requested by the Developer for any reason other than the proposed PID Bonds or PID assessments fail to meet any of the criteria set forth in the applicable PID Financing Agreement, then the Developer shall be relieved from constructing or installing the improvements described in Section 3.12 of Exhibit B.

4. Soccer Field Tract. (a) The Developer owns that certain 22.204 acre tract, more or less, that is illustrated on Exhibit A as "Detention/Drainage/Recreation Space" and "Neighborhood 3 or Detention/Drainage/Recreation Space" (the "*Multi-Use Tract*"). Within thirty (30) days after the Developer's drainage improvements within the Multi-Use Tract (see below) are complete but no later than December 31, 2027, the Developer will convey to the City in fee simple the Multi-Use Tract, using an instrument acceptable

to the City (the "*Multi-Use Tract*") free of all liens and encumbrances; provided that the City acknowledges that the City will take the Multi-Use Tract subject to that certain Drainage Easement recorded as Instrument #16029623 of the Official Public Records of Hays County Texas (the "*Drainage Easement*"), any easements existing prior to the Effective Date of this Addendum (the *"Prior Easements")* and any easements granted after the Effective Date; provided that easements granted after the Effective Date shall be limited to those utilities and improvements that serve the Subdivision (the *"Post Dedication Improvements"*) or those that are granted under the threat of condemnation (and with respect to such easements, the Parties will cooperate to locate the easements to minimize such easements' interference with the use of the Multi-Use Tract for recreation and detention).

(b) The Developer will notify the City at the time that the Developer begins to design the Stormwater Detention Facility (defined in subsection (e) below). The City will notify the Developer within Twenty-one (21) days regarding whether the City wishes to enter into an agreement with the Developer to cause the Developer's engineer to design the drainage improvements on the Multi-Use Tract to certain specifications that allow all-weather soccer play or other all-weather recreational uses (the "*Recreational Use Improvements*"). The City will pay for the cost of the design for the Recreational Use Improvements. The Parties will further, at that time, determine whether the City wishes to cause Developer's contractor to build the Recreational Use Improvements, with the City paying the cost to construct the Recreational Use Improvements and the parties will work in good faith to negotiate an agreement addressing the construction of and the City's payment for the Recreational Use Improvements.

(c) The *"Option Land"*. The City has indicated its desire for Plum Creek North to include additional area for all-weather soccer fields. The Developer grants to the City an option for the City to acquire from the Developer land up to five (5) acres as illustrated on Exhibit D-2 (the *"Option Land"*) upon which the City will construct up to two (2) additional all-weather soccer fields and related improvements. The City must notify the Developer of its intent to acquire the Option Land within twenty-four (24) months after the Developer completes construction of the first one hundred and fifty (150) residential building lots within Plum Creek North. The Parties will record in the real property records notice of the City's option to purchase the Option Land under this Agreement. The Option Land must include any areas required for drainage improvements associated with improvements to be constructed thereon. The purchase price for the Option Land shall be paid to the Developer in cash for the sum of $224,260 per acre or, at the City's election, in the form of credits for park land fees due under the City's ordinances and this Agreement, or a combination thereof. Title shall be subject to any existing utility easements and the City will pay all costs of title transfer. Should the City not begin construction of recreational improvements on the Option Land within five (5) years after the City's acquisition of such land, the Developer will have a right of reentry to repurchase the Option Land from the City at the paid price by the City.

(d) There may be an opportunity for Plum Creek North stormwater drainage and detention requirements to be met by offsite regional detention facilities. In the event that,

within ninety (90) days after the Effective Date of this Addendum the City provides the Developer with an engineered drainage study demonstrating, or the parties otherwise determine, that offsite regional detention facilities will meet Plum Creek North's stormwater drainage and detention requirements, the parties will work in good faith cause Plum Creek North to be served by such facilities; provided that Plum Creek North will only be required to spend or cost-participate in regional detention facilities up to the amount Plum Creek North would have spent for onsite drainage and detention facilities, and provided further that participation in regional detention will not delay development of Plum Creek North.

(e) The Developer is a party to that certain Site Development Agreement between Mountain Plum, Ltd. and the Developer dated August 25, 2016 (the "Site Development Agreement") in which the Developer has agreed to construct a stormwater detention facility on all or a portion of the Multi-Use Tract, referred to in the Site Development Agreement as the "Stormwater Detention Facility". Developer acknowledges and agrees that the obligation to construct the Stormwater Detention Facility in accordance with the terms of the Site Development and to provide drainage benefit for the thirty-six (36) acres land as depicted in Exhibit C of the Drainage Easement, as well as any other infrastructure required to be constructed on the Multi-Use Tract under the Site Development Agreement (the "*Site Development Agreement Obligations*"), remains the Developer's obligation and shall not transfer to the City when the Multi-Use Tract or any portion of the Multi-Use Tract is conveyed to the City. In the event that the Developer conveys the Multi-Use Tract to the City before the Developer constructs the Stormwater Detention Facility or the Infrastructure, the parties will execute a license agreement in the form provided by the City that authorizes the Developer to access the Multi-Use Tract to construct the Stormwater Detention Facility and the Infrastructure. **Developer shall fully indemnify and hold harmless the City and its elected officials, employees, officers, directors, and representatives, individually and collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees, fines, penalties, proceedings, actions, demands, causes of action, liability and suits of any kind and nature brought by any third party and relating to the obligation to construct the Stormwater Detention Facility or to fulfill the Site Development Agreement Obligations, or any obligation under the Site Development Agreement, made upon the City. It is the express intent of this Section that the indemnity provided to the City under this Addendum shall survive the termination and/or expiration of the Development Agreement and shall be broadly interpreted at all times to provide the maximum indemnification of the City and/or its officers, directors, employees, representatives, and elected officials permitted by law.**

5. Additional Terms.

   a. Articles IV, V, and VI. These articles of the Original Agreement applied to Phase I only and are hereby repealed. The development conditions are not the same as when the Original Agreement was negotiated, and the city does not require the same oversight of infrastructure as was laid out in the Original

Agreement since the Developer will be utilizing Developer funds for infrastructure and not City Impact Fees. The Developer shall follow the City's standard procedures for gaining approval of plans, and acceptance of infrastructure.

i. Impact Fee Credits. All infrastructure that is sized appropriately to serve the project, including but not limited to all city utility lines, manholes, and lift stations, shall follow current city guidelines and be paid for by the Developer. Except as provided in Section 3.a.ii, only facilities that are eligible in accordance with State Law or are oversized at the request of the City shall be eligible for reimbursement through Impact Fee credit. The City may request oversizing which shall be limited to the incremental cost difference between what was needed to serve the project and what the city is requesting from the oversizing. This is typically arrived at by bidding the project as an alternative bid to establish the cost differential between the base design and the requirements necessary to accommodate the city oversizing.

ii. Eminent Domain. The City will continue to utilize all necessary and appropriate powers to assure that offsite easements or lands may be acquired to provide utility service to the project.

b. Applicability of Addendum No. 3. Addendum No. 3 shall not apply to Phase II. The HOA shall be responsible for the timely replacement and maintenance of the decorative lights with the same poles as installed by the Developer and approved by the City. The HOA may request the City allow a change of style of pole to something similar should the exact model no longer be made available for purchase.

c. City Fees. The Project shall be subject to all prevailing city fees as adopted by the City Council at the time of final plat for any phase of Phase II.

d. Assignment. Lennar may assign its interest in the Agreement and any Addenda (as such may apply) to subsequent owners or successors in title of Phase II – Residential. Should homebuilders other than Lennar construct residential dwellings in Phase II – Residential, such homebuilders shall be bound by the terms of Exhibit B.

6. Entire Agreement. This Addendum and all of its exhibits represents the entire agreement between and among the parties concerning the terms, conditions and provisions of the terms agreed upon by the parties by this Addendum and takes precedence over any verbal or prior written agreements regarding the subject matter of this Addendum. The Development Agreement is and shall remain in full force and effect except as modified by this Addendum, and in the event of a conflict between the Development Agreement and this Addendum, the terms of this Addendum will control. This Addendum shall be a covenant running with the land and is binding upon and inure to the benefit of the Parties hereto, their successors and assigns. The City will cause a fully executed copy of this Addendum to be recorded in the county real property records. This Agreement and its exhibits may be amended by

agreement of the City and the Developer only without consent of other owners within the Plum Creek North Subdivision.

6. Anti-Boycott. By entering into an Amendment with the City, the Developer verifies that the Developer does not boycott Israel and will not boycott Israel during the term of the Addendum.

AGREED upon and entered this ____ day of _____, 2019.

CITY OF KYLE, TEXAS

By: _____
Travis Mitchell, Mayor
Mailing Address: 100 W. Center Street
Kyle, Hays County, Texas 78640

THE STATE OF TEXAS §

COUNTY OF HAYS §

BEFORE ME, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared Travis Mitchell, Mayor, City of Kyle, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged that [s]he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the _____ day of 200_.

(SEAL)

_____
Notary Public-State of Texas

ATTEST:

_____
Jennifer Vetrano, City Secretary

APPROVED AS TO FORM:

_____
Paige Saenz, City Attorney

LENNAR HOMES OF TEXAS LAND AND CONSTRUCTION, LTD., a Texas limited partnership

By: Lennar Texas Holding Company, a Texas corporation, General Partner

By: _____

Name: _____

Title: _____

Date: _____

Mailing Address:_____

THE STATE OF TEXAS §

COUNTY OF _____ §

BEFORE ME, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared _____, _____ of Lennar Texas Holding Company, a Texas corporation, General Partner of Lennar Homes of Texas Land and Construction, Ltd., a Texas limited partnership, herein, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged that [s]he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the _____ day of 200_.

(SEAL)

_____
Notary Public-State of Texas

EXHIBIT A

PRELIMINARY LAND PLAN

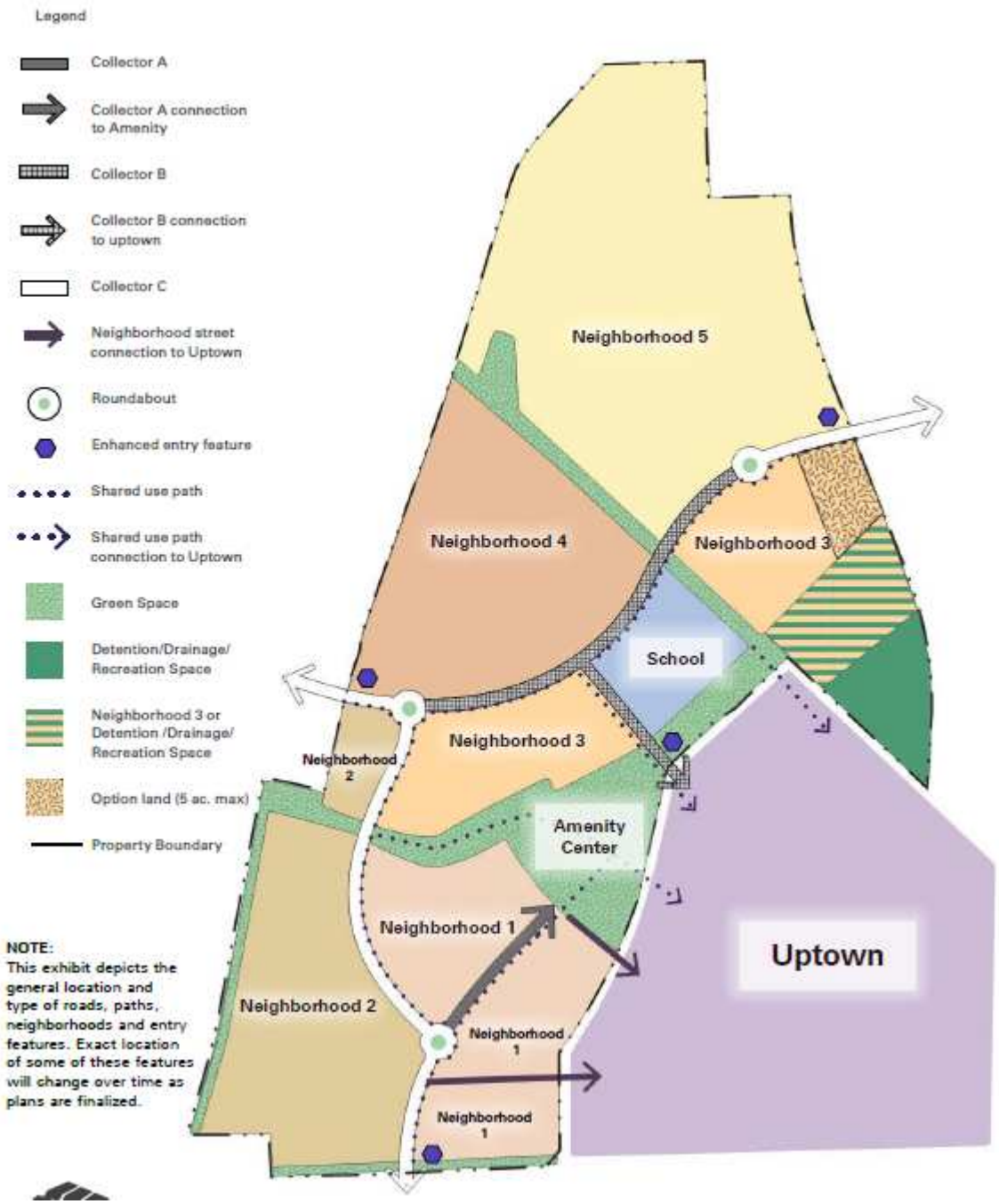


EXHIBIT B

The Rules for Phase II

EXHIBIT B

TO ADDENDUM NUMBER FIVE to the AGREEMENT BETWEEN THE CITY OF KYLE, PLUM CREEK DEVELOPMENT PARTNERS, LTD., AND WILLIAM NEGLEY, TRUSTEE, FOR DEVELOPMENT AND ANNEXATION OF PHASE I OF THE PLUM CREEK RANCH PROPERTY ("ADDENDUM NO. 5")

Referred to as "The Rules for Plum Creek Phase II – Residential"
(a/k/a "*Plum Creek North*")

This exhibit consists of multiple pages.

Design Development Standards, Requirements and Review Processes

Plum Creek North Guiding Principles

The City of Kyle elected officials, staff leadership and the Developer collaborated diligently through a multi-year sustained and in-depth process to establish mutually agreeable objectives for Plum Creek North. These objectives establish design principles emphasizing a shared commitment to a unique, attractive and welcoming environment.

Distinct neighborhoods will contain a variety of appealing home types, architectural styles, street designs, pedestrian/bike circulation routes, landscaping and recreational activities. A focus on public spaces combines with these to form a cohesive community. Neighborhood parks, public places and multi-use paths promote meaningful connections to all residents, community activities and the future Uptown Kyle development.

A variety of quality and durable residential building types, lot sizes and configurations and variety of architectural character will establish appealing streetscapes by emphasizing human scale along the streets and parks while meeting the lifecycle needs of a wide range of users – from Young Single Residents to Families to Seniors and Active Adults.

These principles are designed to create a lasting and quality community that is consistent with Kyle's core values. The result of this mutual commitment ensures a healthy, resilient and sustainable community. The Developer and the city are committed to embracing these collaboratively-established principles.

1. General.

These architectural and development design standards (the "*Design Standards*") are intended to direct Lennar Homes of Texas ("*Developer*"), homebuilders within Plum Creek North, design professionals and the City of Kyle in the design, implementation and review of residential buildings and associated site elements of Plum Creek North. In the event anything herein conflicts with City of Kyle Ordinance 962, this document will prevail with respect to development or construction within Plum Creek North. These Design Standards will be recorded in the county real property records and will constitute a covenant running with the land and will

be binding upon the Developer's successors and assigns. These covenants and its exhibits may be amended solely by agreement of the City and the Developer without the consent of other owners within Plum Creek North.

2. Types of Residential Homes Authorized in Plum Creek North

- Single Family Detached
- Single Family Attached, including condominiums

3. Architectural Design Guidelines

3.1 Exteriors of buildings.

Diversity of architecture is required. In addition to areas or neighborhoods of cohesive architecture (per §53-932 (B)), streetscapes with architectural variety as specified herein shall be used herein to create distinct neighborhoods or areas.

"*Front Facades*" are defined as an elevation facade facing a public street, public park or public open space. Front Facades (including public street-facing facades on corner lots) shall be articulated; continue siding material palette on both public street-facing facades and incorporate architectural elements described under "Variety of Articulation" below. The percentage of design elements and detailing are not required to be consistent on all facades but 4-sided design is a requirement (see below).

Each Front Facade must have at least one exterior lighting fixture (dark sky compliant) hard-wired with a photocell**.** All exterior fixtures on homes must be dark sky compliant.

A minimum of fifteen percent (15%) of the Front Façade shall consist of window or door openings.

Elevation Repetition. As to single family detached units, plans with the same elevation can be repeated no more than every fourth Lot on a block on the same side of a block. Plans with the same elevation cannot be placed on a Lot directly across the street or diagonal from any other plan. No elevations may be repeated on a cul-de-sac having less than six (6) Lots.

Color. A variation in paint colors on single family detached dwelling units along a block is required. On a per-block basis, any one "body" paint color or combination of body and trim colors may be used a maximum of four (4) times for blocks containing less than twenty (20) Lots and a maximum of seven (7) times for blocks containing more than twenty (20) Lots. Color variation is intended to mean *distinct and obvious* color differences and not a range within a single palette or color. Color variations on body and trim may include tans, browns, grays and whites, but *must* also include other variations of primary colors, pastels and greens, reds or blues. However, depending on the architectural style, white and black is acceptable. Any single "body" color may be utilized no more than twice on a single cul-de-sac. Body and trim colors must be

different on a single family detached unit and a third or fourth accent color or stain (such as on front doors or shutters) is encouraged.

Color variation guidelines do not apply to attached dwelling units or cluster-type age-restricted areas. For those unit types, variation of color is at the option of the homebuilder and overall cohesiveness of style may be appropriate within those areas.

Variety of articulation. Front Facades of single family detached units shall have at least two different horizontal offset design features to break the wall plane, and shall additionally include multiple articulations or architectural details. The following are examples of the types of design features that meet this requirement:

- Horizontal offsets, recesses or projections (min. 12 inches), porches, permanent awnings, box-out windows, vertical "elevation" offsets, roofing articulation, arches, courtyards, alcoves, recessed entries, ornamental cornices or similar design features.
- Architectural details such as shutters, integrated planters or wing walls, corbels, architectural or ornamental brackets and garage door accessories.

Materials. Exterior surface areas of dwelling units and detached garages (all stories) shall consist of one or more of the following cementious-fiber planking (not panels; either laid horizontal or vertical): ledge stone, fieldstone, cast stone, painted or tinted stucco and brick. Stucco may not exceed thirty percent (30%) on single story nor fifty percent (50%) on two story products of the wall area (net of openings) on the Front Façade or any side. Variances of minor deviations in percentages may be granted by the Plum Creek Neighborhood Design Committee ("PCNDC") if the architectural style of the home is compatible with increased stucco. Board and batten designs are permitted. Solid wood planking, decorative cementious-fiber panels, galvanized metal and other materials may be used for accent features.

4-sided Design. Design elements and detailing, including the presence of windows and window treatments, trim detailing, and exterior wall materials, must be continued around the entire primary structure. The percentage of design elements and detailing are not required to be consistent on all facades.

Residential units that back up to Collector Roads or higher street category shall be limited to one-story in height except by specific variance by the PCNDC (see 3.13). However, when a Rear/Forward Garage Home backs up to the Collector Road or higher street category, the one-story requirement will apply to the garage structure, *not* the primary home structure.

Exposed Foundations. Exposed portions of the foundation visible from a public right-of-way, park or public open space must be concealed by extending the exterior stone,

brick or siding material so as to result in no more than twenty-four inches (24") of unfinished foundation is visible. However, exposed foundations concealed out of view of public right-of-way, park or public open space may be visible up to forty-eight inches (48") above the finished grade of the Lot.

Address Markers. Address markers must be readily visible from the street. The painting of addresses on the curb is not allowed.

HVAC and Trash Collection Bin Screening. Air conditioning compressors, generators, pool equipment, and trash collection bins shall be screened from public view by landscaping or structural screening.

3.2 Front Entries.

The design and location of the primary building entry for residential units must consider pedestrian circulation and protection from the elements. A variety of front door styles and detailing (i.e.; height, material, paint/stain color and side lights) is required. The variety standards should meet the elevation variation (repetition) guidelines contained in Section 3.1. Building entrances may be marked by porch elements, trellises, canopies, awnings or special roof treatments. Except for the requirements of the immediately preceding sentence, these front entry guidelines do not apply to attached dwelling units or cluster-type age-restricted areas. For those unit types, variety is at the option of the homebuilder as overall cohesiveness of style may be appropriate within those areas.

On lots less than 51' in width at the front setback line, eaves over garage doors, porte-cocheres, porch or exterior patio features may extend up to five feet into the building setback line but *only* if such features extend beyond the enclosed garage face.

One hundred percent of single family detached homes constructed on lots less than 50' (at the building setback line) in width and at least 80% of the homes on Lots sized greater than 50' frontage (at the building setback line) on any block must have covered front porches or open trellises incorporated into a Front Façade. Such covered areas must have minimum depths of 5 feet. On lots measuring less than 50' at the front setback line, the minimum covered area shall be 50 square feet. On Lots measuring over 50' and less than 60' at the front setback line, the minimum covered area shall be 90 square feet. On Lots measuring over 60' at the front setback line, the minimum covered area shall be 120 square feet. *Exception to this provision*: Certain architectural styles such as "*Salt Box*", some contemporary designs and facades with other forms of distinctive articulation may be excluded from the porch requirement. The PCNDC is authorized to approve such exceptions.

Covered front entries less than 5-ft deep are not considered porches and do not count toward the required percentages.

3.3 Street-facing Driveways & Garage Placement

The lot layout and design of homes shall minimize the visual prominence of garage and driveway placement on all Lots, using alternative garage alignment and entries especially

for corner lots as required in §53-933 (F) of the Kyle Municipal Code (shown in Exhibit B). Single family detached home Lots less than fifty feet (50') in width at the front set back line shall utilize a garage design as follows: (a) a detached garage on Rear/Forward Garage Homes (as illustrated on Exhibit C) or (b) another alternative garage alignment and entry which includes side entry or alley entry. Detached garages on Rear/Forward Garage Homes may be accessed from any direction. This paragraph will satisfy the intent of §53-933 (B), which requires all lots less than fifty feet (50') utilize alley loaded product.

Driveway width at the curb line shall be no wider than the greater of 17' or width of a 2-door garage. However, driveways on Rear/Forward Garage Homes may be shared at the property line, which may result in a wider overall driveway width at the curb. (See Exhibit C.)

Driveways may have a "Hollywood driveway" design, where the driving surface consists of strips of pavement. Such driveways shall be designed to eliminate large patches of dead landscape by either using synthetic materials such as faux turf, rubber, stone or other similar material and avoiding the use of live vegetation. If loose rock material or other loose material is utilized, a design feature shall include a way to eliminate material from running off from the site during rain, washing or watering or through normal use. The PCNDC will approve the synthetic materials list. The lot owner will be responsible for maintaining the Hollywood driveway, and the restrictive covenants for the Subdivision will allow the homeowner's association to enforce compliance with this paragraph.

3.4 Garage variety

Garage doors must integrate into the overall building design with color, texture or other similar design elements. Garage doors articulation should include one or more of the following: ornamental hardware, embossed finished material, other detailing and/or relief in the surface or windows.

Stain or paint colors for garage doors shall be compatible with the color palette of the Front Façade or stained trim on the home. Paint colors for garage doors shall be the same as the body color palette of the home with the intent to deemphasize the garage door.

On lots less than 50' in frontage at the setback line, an overhead eave must extend above the face of the garage door a minimum 12 inches in front of the garage door face. This eve may extend into the front setback line. This provision does not apply to detached garages on Rear/Forward Garage Homes.

On single-family detached dwelling Lots measuring less than 50' at the front setback line and have a two-car attached garage facing a public street, no more than 40% of the units on a block may have a single two-car garage door. Instead, on those units the garage doors must be two single-width doors separated by a column or other architectural

feature. This does not apply to Rear/Forward Garage style homes, which may have single garage doors.

3.5 Front-loaded Garages, Overhead Architecture Forward and Rear/Forward parking.

An extended architectural element of conditioned space a minimum of 18' wide shall be located a minimum of three feet in front of the garage door face on any Lot measuring 50' or more at the setback line. Such extended area may be located anywhere along the face of the front façade.

"*Rear/Forward Garage Homes*": Rear/Forward Garage Home concept elevations are illustrated on Exhibit C. When these type homes have front (street)-facing garages or carports that are located in the rear yard of the single family residential Lot, they may be constructed as a "zero lot line", where (a) one side and one rear wall or (b) one side or one rear wall may be located on the property line. Additionally, such garages may be attached at the side and/or the rear to the adjacent garage at the property line. As to Rear/Forward Garage Homes, if there is less than 430 square feet of covered or enclosed garage space the original builder shall either: (a) provide a detached storage shed of at least 50 square feet or (b) provide at least 50 square feet of second-floor storage in the detached garage accessed by an interior or exterior stairway. Any detached storage shed must generally conform to the main house structure architecture and color scheme. The additional storage space requirement does not apply to homes that are "age restricted" or are attached townhome or condominium structures. In those cases, there is no garage minimum size and depending on the architectural style, the PCNDC may approve carports or uncovered offstreet surface parking to be utilized.

Rear/Forward Home garages are not required to be fully enclosed. The street-facing façade of the garage must have a garage door and the structure must have a roof and floor slab, but the sides may be open so long as the structure is primarily constructed of wood and the architecture conforms with that of the main house on the Lot.

The garage building of a Rear/forward Garage Home may contain a conditioned living area which may include a kitchen and/or bathroom. The stairway leading to the second floor may be interior conditioned space or an exterior stair. Rear/Forward Garage Homes may be rented to third parties not residing in the main residential structure on the lot.

The main house structure of Rear/Forward Garage Homes may be constructed with a 10' front setback (building line) so long as they have a covered front porch that meets the requirements of 3.2 above. Further, for Single Family Detached Lots upon which a Rear/Forward Garage style home is constructed, impervious cover on those lots may be up to 90%.

3.6 Garage - Side-loaded

Garages that are side-loaded (in relation to the street) are a preferred and permitted garage type on lots measuring 59 feet or more in frontage at the setback line subject to the following:

- Garage door articulation requirements (per Section 3.4) are incorporated.
- Driveway pavement width is limited to the minimum necessary for safe vehicular movement
- Side loaded garages may extend 10' into the platted side building setback line.

3.7 Garage/carport – Rear alley-loaded

Alley-loaded garages are a permitted garage type as are carports constructed primarily of wood accessed from the alley. Alley loaded garages or carports may be attached or detached from the home. Alley-loaded homes are not required to have covered parking but must have at least one paved parking space. Alley-loaded garages or carports must be set back a minimum of five feet from the Lot rear property line. Such minimum setbacks are encouraged so as to minimize pavement in and around the alleys. Garages or carports accessed by alleys may be constructed as a "zero lot line", where one wall may be located on the side property line. Additionally, such garages (or carports) may be attached to the adjacent property's garage on a side property line so long as they meet local fire code regulations.

3.8 Roofs and overhead structures.

Simple roof lines are encouraged and can be achieved by including hips, gables, projections (e.g. dormers) and roof form changes in keeping with a selected architectural style. On buildings with pitched roofs, the minimum main roof pitch is 6:12. Lower roof pitches are acceptable on porch elements, detached garage structures of Rear Forward Garage Homes, awnings or architectural feature elements.

Pitched roofs shall be clad in 25-year minimum composition shingles commonly referred to as Dimensional Shingles. Painted or low reflectivity metal roofing (standing seam galvanized or unpainted metal) or tile is also permitted if compatible with the architectural style of the home.

Flat roofs are permitted, but must have a continuous parapet, minimum six-inch height. Flat roofs may utilize any roofing material. Roof decks and planted green roofs are permitted.

Photovoltaic roof tiles and shingles, and solar panels are permitted.

The use of canopies, awnings and trellises are encouraged to provide both visual interest and protection. The materials and colors should be compatible with the roof materials and complement and harmonize with the exterior design of the building. Canvas or metal awnings are permitted.

3.9 Attached Single Family and Condominium.
In general, the Design Standards set forth herein except color variation, architectural variety and parking apply to attached housing and age-restricted housing. In addition, the following guidelines apply to attached single family and multifamily buildings and site design.

A maximum of 20% of the total number of homes to be constructed in Plum Creek North may be attached single family or multifamily buildings.

Specific guidelines for Attached Single Family, condominium and age-restricted housing:

- **Architectural style**
  Attached buildings on a single site must share common, identifiable, complementary design elements and/or detailing. This includes non-residential structures such as garages, carports, and dumpster enclosures.

- **Form and Mass**
- Except as designed as a 'Mansion-house concept', a single, large, dominant building mass should be avoided. Four-flat or mansion home buildings are permitted so long as the architectural style is reasonably compatible with adjacent single family detached units.
- **Exterior walls**
  Facades must be articulated with bays, insets, balconies, porches, stoops or other similar design elements related to entrances and windows.
  All facades facing a public right of way or public parkland must include materials and design characteristics consistent with or compatible with those on the Front Facade.

- **Long walls and facades**
  Up to six attached dwellings may be attached in a single row. Up to six attached dwellings may be included in a single building where the units are "flats".

- **Building entries**
  Building entries facing a public street, private drive or parking area must be articulated to provide an expression of human activity or use in relation to building size using doors, windows, entranceways, and other design features such as corners, setbacks, and offsets can be used to create articulation.

- **Windows and transparency**
  All walls and elevations on all floors of attached residential buildings must include windows or doors with glass, except when necessary to assure privacy for adjacent property owners. Glass may be opaque or frosted for privacy purposes.

- **Building roofs**
  On buildings with pitched roofs, the minimum roof pitch is 6:12 on the main structure.

- **Mechanical equipment screening**
  Rooftop mechanical equipment must be hidden or screened from public right-of-way with architecturally integral elements at least as high as the equipment to be screened. Makeshift equipment screens, such as wooden or plastic fences, are prohibited.

  Solar panels and rain collection devices are exempt from mechanical equipment screening standards.

3.10 Walls and fences.
Walls and fences shall consist of durable materials, including painted or stained wood, ornamental steel or native stone masonry walls. Each distinct neighborhood as indicated on the master development plan or as developed over time should have at least one distinct fence type that varies from adjacent neighborhoods. Wood privacy fences on lots must be constructed using metal posts installed in concrete. If metal posts are hollow, a cap must be installed on the top of the metal post. Fences facing a public street may not exceed 5' in height and no fence may exceed 6' in height except to screen a public park, public or HOA amenity, major roadway or commercial facility in which case the maximum height shall not exceed 10'. Except where incorporated into the building design and attached to the building, fences on a plane ahead of the front of the Front Facade may not exceed 4' in height and are encouraged to be open picket type.

The Master HOA will have the ability to require homeowners to maintain fences which abut neighboring single family homes. Further, the HOA will maintain the portion of any fence on any Lot which fronts, backs or sides to a public right of way or greenbelt, including the external perimeter fence. Greenbelt fences must be open picket type.

3.11 Building Site and Lot Standards.
At least 5% of the lots (calculated as of the end of all development) within Plum Creek North must have alleys and residential buildings constructed thereon must have parking accessed off of the alley. Any residential structure accessed by an alley may have a front-setback (building line) of 10 feet.

For Single Family Detached Lots upon which a Rear/Forward Garage style home is constructed, impervious cover may be up to 90% and there will be no minimum lot depth.

Homes which are accessed by an alley or are characterized as Age restricted, four-flat or mansion homes may have "ganged" or uncovered parking so long as there is at least one off-street parking per unit.

A maximum of 1625 LUE's may be constructed within Plum Creek North. No more than sixty percent (60%) of the lots may be less than fifty feet (50') in width at the setback line.

3.12 Master Planned Development Criteria. Plum Creek North will further be developed in accordance with the following requirements:

a) Roundabouts will be constructed at select locations to replace conventional "T" intersections as shown in Exhibit D-2.
b) Street trees on Collector Roads must have a minimum of one 2" caliper tree every 75' on each side of the street.
c) Street trees on neighborhood streets. Neighborhood streets must have one 2" caliper (or larger) street tree located within the public MUE, PUE or ROW every 75' feet on each side of the street.
d) Each single family detached Lot measuring 50' or more at the front setback line must have at least one 2" caliper tree in the street-facing yard located within the property lines. For blocks where the typical front foot measurement at the setback line is less than 50', one 2" caliper tree must be provided within the property lines for each three Lots.
e) The Subdivision shall be developed with HOA-maintained common open space or pocket parks (minimum 8,000 square feet each; the "*HOA Parks*") at an overall ratio of one pocket park per 175 homes. This assumes the Developer will receive a credit toward parkland dedication requirements or "fee in lieu" requirements for the actual area of those HOA Parks, as approved at a later date by the City Parks Board and the City Council. Should the City Parks Board or the City Council deny such credit, Lennar may instead develop the Subdivision with an overall ratio of one HOA Park per 275 homes. The HOA Parks will be designed to (i) serve the recreational needs of the residents and (ii) provide places and opportunities for interaction within the community.
f) Collector Roads shown on Exhibit D-1 will include Purple Pipe transmission lines and distribution lines as a backbone for future distribution of reuse water. The irrigation pipes may connect to potable water sources in the interim. The Purple pipe transmission lines will be designed and constructed for the point of connection to the detention pond in front of the Hays Performing Arts Center, unless authorized otherwise by the City; provided that the Developer shall only be required to design and construct the purple pipe to the boundary of the Property.
g) In addition to the pocket parks or common open space, the Developer will provide two HOA maintained large amenity centers with swimming pools.
h) Landscaping in Collector Street medians greater than four feet (4') in width is required, with xeriscaping in such locations being encouraged. Refer to Exhibit E for illustration of Collector Roads and medians.
i) Neighborhood street widths should be as narrow as possible to reduce speeds but still meet fire codes. The various permitted street styles are illustrated on Exhibit D-3.
j) Mid-block pedestrian cut-throughs (pedestrian paths) maintained by the HOA (minimum 15' wide) will be required on any block exceeding 900' in length. These paths will be either paved or maintained with decomposed granite (or equal) and are intended to give adequate pedestrian circulation through the residential development.
k) Multi-use paths: Multi-use paths shall be used to enhance pedestrian and bicycle travel where the existing vehicular circulation system does not provide corridors free of obstacles. Paths should connect to the street and sidewalk system safely and conveniently. Where practical, paths should be located in corridors that serve

origin and destination points such as residential neighborhoods, schools and parks. Multi-use paths are shown on Exhibit D-2.

l) Distinct neighborhood theming: Distinct neighborhood characteristics shall be established to provide a diverse residential character within Plum Creek North. A minimum of five distinct neighborhoods shall be established. Neighborhood identity shall be established through distinct residential architectural style and fencing plus some combination of the following: (1) a variety of park uses, (2) variety of street tree types, (3) distinct neighborhood entry monumentation and, or (4) differing neighborhood streets constructed to meet the standards illustrated in Exhibit D-3. The PCNDC shall oversee implementation of the approved themes.

m) The main amenity center shall include an upgraded pool (which shall consist at a minimum of an adult pool, a kiddie pool or kiddie pool offset, a splash pad or similar water feature, and a covered patio and seating area), conditioned community building, playscapes and outdoor theater.

n) The secondary major amenity center shall include pool and other outdoor recreational features (which shall consist at a minimum of a covered patio and seating area suitable for barbecue area, parties, and general gathering, a playscape and outdoor playground area).

o) Collector Road ROW's, which are shown in Exhibit D-1 and D-2, shall include masonry walls in lieu of standard wood fencing. Masonry shall mean stucco, brick, or stone.

p) Entries to the Subdivision shall be equipped with HOA-maintained irrigation with HOA-maintained water meters.

q) Street lighting shall be upgraded in that it will exceed the City standard lighting design requirements. Examples of upgrades include color and/or materials. Signage in the Subdivision shall comply with Exhibit F.

r) The Developer will construct traffic and pedestrian connections between Plum Creek North and the property abutting its eastern and southern boundary (the "Uptown Kyle Tract") in accordance with the trail and street plan attached hereto as Exhibit D-2. A minimum of two shared use paths and three street connections will be constructed. Neighborhood streets and Collector Roads shall be designed and constructed in accordance with Exhibit D-3 and Exhibit E, respectively, and City standards to the extent that such standards do not conflict with the Addendum.

s) Collector roads at the points of entry to the Subdivision that are illustrated on Exhibit D-2 will be constructed with medians and will be marked with entry monuments.

3.13 Design Review and enforcement.

A. The City of Kyle will have the authority to deny any building permit, site development permit, zoning application, or plat application for the development of Phase II – Residential that does not conform to the Design Standards contained in this document, or the applicable City Ordinances, as modified by the Addendum; provided that the City will accept the PCNDC's approval of the Aesthetic Standards, as that term is defined in the paragraph entitled "Submission Requirements" in Exhibit A.

B. Design Committee: The Plum Creek North Design Committee "*PCNDC*" will be established. The PCNDC will be "activated" prior to the construction of any residential structures within Plum Creek North. Its purpose shall be to review the Aesthetic Standards for compliance with the requirements contained in this document and applicable ordinances. The role, duties, and rules governing the PCNDC are further described on Exhibit A. For Plum Creek North, the PCNDC shall serve as the Architectural Review Committee (ARC) under the Plum Creek Planned Unit Development Ordinance, Exhibit A, Chapter 53, City Code of Ordinances for review of the Aesthetic Standards as provided in this Agreement.

C. A Master Homeowner Association shall be created and maintained for the community, empowered to govern and establish design guidelines, review architectural and landscape designs and enforce regulations and design guidelines.

D. In addition to those described in this document, additional design requirements may be created by the Developer so long as they do not conflict with this document or are approved as variances by the PCNDC as provided in Exhibit A; provided that such variances shall not relax the standards set forth in this document. Each new residential unit in Plum Creek North will be subject to such additional design criteria that will be detailed in design guidelines to be described in the Declaration of Covenants, Conditions, and Restrictions (CCRs) enforced by the PCNDC, which will be given such authority in the CCRs.

EXHIBIT LIST TO Plum Creek Phase II – Residential ("Plum Creek North") Design Development Standards, Requirements and Review Processes

A. Description of the PCNDC
B. Applicable Kyle Municipal Code Provision
C. Rear/Forward Garage Homes
D-1. Masonry Wall Locations and Collector Roads
D-2. Road, Collector Roads, Neighborhood, Green Space, Detention, Entry Features, and General Circulation
D-3. Neighborhood Streets
E. Collector Road Design Criteria
F. Plum Creek North Sign Standards

EXHIBIT A

To EXHIBIT B of ADDENDUM NUMBER FIVE to the
AGREEMENT BETWEEN THE CITY OF KYLE, PLUM CREEK DEVELOPMENT PARTNERS, LTD., AND WILLIAM NEGLEY, TRUSTEE, FOR DEVELOPMENT AND ANNEXATION OF PHASE I OF THE PLUM CREEK RANCH PROPERTY

Description of the PCNDC

Composition of the PCNDC. The Committee will be comprised of four professionals, each with a two-year term. The Kyle City Manager will appoint two members and the Developer will appoint two members. No member of the PCNDC may be either an employee of the Developer or an employee or elected official of the City of Kyle. Formal meetings of the PCNDC may be attended by a representative of: the Developer, the builder submitting plans, the architect who designed the plan(s) and the City of Kyle.

Each PCNDC member must have one or more of the following credentials and have at least five years' experience practicing in the private sector:

- Professional Engineer
- Land Planner
- Landscape Architect
- Architect
- Land Use Attorney

The Chair of the PCNDC will be selected by a majority vote of the members of the PCNDC. In the event that a majority cannot be achieved as to a selection, the City Manager of the City of Kyle will select the PCNDC Chair. Three members of the PCNDC shall constitute a quorum of the PCNDC. A quorum must be present for the PCNDC to conduct PDNDC business. In the event that a quorum does not attend meetings for forty-five days after a meeting at which a quorum fails to attend, then the quorum requirement will drop to two members for the subsequently scheduled meeting only. Notwithstanding the foregoing sentence, the Developer or the City, as appropriate, may remove and replace a member who has failed to attend a meeting or appoint an alternate. No action of the PCNDC shall be effective except by a majority vote of the members present at an official meeting. In the event of a tie vote, the City Manager and a senior representative of the Developer shall meet and work in good faith to resolve the tie vote.

Submission Requirements. Submissions to the PCNDC will be in the form of written requests. Any single request may include structures on multiple Lots or blocks. Prior to construction of any dwelling unit, a builder will be required to submit to the PCNDC the following for review and approval (the "Aesthetic Standards"):

- Front Façade and side elevations that face a public street of each residential structure on a public street or cul-de-sac. An entire block does not need to be

submitted each time, but each successive submission on that block will need to include depictions of any prior submissions.

- Fence illustrations and locations.
- Tree locations within the residential building Lot.
- Color palette and identity of the color locations (including trim and body colors) on each home to be constructed.
- Door designs.
- Number and configurations of parking spaces (covered and uncovered).
- Description of how the builder will meet the garage requirements in Section 3.5.
- Description of all building materials including masonry, siding, roofing, garage doors and fencing.
- To the extent that the builder intends to utilize the setback variances contained in this document and thereby intends to construct a structure outside of normal setbacks (5' side, 5' rear and 20' front) to the extent authorized by the Design Standards, the builder must provide for the PCNDC approval a plot plan showing the outline of the structures on the Lot.
- Materials for Hollywood driveways

Approval process. The intent will be for the PCNDC to meet formally once every three weeks during the calendar year. However, additional meetings may occur if requested by the Developer or the City of Kyle.

Submissions will be processed by the PCNDC in accordance with this paragraph. Submissions that are received by the PCNDC at least ten (10) days prior to the next scheduled meeting will be considered at that meeting. Submissions that are received after the said date will be considered at the subsequent meeting. If the PCNDC does not act on the request within the aforementioned time period (by providing comments or approval), the request will be deemed approved; provided that failure of the PCNDC to act due to failure of a quorum to attend the meeting shall not be deemed an approval of a submission, and in such event, the submission shall be scheduled for consideration at the next PCNDC meeting. *Outright* denial of requests without specific written reasons is not permitted. Denial must include reasons/comments which must take the form of describing the manner in which the plan(s) deviate from the Design Standards and recommendations for bringing the plan into compliance. The builder may resubmit plans to respond to the PCNDC comments on a schedule that meets the builder's requirements. There is no limit to the number of resubmissions.

Variances. The PCNDC may, at the request of the applicant, grant variances to the Aesthetic Standards if it deems appropriate based on site constraints, tree preservation, utility locations or conflicts and need/desire for general architectural variety; provided that the PCNDC may not grant variances: (1) that are contrary to the terms of Addendum No. 5; or (2) that jeopardize the health and safety of citizens; or (3) that are matters related to utility or other development-related infrastructure; or (4) that are regulated by the City under its zoning, subdivision, site development, or building code regulations. Any variance will require a unanimous consent of committee members in attendance at the duly-called meeting.

Fees: The applicant (builder or developer) requesting plan(s) approval will be responsible for payment of a fee to the PCNDC not to exceed $350.00 per application. The fee will be used to defray the meeting cost and may be used to compensate members of the committee for expenses. Additionally, the Developer will, for a period of time beginning with the final city acceptance of the first development phase (the first year's deposit may be prorated) and ending on January 15, 2024, on an annual basis and no later than January 15 of any calendar year, fund a fixed amount of $10,000.00 to fund any additional costs of the committee. The City Manager of the City of Kyle will decide the manner in which deposits or collections are held and the disposition of any funds remaining at the end of a calendar year.

EXHIBIT B

To EXHIBIT B of ADDENDUM NUMBER FIVE to the
AGREEMENT BETWEEN THE CITY OF KYLE, PLUM CREEK DEVELOPMENT PARTNERS, LTD., AND WILLIAM NEGLEY, TRUSTEE, FOR DEVELOPMENT AND ANNEXATION OF PHASE I OF THE PLUM CREEK RANCH PROPERTY

Kyle Municipal Code Provision Ordinance #962 - Style Guide

This is attached as Exhibit B to Addendum Number Five

EXHIBIT C

To EXHIBIT B of ADDENDUM NUMBER FIVE to the
AGREEMENT BETWEEN THE CITY OF KYLE, PLUM CREEK DEVELOPMENT PARTNERS, LTD., AND WILLIAM NEGLEY, TRUSTEE, FOR DEVELOPMENT AND ANNEXATION OF PHASE I OF THE PLUM CREEK RANCH PROPERTY

Rear/Forward Garage Home Depiction
(Sample Illustration only; detail may vary)

EXHIBIT D-1

(Page 1 of 1)

To EXHIBIT B of ADDENDUM NUMBER FIVE to the
AGREEMENT BETWEEN THE CITY OF KYLE, PLUM CREEK DEVELOPMENT PARTNERS, LTD., AND WILLIAM NEGLEY, TRUSTEE, FOR DEVELOPMENT AND ANNEXATION OF PHASE I OF THE PLUM CREEK RANCH PROPERTY

Masonry Wall Locations

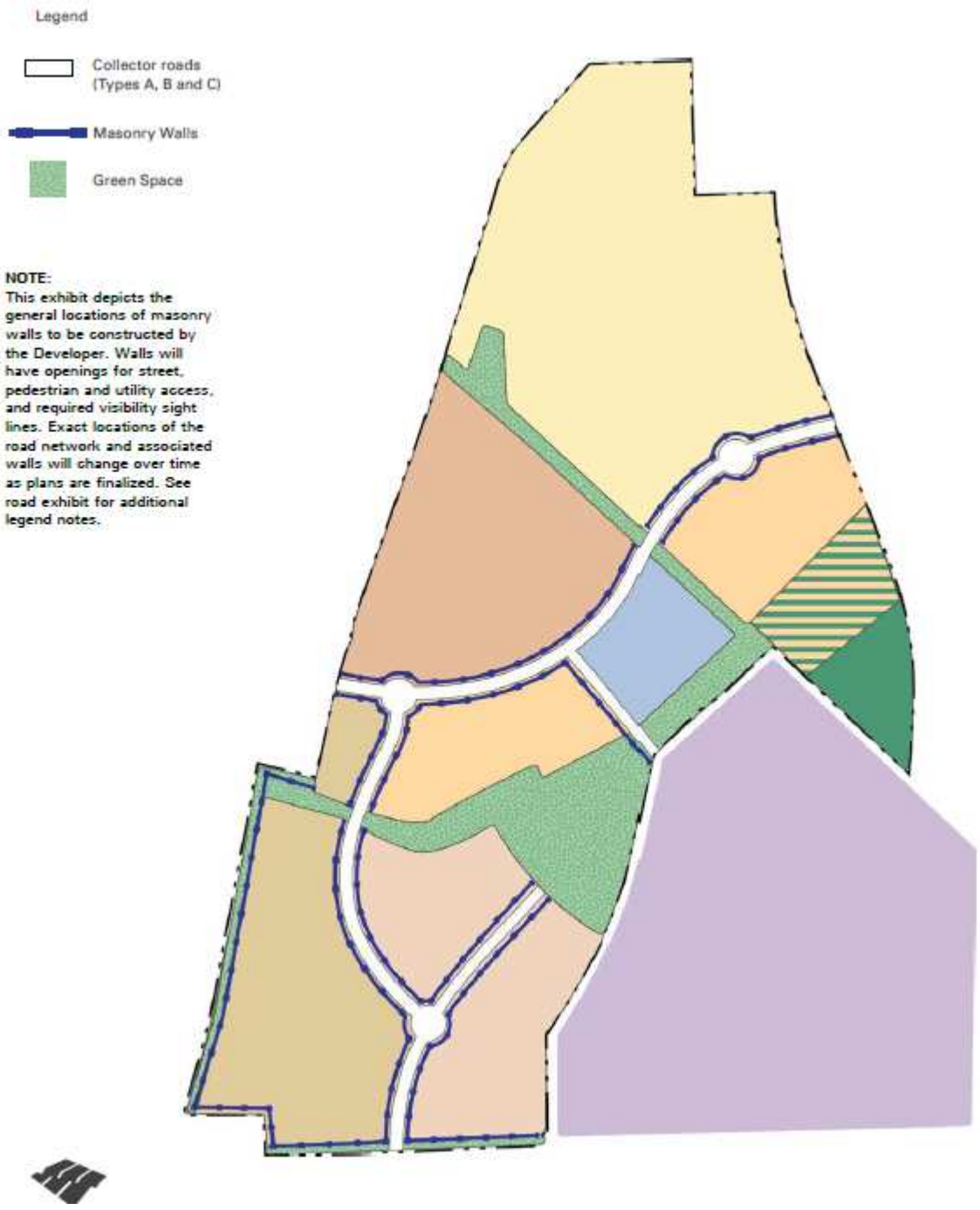


EXHIBIT D-2

(Page 1 of 1)

To EXHIBIT B of ADDENDUM NUMBER FIVE to the
AGREEMENT BETWEEN THE CITY OF KYLE, PLUM CREEK DEVELOPMENT PARTNERS, LTD., AND WILLIAM NEGLEY, TRUSTEE, FOR DEVELOPMENT AND ANNEXATION OF PHASE I OF THE PLUM CREEK RANCH PROPERTY

Road, Green Space, Neighborhoods, Detention, Entry Features, General Circulation and Shared Use Paths

[SEE EXHIBIT E FOR COLLECTOR SPECIFICATIONS]

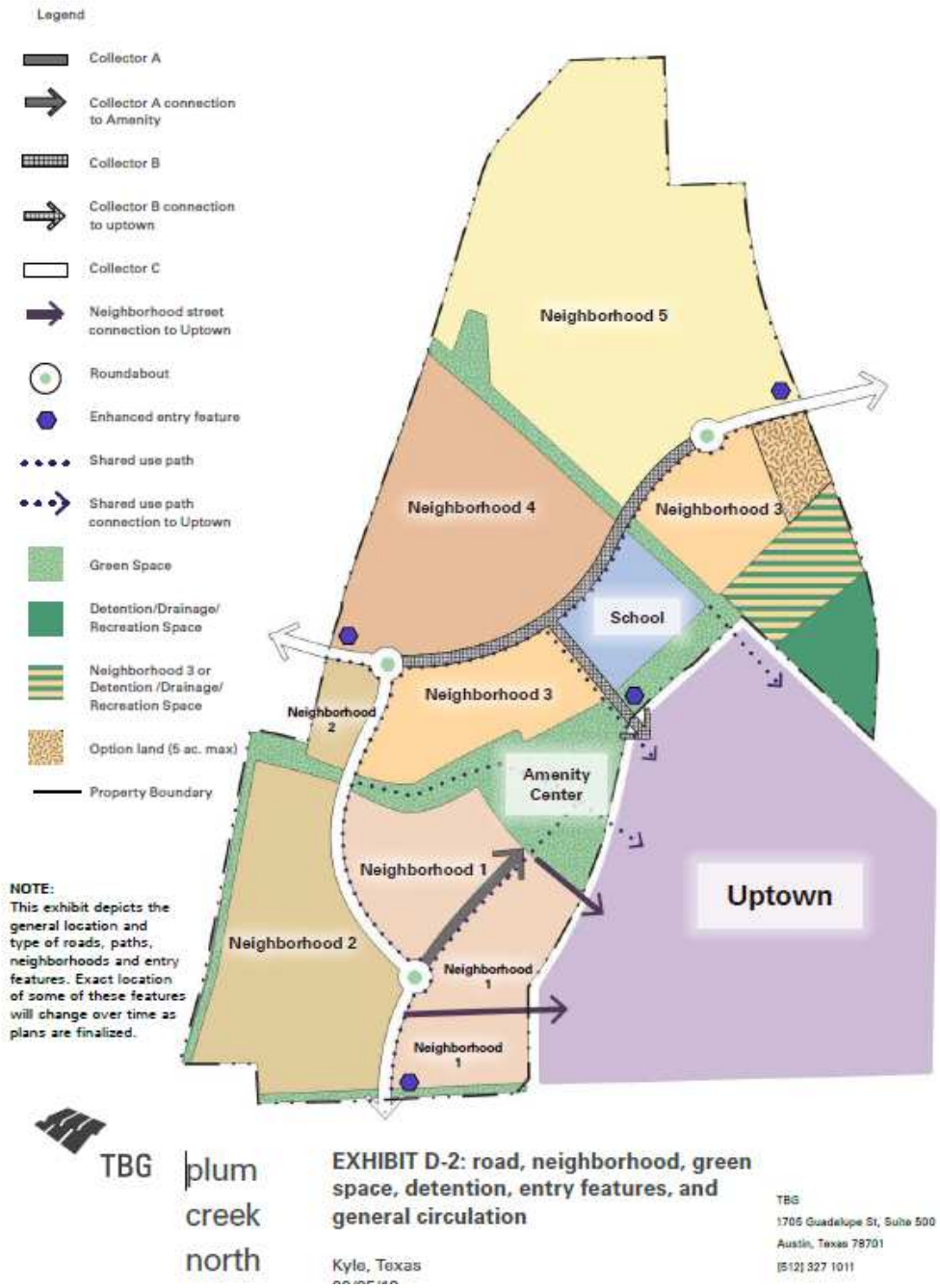


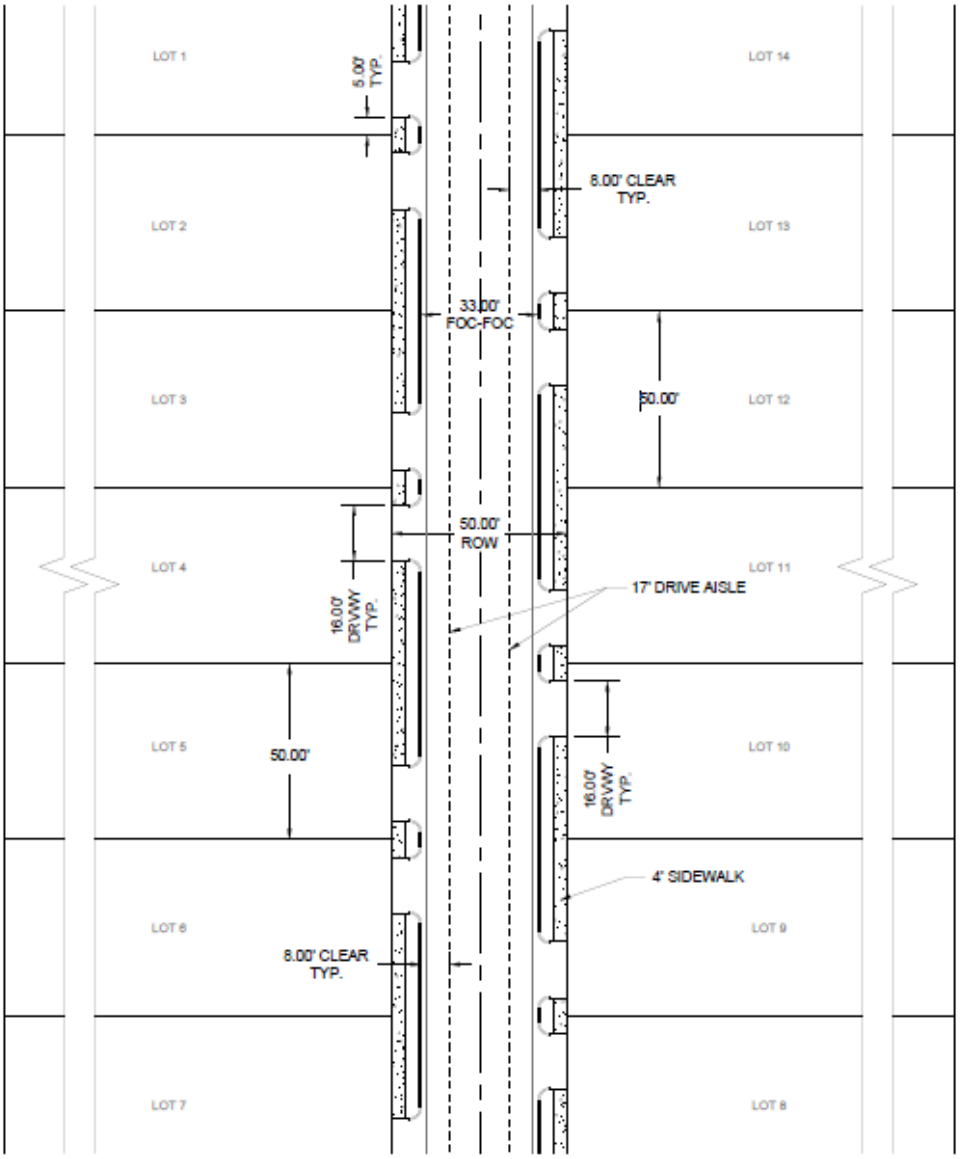
EXHIBIT D-3

(Page 1 of 4)

To EXHIBIT B of ADDENDUM NUMBER FIVE to the
AGREEMENT BETWEEN THE CITY OF KYLE, PLUM CREEK DEVELOPMENT PARTNERS, LTD., AND WILLIAM NEGLEY, TRUSTEE, FOR DEVELOPMENT AND ANNEXATION OF PHASE I OF THE PLUM CREEK RANCH PROPERTY

Alternative "A" Neighborhood Streets (Selected Areas)

Part 1 of **Exhibit D**: Lots 50' frontage and more (at the build line).
50' ROW, 33' paving section FOC to FOC
Parking permitted both sides of street.



NOTE:
50' AND WIDER LOTS WILL BE ATTACHED GARAGE HOMES. THIS STREETSCAPE WILL GENERALLY APPLY TO ALL LOTS 50' AND WIDER.

EXHIBIT D-3

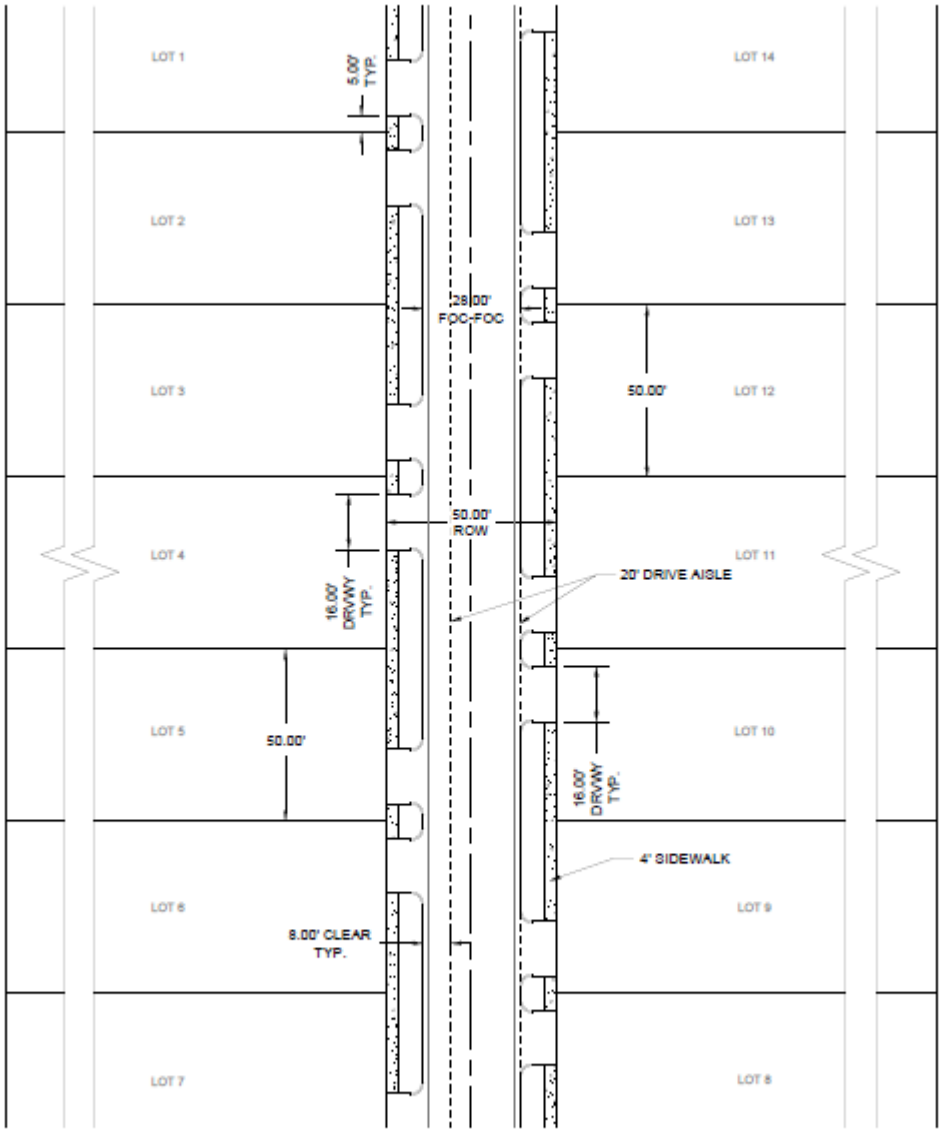
(Page 2 of 4)

Alternative "B" Neighborhood Streets (Selected Areas)

Part 2 of **Exhibit D**: Lots 50' frontage and more (at the build line).

50' ROW, 28' Paving Section FOC to FOC

Parking permitted one side of street only.



NOTE:

1) 50' AND WIDER LOTS WILL BE ATTACHED GARAGE HOMES. THIS STREETSCAPE WILL GENERALLY APPLY TO ALL LOTS 50' AND WIDER.

2) PARKING ON ONE SIDE ONLY.

PLUM CREEK NORTH (PHASE 2)

EXHIBIT D-3
(Page 3 of 4)

Alternative "C" Neighborhood Streets (Selected Areas)
Part 3 of **Exhibit D**: Lots 49' frontage and less (at the build line).
Parking permitted both sides within parking "pockets"
50' ROW, 20' Paving Section FOC to FOC
Shared driveways permitted.

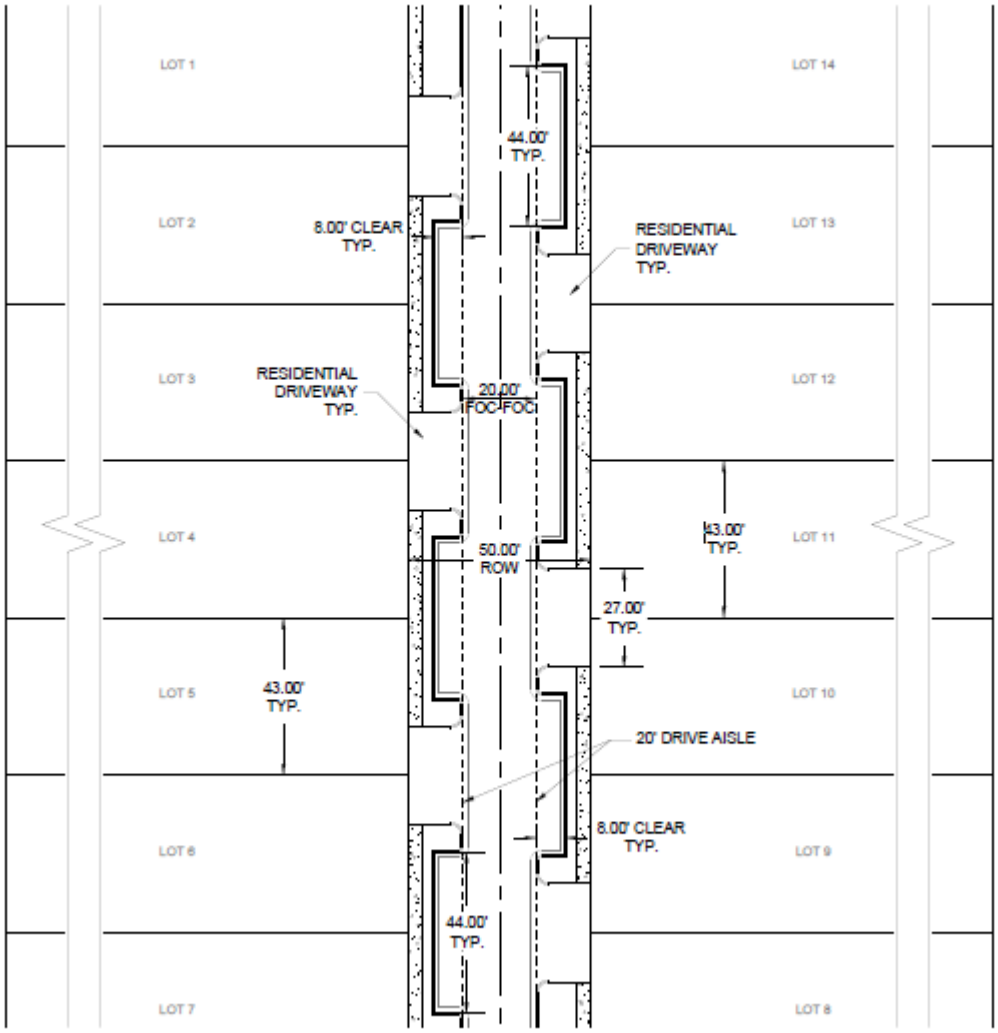


EXHIBIT D-3

(Page 4 of 4)

Alternative "D" Neighborhood Streets (Selected Areas)

Part 4 of **Exhibit D**: Lots 49' frontage and less (at the build line).

Parking permitted both sides at curb or within parking "pockets"

Shared driveways permitted.

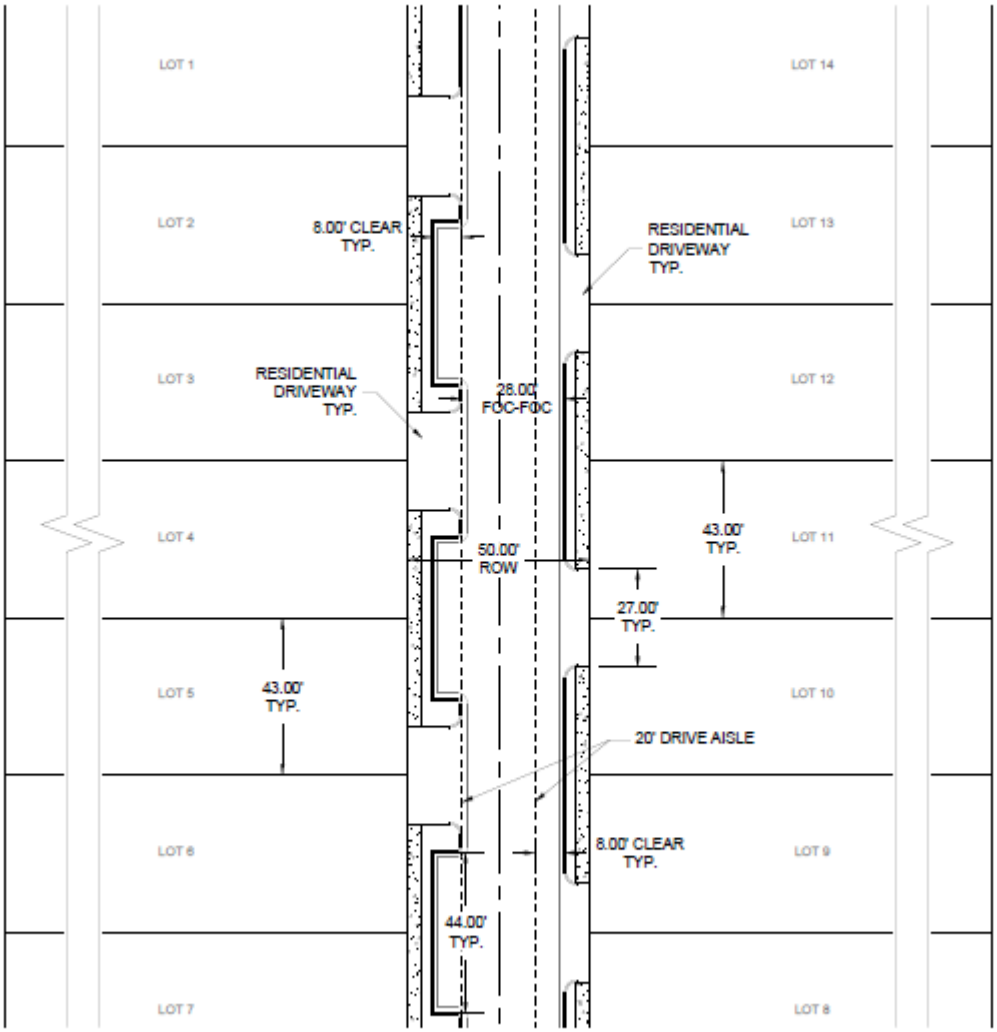
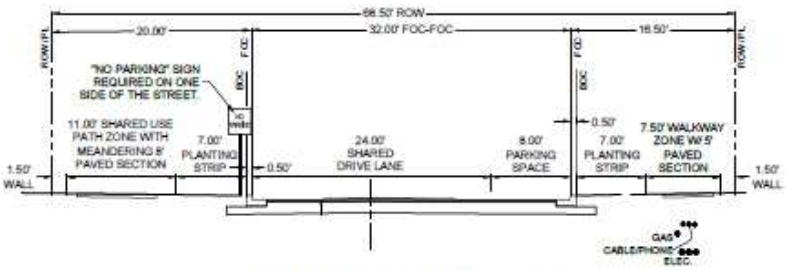


EXHIBIT E

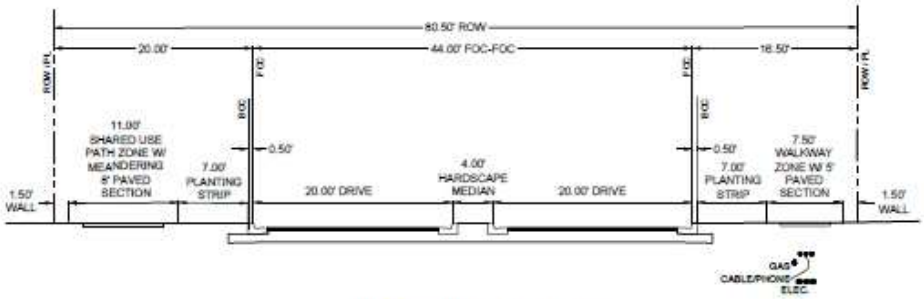
(Page 1 of 1)

To EXHIBIT B of ADDENDUM NUMBER FIVE to the
AGREEMENT BETWEEN THE CITY OF KYLE, PLUM CREEK DEVELOPMENT PARTNERS, LTD., AND WILLIAM NEGLEY, TRUSTEE, FOR DEVELOPMENT AND ANNEXATION OF PHASE I OF THE PLUM CREEK RANCH PROPERTY

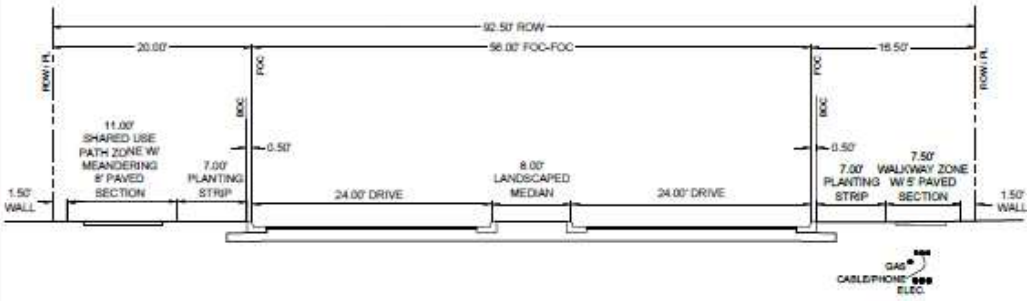
Collector Road Design Criteria



COLLECTOR A - UNDIVIDED
68.5' ROW - 32' F-F
TYPICAL STREET SECTION



COLLECTOR B - DIVIDED
80.5' ROW - 44' F-F
TYPICAL STREET SECTION



COLLECTOR C - DIVIDED
92.5' ROW - 56'F-F
TYPICAL STREET SECTION

NOTES: 1. Dry utility locations are conceptual. Locations will change as civil construction plans are finalized. 2. Wet utility locations are not shown. Generally, they will be located beneath the road sections. 3. At the locations where Collectors B and C intersect with major surrounding roadways and Uptown, the sections will be widened to accommodate entry features and/or signage. 4. "Purple pipe" will be located along all Collector ROW's.

Exhibit F
(Page 1 of 4)
Plum Creek North Sign Standards

I. General.
All sign requirements for the Subdivision shall be as described herein and may be supplemented by covenants recorded from time to time by the Developer as development continues. The requirements described herein as they apply to the signs described in Section II below shall take precedence over any HOA or Developer-enforced covenants. As to the requirements described herein, the enforcement, interpretation and approval of the signage described herein shall be through the PCNDC. The HOA may regulate signage in the Subdivision other than the signage described in this Exhibit. Any reference to the Plum Creek Architectural Review Committee (PCARC) in any existing documents will not apply to the Subdivision.

II. Definitions.
"*Enhanced Entry Feature Sign*": The location of this sign type is located as illustrated on Exhibit D-2. It is intended to identify the Subdivision entries and will be characterized by expressing the distinctive qualities and/or features of the residential community. Compatibility with entry markers into adjacent Uptown Kyle at the access points indicated on Exhibit D-2 is essential.

"*Neighborhood Entry Sign*". A neighborhood sign serves as a placemaking sign feature marking entry(ies) to the proposed five neighborhoods as depicted on Exhibit D-2. This sign type may also identify neighborhood features such as parks, schools or amenities.

"*Street Sign*": A sign designating streets or roadways.

"*Logo*". A logo is a distinctive graphic, stylized name, distinctive symbol, emblem or mark used in design features and signs. A Logo shall be created by the Designer and such Logo shall appear on all signage types listed in this Definitions section.

"*Directional or Wayfinding Signs*": Signs used throughout the Subdivision that direct pedestrians, motor vehicles or other forms of transportation to locations within or outside the Subdivision.

III. Detail
*Enhanced Entry Feature Sign*s must be constructed of stone, brick, architectural metal and/or other low maintenance material(s). Such signs may be placed on both sides of a street and will be considered as one coherent sign feature.
An entire Enhanced Entry Feature Sign monument may not exceed twelve (12) feet in height or fifteen (15) feet if integrated into sculpture, work of art, monument wall, or other enhanced feature.
Unless permitted through a license agreement with the jurisdiction having authority over the right of way, the sign must be located outside the street right-of-way. No sign may obstruct the visibility of vehicle ingress/egress from surrounding streets and/or properties.

"Dark Sky" compatible lighting is permitted. Neon or fluorescent lighting is prohibited except if used as backlighting to sign graphics.

Neighborhood Entry Signs must be constructed of stone, brick, architectural metal and/or other low maintenance material(s). Neighborhood signs may be placed on both sides of a street and will be considered as one coherent sign feature.
Unless permitted through a license agreement with the jurisdiction having authority over the right of way, the sign must be located outside the street right-of-way. A neighborhood sign may be located within in a Collector Road roundabout right-of-way or neighborhood entry street right-of-way, provided the sign is constructed in a manner that does not obstruct the visibility of vehicle ingress/egress from surrounding streets and/or properties.

Street Signs: These signs shall comply with the dimensional and construction requirements of City of Kyle street sign standards. The color and copy of the sign shall be consistent with the current City of Kyle street signs standards. However, the Plum Creek North Logo may be included on the sign in lieu of the currently-utilized City logo.

"*Directional or Wayfinding Signs*": Directional or wayfinding signs may be temporary or permanent. These signs shall not exceed 32 square feet of total sign area on each side. Both sides of the sign may contain signage. Directional or wayfinding signs may be located within in a Collector Road roundabout right-of-way provided a license agreement is obtained. Directional or Wayfinding Signs may be permitted in other locations within a right-of-way through a license agreement with the jurisdiction having authority over the right of way.

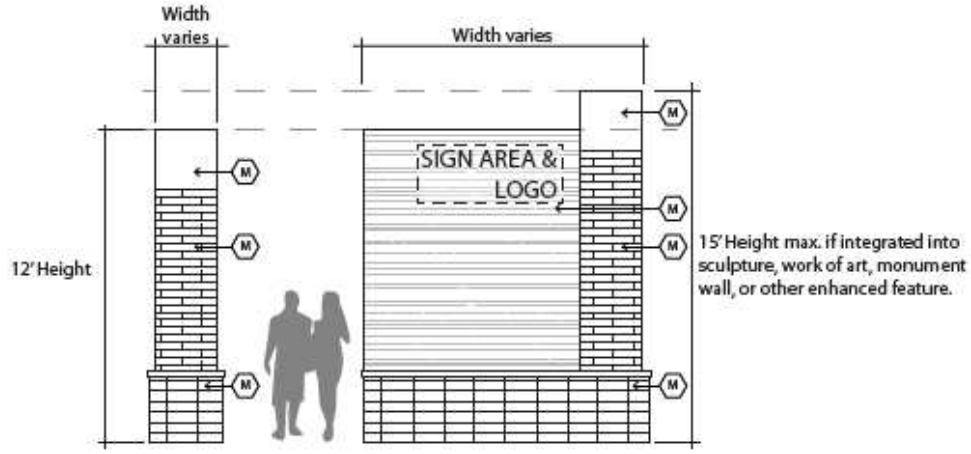
Setbacks. Signs shall be offset from a property line. A sign installed in compliance with this exhibit is not required to meet building setback requirements. Signs must be located in a manner that do not obstruct the visibility of vehicle ingress/egress from surrounding streets and/or properties and meet street intersection sight triangle visibility requirements.
Flagpoles and flags. Flags on signs are permitted if temporary (primarily for marketing or celebratory purposes) and must be maintained in good condition. Patriotic flags of the United States of America and the State of Texas are permitted at any time so long as they are maintained in good condition.
Sign category. For purposes of City of Kyle sign classifications, all signage described in this exhibit is considered a single-family residential sign category. Signs for civic uses are exempt from sign regulations contained herein.
"Dark Sky" compatible lighting is permitted. Neon or fluorescent lighting is prohibited in residential areas except if used as backlighting within sign graphics.
Temporary marketing signs are permitted while the Developer is building and selling homes within the Subdivision.

Exhibit F
(Page 3 of 4)

The Developer will utilize the services of TBG Partners (the "*Designer*") for the signage designs referenced herein. In the event that TBG Partners is unable to complete such work, the Developer and the Kyle City Manager will agree on a satisfactory replacement design firm.

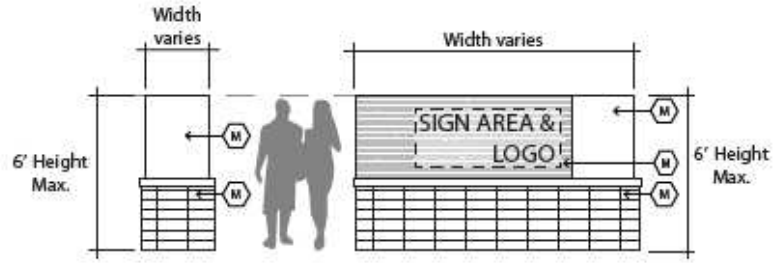
Visual depictions of the requirements contained herein are on the following page(s). Such depictions of the Enhanced Entry Feature Signs, Street signs and Neighborhood Entry Signs are representative examples that show the intent of the requirements. Actual designs, dimensions and use of material may vary.

PCN Enhanced Entry Feature Signs - Visual Depiction



M Materials must be constructed of stone, brick, architectural metal and/or other low maintenance material(s).

Neighborhood Sign - Visual Depiction



M Materials must be constructed of stone, brick, architectural metal and/or other low maintenance material(s).

Street Sign - Visual Depiction

LENNAR - PLUM CREEK NORTH
PLUM CREEK NORTH PUBLIC IMPROVEMENT DISTRICT
TABLE OF CONTENTS
1/4/2019

DRAFT

Exhibit	Title	PDF Page No.
A	Summary	1
B	Qualified PID Costs	2
C	Summary of Community Enhancements	3
D	3:1 Value to Lien Requirement	4
E	AV and Assessment Spread	5
F	Competitive Communities Tax Rates	6
G	Estimated Ad Valorem Taxes	7
H	Key Assumptions	8

EXHIBIT A
LENNAR - PLUM CREEK NORTH
PLUM CREEK NORTH PUBLIC IMPROVEMENT DISTRICT
SUMMARY
1/4/2019

DRAFT

Description	Analysis
A. Key Assumptions:	
Total Tax Rate after PID / $100 AV	$ 3.05
Equivalent PID Tax Rate / $100 AV	$ 0.38
Total Assessed Value	$ 327,727,445
Residential Units	1,351
B. Estimated PID Bond Gross Proceeds:	$ 12,850,000
C. Estimated PID Bond Net Proceeds:	
Master Bond	$ 3,404,833
Neighborhood Improvement Bond #1	$ 3,543,823
Neighborhood Improvement Bond #2	$ 2,864,599
Total Net Proceeds	**$ 9,813,255**
Total Net Proceeds Per Unit	**$ 7,264**
D. PID Eligible Construction Costs	54,907,930
PID Bond Surplus / (Developer Contribution)	$ (45,094,675)
E. Bond Issuance Date:	
Master Bond	2019
Neighborhood Improvement Bond #1	2019
Neighborhood Improvement Bond #2	2022
F. PID Bond Interest Rate	
Master Bond	6.00%
Neighborhood Improvement Bonds	5.50%

EXHIBIT B
LENNAR - PLUM CREEK NORTH
PLUM CREEK NORTH PUBLIC IMPROVEMENT DISTRICT
QUALIFIED PID COSTS
1/4/2019

DRAFT

Neighborhood	1	2	3	Cost [a]
Site Grading	$ 164,071	$ 169,558	$ 141,371	**$ 475,000**
Road	5,194,793	5,368,524	4,476,084	**15,039,400**
Utilities	7,521,524	7,773,068	6,480,908	**21,775,500**
Public Amenities, Landscape and Hardscape Improvements	1,853,482	1,915,469	1,597,049	**5,366,000**
Soft Costs	2,507,831	2,591,701	2,160,868	**7,260,400**
Subtotal	17,241,700	17,818,319	14,856,280	**49,916,300**
Contingency @ 10%	1,724,170	1,781,832	1,485,628	**4,991,630**
Total Qualified PID Costs	**$ 18,965,870**	**$ 19,600,151**	**$ 16,341,909**	**$ 54,907,930**

Footnotes:

[a] Per cost estimates provided by client.

EXHIBIT C
LENNAR - PLUM CREEK NORTH
PLUM CREEK NORTH PUBLIC IMPROVEMENT DISTRICT
SUMMARY OF COMMUNITY ENHANCEMENTS
1/4/2019

DRAFT

BUDGET LINE ITEM	Additional Budget Above Original Non-PID Budget
Main amenity to include upgraded pool, conditioned community building, playscapes and outdoor theater	$ 1,955,000
Add second major amenity not included in original plans	1,000,000
Additional and enhanced pocket parks throughout the community	725,000
Upgraded main entries and entries into individual neighborhoods	475,000
Walls and decorative fencing along ROW (in lieu of standard wood fencing)	1,500,000
City soccer field improvements to detention pond (including lighting and 10 visitor parking spaces)	165,000
Common or shared use paths (other than sidewalks in front of homes)	405,000
Irrigation and common area meters to irrigate enhanced entries, common ROW, etc.	188,000
Landscaping within ROW; street trees, upgraded park landscaping; landscaping around shared use paths	550,000
Infrastructure improvements associated with parking "pockets", roundabouts, expansion of ROW, additional inlets and changes to drainage systems, etc..	1,325,000
Roundabouts at select locations to replace conventional "T" intersections	800,000
Upgraded street lighting	250,000
Upgraded street signage and directional signage	175,000
Additional design and consultant costs associated with above enhancements and changes	370,000
"Purple pipe" improvements	700,000
Operating subsidies due to constructing amenities early in development process	345,000
Total prior to contingency	$ 10,928,000
Contingency	546,400
Total Budget for On-site Improvements	$ 11,474,400
Direct contribution by Lennar to City for Off-site Improvements [a]	2,000,000
Total upgrade cost including Lennar contribution to city offsites	$ 13,474,400
Less: Net amount to Lennar from proposed PID [b]	(9,813,255)
LENNAR CONTRIBUTION TO ABOVE LINE ITEMS (NET OF PID PROCEEDS)	**$ 3,661,145**

Footnotes:

[a] Paid prorata as PID funds are received by Lennar.

[b] Net available for developer, Lennar, could increase or decrease depending on capital market conditions at time bonds are issued.

EXHIBIT D
LENNAR - PLUM CREEK NORTH
PLUM CREEK NORTH PUBLIC IMPROVEMENT DISTRICT
3:1 VALUE TO LIEN REQUIREMENT
1/4/2019

DRAFT

Description	Bond Issue #1			Bond Issue #2	Grand Total
	Master Bond	NIA #1 Bond	Total	NIA #2 Bond	
Phase	**5-12**	**1-4**		**5-12**	
Bond Issuance Year	**2019**	**2019**		**2022**	
Bond Issuance Date	**9/1/19**	**9/1/19**		**9/1/22**	
Term	**20**	**20**		**20**	
Interest Rate	**6.00%**	**5.50%**		**5.50%**	
Value "As Built"	$ 214,526,379	$ 113,201,066		$ 214,526,379	$ 327,727,445
Entitled Land Value	$ 11,086,364	$ -		$ -	$ -
Improved Lot Value	-	28,281,344		53,038,580	-
Assessed Value	-	-		-	327,727,445
Plus: Improvements Funded from Bond Proceeds	3,404,833	-		-	-
Less: Appraisal Discount (15%)	-	4,242,202		7,955,787	-
Less: Prior Bond Proceeds	-	-		14,475,000	-
Estimated Post Bond Sale Valuation	$ 14,491,197	$ 24,039,142		$ 30,607,793	$ 327,727,445
Projected PID Gross Bond Amount	**$ 4,825,000**	**$ 4,575,000**	**$ 9,400,000**	**$ 3,450,000**	**$ 12,850,000**
Reserve Fund (125% of Avg. Debt Svc)	358,667	322,052	680,719	240,401	921,120
Capitalized Interest	579,000	251,625	830,625	-	830,625
Underwriter Discount/Underwriter Counsel (3%)	144,750	137,250	282,000	103,500	385,500
Cost of Issuance (7%)	337,750	320,250	658,000	241,500	899,500
Infrastructure Bond Net Proceeds [b]	**$ 3,404,833**	**$ 3,543,823**	**$ 6,948,656**	**$ 2,864,599**	**$ 9,813,255**
VTL Ratio [a]	**3.00**	**5.25**		**8.87**	**25.50**
Net Infrastructure Proceeds [b]	$ 3,404,833	$ 3,543,823	$ 6,948,656	$ 2,864,599	$ 9,813,255
Construction Costs	35,942,060	18,965,870	54,907,930	19,600,151	54,907,930
Surplus/(Shortage)	**$ (32,537,226)**	**$ (15,422,047)**	**$ (47,959,274)**	**$ (16,735,552)**	**$ (45,094,675)**

Footnotes:

[a] Developer may be required to escrow all or a portion of the additional funding requirement at the time bonds are issued if the 3:1 VTL requirement is not satisfied.

[b] Net available for developer, Lennar, could increase or decrease depending on capital market conditions at time bonds are issued.

EXHIBIT E
LENNAR - PLUM CREEK NORTH
PLUM CREEK NORTH PUBLIC IMPROVEMENT DISTRICT
AV AND ASSESSMENT SPREAD
1/4/2019

DRAFT

Phase	Lot Type	Units [b]	Entitled Land Value [e]	Average Improved Lot Price [c]	Estimated AV per Unit [d][g]	Improved Land Value	Projected AV	Total Assessment	Average Annual Installment [a]	Assessment Per Unit	Annual Installment Per Unit	Equivalent Tax Rate (per $100/AV)
1-4	43'	157	$ 1,866,063	$ 52,202	$ 223,292	$ 8,195,714	$ 35,056,844	$ 1,416,816	$ 131,876.92	$ 9,024	$ 840	$ 0.38
	45'	159	$ 1,977,733	$ 54,630	$ 220,067	$ 8,686,170	$ 34,990,653	$ 1,414,141	$ 131,627.92	$ 8,894	$ 828	$ 0.38
	50' [f]	157	$ 2,169,840	$ 60,700	$ 231,417	$ 9,529,900	$ 36,332,469	$ 1,468,370	$ 136,675.56	$ 9,353	$ 871	$ 0.38
	70'	22	$ 425,676	$ 84,980	$ 310,050	$ 1,869,560	$ 6,821,100	$ 275,673	$ 25,659.63	$ 12,531	$ 1,166	$ 0.38
	Subtotal - NIA 1	**495**	**$ 6,439,312**	**$ 57,134**	**$ 228,689**	**$ 28,281,344**	**$ 113,201,066**	**$ 4,575,000**	**$ 425,840**	**$ 9,242**	**$ 860**	**$ 0.38**
5-8	43'	165	$ 1,961,149	$ 55,397	$ 236,959	$ 9,140,535	$ 39,098,277	$ 1,508,151	$ 148,585	$ 9,140	$ 901	$ 0.38
	45'	125	$ 1,554,822	$ 57,974	$ 233,537	$ 7,246,724	$ 29,192,108	$ 1,126,037	$ 110,939	$ 9,008	$ 888	$ 0.38
	50'	138	$ 1,907,248	$ 64,415	$ 245,582	$ 8,889,315	$ 33,890,257	$ 1,307,261	$ 128,793	$ 9,473	$ 933	$ 0.38
	70'	45	$ 870,700	$ 90,181	$ 329,028	$ 4,058,166	$ 14,806,239	$ 571,126	$ 56,268	$ 12,692	$ 1,250	$ 0.38
	Subtotal	**473**	**$ 6,293,919**	**$ 62,018**	**$ 247,330**	**$ 29,334,739**	**$ 116,986,881**	**$ 4,512,575**	**$ 444,586**	**$ 9,540**	**$ 940**	**$ 0.38**
9-12	43'	231	$ 2,745,608	$ 58,788	$ 251,463	$ 13,580,012	$ 58,087,967	$ 2,240,647	$ 220,752	$ 9,700	$ 956	$ 0.38
	45'	75	$ 932,893	$ 61,522	$ 247,831	$ 4,614,169	$ 18,587,339	$ 716,976	$ 70,638	$ 9,560	$ 942	$ 0.38
	50'	68	$ 939,803	$ 68,358	$ 260,613	$ 4,648,348	$ 17,721,693	$ 683,585	$ 67,348	$ 10,053	$ 990	$ 0.38
	70'	9	$ 174,140	$ 95,701	$ 349,167	$ 861,312	$ 3,142,500	$ 121,217	$ 11,942	$ 13,469	$ 1,327	$ 0.38
	Subtotal	**383**	**$ 4,792,445**	**$ 61,890**	**$ 254,672**	**$ 23,703,840**	**$ 97,539,498**	**$ 3,762,425**	**$ 370,680**	**$ 9,824**	**$ 968**	**$ 0.38**
Subtotal - NIA 2 (5-12)		**856**	**$ 11,086,364**	**$ 61,961**	**$ 250,615**	**$ 53,038,580**	**$ 214,526,379**	**$ 8,275,000**	**$ 815,266**	**$ 9,667**	**$ 952**	**$ 0.38**
Total		**1,351**	**$ 17,100,000**	**$ 58,809**	**$ 237,532**	**$ 81,319,924**	**$ 327,727,445**	**$ 12,850,000**	**$ 1,241,106**	**$ 9,307**	**$ 900**	**$ 0.38**

Footnotes:

[a] Represents the average annual installment, net of capitalized interest.

[b] Per the Plum Creek North land plan dated October 24, 2018. Total unit count and lot mix may vary, but the final land plan will comply with the development agreement.

[c] Assumes an estimated lot price of $1,214 per front foot, per discussion with client.

[d] Per AV Values Schedule provided by client, dated 10/23/18. Assumes 2.0% inflation of 3 years for phases 5-8, and 6 years for phases 9-12.

[e] Estimate per information provided by client.

[f] Includes the 13 model units.

[g] Estimated AV for 43' lot is greater than 45' lot due to increased cost of detached garage.

EXHIBIT F
LENNAR - PLUM CREEK NORTH
PLUM CREEK NORTH PUBLIC IMPROVEMENT DISTRICT
COMPETITIVE COMMUNITIES TAX RATES [a]
1/4/2019

DRAFT

Market Average	2.980

Crosswinds (MUD)	3.18080
Shadow Creek (MUD)	3.15080
Sunfield (MUD)	3.12620
Lennar - Plum Creek North (PID)	**3.05270**
Blanco River Ranch (PID)	3.05010
Meadows of Kyle	2.81240
Cypress Forest (MUD)	2.77780
Waterleaf	2.76240

Lennar - Plum Creek North	
City of Kyle	0.54160
Hays County ESD #5	0.10000
Hays County	0.38990
Hays CISD	1.53770
Austin Community College	0.10480
Subtotal: Before PID	2.67400
Plus: Proposed PID	**0.37870**
Total	**3.05270**

Crosswinds	
Austin Community College	0.10480
Hays County ESD #9	0.06000
Hays County ESD #5	0.10000
Hays County	0.38990
Crosswinds MUD	0.90000
Plum Creek Conservation	0.02320
Special Road	0.04380
Hays CISD	1.53770
Plum Creek Groundwater	0.02140
Total	3.18080

Meadows of Kyle	
City of Kyle	0.54160
Northeast Hays County ESD #2	0.05000
Hays County ESD #8	0.10000
Hays County	0.38990
Plum Creek Conservation	0.02320
Hays CISD	1.53770
Plum Creek Groundwater	0.02140
Austin Community College	0.10480
Special Road	0.04380
Total	2.81240

Sunfield	
Northeast Hays County ESD #2	0.05000
Hays County ESD #8	0.10000
Hays County	0.38990
Special Road	0.04380
Hays CISD	1.53770
Austin Community College	0.10480
Sunfield MUD #1	0.90000
Total	3.12620

Cypress Forest	
Hays CISD	1.53770
Hays County ESD #5	0.10000
Austin Community College	0.10480
Hays County	0.38990
City of Kyle	0.54160
Hays County ESD #9	0.06000
Special Road	0.04380
Total	2.77780

Waterleaf	
City of Kyle	0.54160
Hays County ESD #5	0.10000
Hays County	0.38990
Plum Creek Conservation	0.02320
Hays CISD	1.53770
Plum Creek Groundwater	0.02140
Austin Community College	0.10480
Special Road	0.04380
Total	2.76240

Shadow Creek	
Northeast Hays County ESD #2	0.05000
Hays County ESD #8	0.10000
Hays County	0.38990
North Hays County MUD #1	0.88000
Plum Creek Conservation	0.02320
Hays CISD	1.53770
Plum Creek Groundwater	0.02140
Austin Community College	0.10480
Special Road	0.04380
Total	3.15080

Blanco River Ranch	
Hays County	0.38990
Hays CISD	1.53770
Hays County ESD #5	0.10000
Austin Community College	0.10480
Special Road	0.04380
Blanco River Ranch PID	0.87390
Total	3.05010

Footnotes:

[a] Represents 2018 tax rates per the Hays County Appraisal District.

EXHIBIT G
LENNAR - PLUM CREEK NORTH
PLUM CREEK NORTH PUBLIC IMPROVEMENT DISTRICT
ESTIMATED AD VALOREM TAXES
1/4/2019

DRAFT

Tax Entity	2018 Ad Valorem Rate per $100 AV	Estimated Annual Ad Valorem Revenues Upon Project Buildout
A. Project AV Upon Buildout		$ 327,727,445
B. Ad Valorem Taxes		
City of Kyle	$ 0.5416	$ 1,774,972
Hays County ESD #5	$ 0.1000	$ 327,727
Hays County	$ 0.3899	$ 1,277,809
Hays CISD	$ 1.5377	$ 5,039,465
Austin Community College	$ 0.1048	$ 343,458
Total	**$ 2.6740**	**$ 8,763,432**

[a] Represents 2018 tax rates per the Hays County Appraisal District

EXHIBIT H
LENNAR - PLUM CREEK NORTH
PLUM CREEK NORTH PUBLIC IMPROVEMENT DISTRICT
KEY ASSUMPTIONS
1/4/2019

DRAFT

Item	Assumption	Source
Scenario Description	$3.05 TAX RATE @ 20 YRS	
Date of Analysis	1/4/2019	
A. Bond Assumptions		
Minimum Required Value to Lien Ratio	3:1	DPFG
PID Bond Interest Rate - Master	6.00%	DPFG
PID Bond Interest Rate -Neighborhood Improvement #1	5.50%	DPFG
PID Bond Interest Rate -Neighborhood Improvement #2	5.50%	DPFG
Bond Term	20	DPFG
Bond Issue Year:		DPFG
Master Bond	2019	DPFG
Neighborhood Improvement Bond #1	2019	DPFG
Neighborhood Improvement Bond #2	2022	DPFG
Required Debt Service Reserve Fund	Lesser of Maximum Annual Debt Service or 10% of Bond Issue or 125% of Average Annual Debt Service	DPFG
Years of Capitalized Interest for Major Bond	2	DPFG
Years of Capitalized Interest for Neighborhood 1	1	DPFG
Year of Capitalized Interest for Neighborhood 2	0	DPFG
Underwriter Discount/Underwriter Counsel	3.0%	DPFG
Non-Underwriter Costs of Issuance per Bond Issue	7.0%	DPFG
Initial Year Administrative Costs per Bond Issue	$ 30,000	DPFG
Administrative Costs per Bond Issue - Subsequent NIA Bonds	$ 15,000	DPFG
Bond Denomination	$ 25,000	DPFG
Debt Service Escalation Rate	0.0%	DPFG
Administrative Costs Escalation Rate	2.0%	DPFG
Interest Rate Yield for Capitalized Interest/Debt Service Reserve	0.0%	DPFG
B. Cost Assumptions		
Contingency Factor as % of Hard Costs	10.0%	DPFG
C. Value Assumptions		
Inflation Rate	2.0%	Lennar
Appraisal Discount	15.0%	DPFG
Lot Price per Front Foot	$ 1,214	Lennar
Average Home Price for a 43' Lot	$ 223,292	Lennar
Average Home Price for a 45' Lot	$ 220,067	Lennar
Average Home Price for a 50' Lot	$ 231,417	Lennar
Average Home Price for a 70' Lot	$ 310,050	Lennar

DPFG
DEVELOPMENT PLANNING & FINANCING GROUP, INC.

Plum Creek
Public Improvement District
Kyle, Texas
City Council
February 5, 2019

Item # 13

Plum Creek
About the Developer

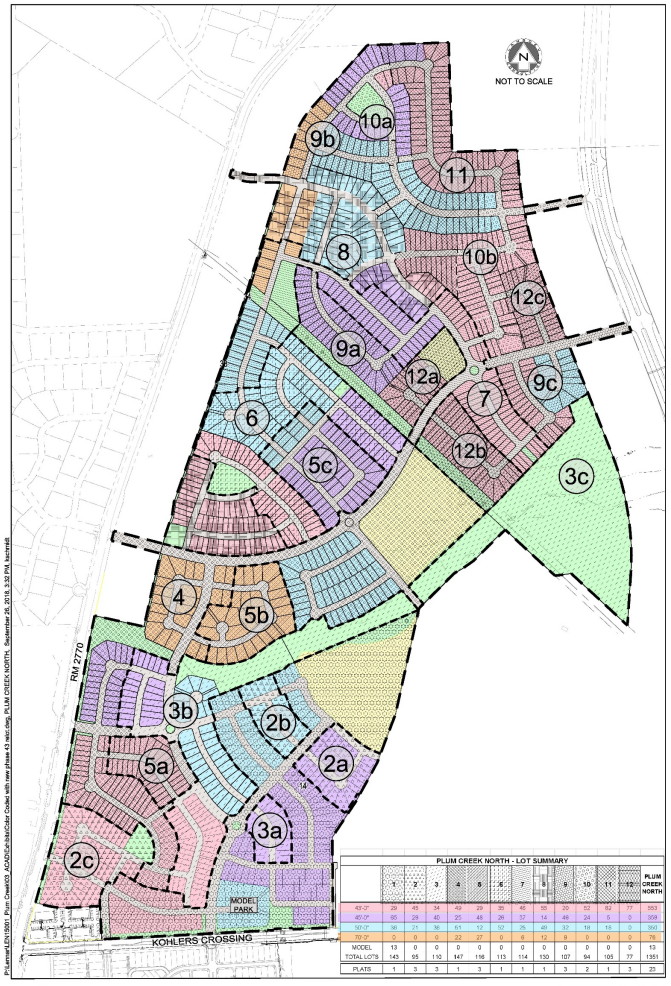
LENNAR®

- As one of the nation's leading homebuilders since 1954, Lennar has extensive experience in maximizing the quality of every home built.
- The quality features and finishes that homeowners most want and need are already included with Lennar's EI Program, constituting thousands of dollars worth of extras at no extra charge.
- Lennar is present in 19 states and over 40 markets across America.
- Lennar homes are built with energy-efficient construction and include features to enhance the quality of the home, decrease monthly utility bills, and reduce the carbon footprint.

Plum Creek
Project Overview

- Located in the City of Kyle
- 390± acre single family master-planned community development
- 1,351 single family residential units (current estimate)
- Certain planned public amenities include:
  - Enhanced landscaping throughout the community
  - Shared-use paths, open space, parks, & soccer fields
  - Upgraded entryways & fencing
  - Transportation connectivity & roundabouts
  - Offsite water and drainage
  - Enhanced street lighting & signage

Conceptual Master Plan



PLUM CREEK NORTH
KYLE, TEXAS
SEPTEMBER, 2018

LENNAR

LAND DEV CONSULTING, LLC

DPFG
DEVELOPMENT PLANNING & FINANCING GROUP, INC.

*The above land plan is preliminary and subject to change. The final land plan will comply with the development agreement.

Item # 13

About Us

DPFG
DEVELOPMENT PLANNING & FINANCING GROUP, INC.

AXIS BUSINESS ADVISORY SERVICES
Providing Direction - Delivering Results

© 2012 Axis Business Advisory Services. All Rights Reserved.

kataiyst
AGENT OF CHANGE

- Financing public improvements
- Reducing public infrastructure costs
- Mitigating Risk
- Enhancing project profitability
- Quantifying fiscal and economic impact
- Related entities: Urban Design, Construction Management, Business Advisory, Capital Placement
- 28 Year Track Record
  - Established 2,500 special taxing districts
  - Facilitated $16 billion in bond financing
  - Completed over 100 redevelopment projects
  - Performed over 600 project feasibility analysis
- National footprint:
  - 60 employees
  - 9 Offices
  - 6 States (CA, CO, FL, NC, NV, TX)

PID Basics

Definition

- An economic development **tool** created by State of Texas to **finance** the construction of **public improvements**
- Not a separate political subdivision

Purpose

- **Facilitates** attracting **private investment** to finance **public improvements** by replacing funding traditionally provided by public entities.
- **All costs are responsibility of only property owners within district**
- **No cost or risk to the City, or residents living outside of the PID**

Funding Method

- **PID bonds** – provide up front and/or reimbursement financing capability; secured by a lien on the benefitted land

Proper PID Disclosure Ensures Success

- Texas law requires minimal disclosure of PIDs to property owners
- Project success is enhanced by “above and beyond” PID disclosure
- Recommended PID Disclosure Requirements per Kyle PID Policy:
  - Buyers acknowledge PID at contract execution, not just closing
  - Homebuilder will provide FAQs and other easy to understand explanations to all prospective buyers
  - Require that mortgage escrows include PID annual installments
  - Provide visible PID signage
  - Require that all MLS listings include presence of PID
  - Include PID information in all property tax estimates provided to buyers
  - Provide for PID Administrator to review ongoing PID disclosure process

Benefits to the City

PID Benefits & Risk Mitigation

- Development “pays for itself”
- Accelerates the timing of development
- PID debt is non-recourse to City
- Ability to reimburse cost of administration
- City controls ultimate authority over the bonds
- City retains 100% of sales and property tax revenue
- No impact on City’s bonding capacity
- No costs to the City

Benefits to the Homeowner

- Cost certainty through fixed nature of assessments – even if property values increase
- Finite life of obligations due to fixed term of PID
- Ultimate flexibility as assessment can be prepaid by individual property owners without penalty at any time
- Each property owner has standalone assessments
- Enhanced amenities for a higher quality community (e.g. Enhanced parks, paths, landscaping, etc.)

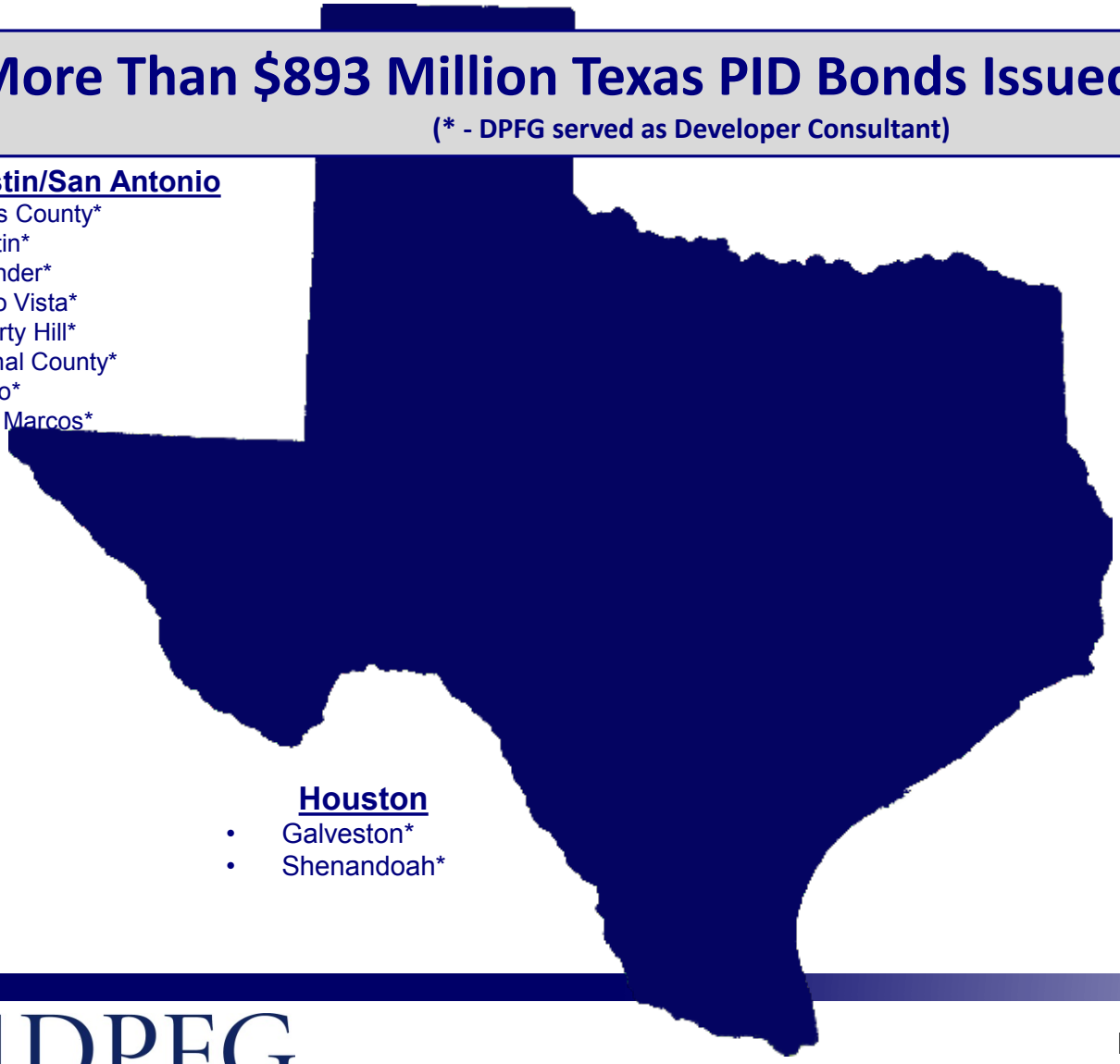
Plum Creek
Community Enhancements

- Main amenity to include upgraded pool, conditioned community building, playscapes and outdoor theater
- Add second major amenity not included in original plans
- Additional and enhanced pocket parks throughout the community
- Upgraded main entries and entries into individual neighborhoods
- Major thoroughfare right of ways to include masonry walls and decorative fencing in lieu of standard wood fencing
- City maintained soccer field improvements to detention pond (including lighting and 10 visitor off-street parking spaces)
- Common or shared use paths (other than sidewalks in front of homes)
- Irrigation and common area meters to irrigate enhanced entries, common right of way, etc.
- Landscaping within right of way; street trees, upgraded park landscaping; landscaping around shared/multi-use use paths
- Mid-block pedestrian “cut-throughs” at select locations
- Infrastructure improvements associated with parking "pockets", roundabouts, expansion of right of way, variety of street types, additional inlets and changes to drainage systems, etc. where appropriate
- Roundabouts at select locations to replace conventional "T" intersections
- Upgrades street lighting
- Upgraded street signage and directional signage
- Additional design and consultant costs associated with above enhancements and changes
- Major thoroughfares to include "purple pipe" transmission lines as backbone for future distribution of reuse water
- Additional street trees on neighborhood streets, arterials and collector streets
- Operating subsidies due to constructing amenities early in development process

Select Counties/Cities Completed PID Financings

More Than $893 Million Texas PID Bonds Issued Since 2011

(* - DPFG served as Developer Consultant)



Austin/San Antonio

- Hays County*
- Austin*
- Leander*
- Lago Vista*
- Liberty Hill*
- Comal County*
- Hutto*
- San Marcos*

Houston

- Galveston*
- Shenandoah*

Dallas / Fort Worth

- Celina*
- Rowlett*
- Waxahachie*
- McClendon-Chisolm
- Aubrey
- Farmers Branch
- Trophy Club
- Hackberry
- Lewisville
- Irving
- Lavon
- Westlake
- Oak Point
- Little Elm
- Fate
- The Colony
- Fort Worth*
- Argyle*
- Ponder
- Princeton*
- Royse City*
- Arlington
- Hickory Creek
- Mesquite
- Ferris
- Justin

Plum Creek
Key PID Terms

• Maximum total equivalent tax rate including PID annual installment	$3.05/$100 AV
• Minimum appraised value to lien ratio at bond issue	3:1
• Term of bonds	20 years
• Estimated PID qualified costs (including hard costs, soft costs, contingency, and construction management fee) for the project	$54.9 million
• Estimated PID bond proceeds for construction	$9.8 million
• Maximum years of capitalized interest	2 years

Plum Creek
Ad Valorem Tax Revenues

Tax Entity	2018 Ad Valorem Rate per $100 AV (a)	Estimated Annual Ad Valorem Revenues Upon Project Buildout (b)
A. Project AV Upon Buildout		$ 327,727,445
B. Ad Valorem Taxes		
City of Kyle	$ 0.5416	$ 1,774,972
Hays County ESD #5	$ 0.1000	$ 327,727
Hays County	$ 0.3899	$ 1,277,809
Hays CISD	$ 1.5377	$ 5,039,465
Austin Community College	$ 0.1048	$ 343,458
PID Equivalent Tax Rate	$ 0.3787	
Total	**$ 3.0527**	**$ 8,763,432**

[a] Represents 2018 tax rates per the Hays County Appraisal District
[b] Projected ad valorem tax revenues are prior to any applicable homestead exemptions

Plum Creek

Competitive Community Total Equivalent Tax Rate

Crosswinds (MUD)	3.18080
Shadow Creek (MUD)	3.15080
Sunfield (MUD)	3.12620
Lennar - Plum Creek North (PID)	**3.05270**
Blanco River Ranch (PID)	3.05010
Meadows of Kyle	2.81240
Cypress Forest (MUD)	2.77780
Waterleaf	2.76240

Plum Creek
PID Qualified Project Costs

Neighborhood	1	2	3	Cost
Site Grading	$ 164,071	$ 169,558	$ 141,371	**$ 475,000**
Road	5,194,793	5,368,524	4,476,084	**15,039,400**
Utilities	7,521,524	7,773,068	6,480,908	**21,775,500**
Public Amenities, Landscape and Hardscape Improvements	1,853,482	1,915,469	1,597,049	**5,366,000**
Soft Costs	2,507,831	2,591,701	2,160,868	**7,260,400**
Subtotal	17,241,700	17,818,319	14,856,280	**49,916,300**
Contingency @ 10%	1,724,170	1,781,832	1,485,628	**4,991,630**
Total Qualified PID Costs	**$ 18,965,870**	**$ 19,600,151**	**$ 16,341,909**	**$ 54,907,930**

Question & Answer

Rick Rosenberg
Managing Principal ◊ DPFG

8140 North Mopac Expressway
Building 4, Suite 270
Austin, TX78746

rick.rosenberg@dpfg.com

512.732.0296 (direct)

512.567.8598 (cell)

Patrick Bourne
Director ◊ DPFG

8140 North Mopac Expressway
Building 4, Suite 270
Austin, TX78746

patrick.bourne@dpfg.com

512.840.5954 (direct)

512.945.3414 (cell)

CITY OF KYLE, TEXAS

Plum Creek PID Deposit and Reimbursement Agreement

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: [Postponed 4/2/2019] Approve a Deposit and Reimbursement Agreement with the Plum Creek North Public Improvement District (PID). *~Jon Snyder, P3Works, LLC, City's PID Administrator*

Other Information:

Legal Notes:

Budget Information:

ATTACHMENTS:

	Description
🗋	Plum Creek North - Deposit and Reimbursement Agreement

CITY OF KYLE, TEXAS DEPOSIT AND REIMBURSEMENT AGREEMENT

PROPOSED PUBLIC IMPROVEMENT DISTRICT

Plum Creek North – PID Consultants

THIS DEPOSIT AGREEMENT (this "**Agreement**") is made and entered into as of _____, 2019 by and between the **CITY OF KYLE, TEXAS** (the "**City**") and **LENNAR OF TEXAS LAND AND CONSTRUCTION LTD.,** a Texas limited partnership (including its designated successors and assigns, the "**Owner**").

WHEREAS, the Owner has requested that the City enter into a Development Agreement, and conduct proceedings pursuant to the provisions of Texas Local Government Code Chapter 372 to form a public improvement district (the "**District**"), to enter into a PID Financing Agreement, to levy special assessments, and to issue one or more series of bonds (the "**Bonds**") to provide for the construction, acquisition, or furnishing of certain public improvements within the District; and

WHEREAS, the Owner is developing real property that would be included within the boundaries of the proposed District; and

WHEREAS, the Owner has agreed to advance moneys to be used by the City Manager of the City (the "**City Manager**") to pay costs and expenses associated with retaining the Consultants (herein defined) to assist the City with assessing the feasibility and desirability of (i) entering into a Development Agreement (the "**Development Agreement**") and a PID Financing Agreement, (ii) forming the district, (iii) levying assessments, and (iv) issuing Bonds (the "**PID Feasibility Matters**") such advances being subject to reimbursement or credit upon the approval of the Attorney General and City Council and a successful issuance of the Bonds, or the termination or abandonment of such proceedings as provided herein; and

WHEREAS, the parties hereto wish to enter into the Agreement to define the terms and conditions under which moneys will be advanced by and reimbursed to the Owner.

NOW THEREFORE, the parties, for mutual consideration, agree as follows:

SECTION 1. ADVANCEMENT OF MONEYS. The Owner shall advance up to a maximum of $50,000.00 (the "**Moneys**") to the City Manager as provided in Section 3 hereof, which Moneys shall be used by the City exclusively to pay costs generally described in Section 2 hereof. If the Moneys are not advanced in accordance with Section 3, the City shall not proceed with assessing the feasibility and desirability of the PID Feasibility Matters. The City will notify the Owner if the costs generally described in Section 2 exceed or are expected to exceed $50,000.00. Upon notification by the City of the costs in Section 2 exceeding $50,000.00, City and Owner agree to modify this Agreement to increase the amount of Moneys advanced (the "**Additional Moneys**"). If the Additional Moneys are not advanced in accordance with Section 3, the City shall not proceed with assessing the feasibility and desirability of the PID Feasibility Matters.

SECTION 2. USE OF MONEYS ON DEPOSIT. The City has retained P3Works, LLC as assessment consultant for an amount not to exceed $30,000.00 , as well as the Knight Law Firm LLP and

Bickerstaff Heath Delgado Acosta LLP as attorneys; the City may engage additional consultants including by not limited to appraisers, market study consultants, and attorneys (collectively, "**Consultants**"). The Consultants will assist the City with assessing the feasibility and desirability of the PID Feasibility Matters. The Consultants will be responsible to, and will act as consultants to, the City in connection with the PID Feasibility Matters. The City Manager will use the Moneys to pay costs and expenses of the Consultants that are associated with or incidental to the PID Feasibility Matters (collectively, "**Project Costs"**). The City agrees to provide the Owner copies of Consultant candidate proposals at least ten (10) business days prior to approving an agreement to engage any Consultant, and to consider the Owner's comments on any such proposals. If the Owner objects to the Consultant, the City will consider the Owner's objection, but the City has sole discretion in the final decision to engage a Consultant. The City is not required to provide candidate proposals or consider the Owner's comments on engagement of financial advisors or bond counsel. The scope of work and terms and conditions of the agreement for the Consultants are, or will be, set forth in agreements on file in the City Manager's office. The City Manager may also use the Moneys for other direct City expenses relating to creation of the PID, such as statutorily required public notices. The City Manager shall maintain records of the payment of all Project Costs and keep such records on file and available for inspection and review by the Owner in the City Manager's office. Upon request, but not more than monthly, the City agrees to provide the Owner with copies of all invoices for PID Feasibility Matters that have been paid since the last request. If the Owner objects to any portion of an invoice, the City and the Owner agree in good faith to attempt to resolve the dispute within a reasonable period of time.

SECTION 3. DEPOSITS. The Owner shall deposit with the City the amount of $35,000.00 within five (5) business days after this Agreement is executed and delivered by the City. Whenever the account reaches a balance below $2,500.00, the Owner shall deposit an additional $15,000.00 within five business days of notification by the City Manager. The City Manager shall cause all Moneys received from the Owner to be deposited into a separate account maintained by or at the direction of the City Manager and the Office of the City Direct of Finance. All interest or other amounts earned on Moneys (if any) in such account shall be held in such account for the payment of Project Costs or otherwise applied as set forth in Section 4 hereof.

SECTION 4. REIMBURSEMENT. If proceedings for approval of the formation of the District are unsuccessful and are terminated or abandoned prior to the issuance of the Bonds, the City Manager shall transfer to the Owner all Moneys, including any interest earnings thereon, then on deposit in the account established and maintained pursuant to Section 3, exclusive of Moneys necessary to pay Project Costs or portions thereof that (i) have been actually incurred and (ii) are due and owing as of the date of such termination or abandonment.

The Owner shall have the following options upon the successful issuance of the Bonds:

A. Contingent on the Attorney General's and City Council approval, the Owner may direct the City to reimburse the Owner for the Moneys, and the interest thereon, previously advanced by the Owner from the proceeds of the Bonds, in the Projects Costs are included in the amount authorized to be expended from the Bonds;
B. The Owner may direct the City to return unexpended Moneys, and the interest thereon, to Owner; or

C. The Owner may direct the City to do any combination of the above.

SECTION 5. RESERVED RIGHTS. This Agreement does not in any way create an obligation or commitment that the City will execute any agreements, create the District, or proceed with the issuance of the Bonds, and the City expressly reserves the right to terminate or abandon the proceedings at any time prior to the issuance of the Bonds, if in the City's sole discretion, it deems such termination or abandonment to be in the best interests of the City.

SECTION 6. BINDING EFFECT. This Agreement shall be binding on the successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date above written.

EXECUTED and ACCEPTED this _____ of _____ 2019

CITY OF KYLE, TEXAS, a municipal corporation

By:_____

_____Mayor

Date: _____

AGREED TO and ACCEPTED this _____ of _____ 2019

LENNAR OF TEXAS LAND AND CONSTRUCTION LTD.,

a Texas limited partnership

By:_____

Name:_____

Title:_____

Date: _____

CITY OF KYLE, TEXAS

Plum Creek PID Dissolution Agreement

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: [Postponed 4/2/2019] Approve a Dissolution Agreement for the Plum Creek Public Improvement District (PID). ~ *Jon Snyder, P3Works, LLC, City's PID Administrator*

Other Information:

Legal Notes:

Budget Information:

ATTACHMENTS:

Description
Plum Creek Dissolution Agreement

Agreement Regarding the Dissolution of the Plum Creek North Public Improvement District

This Agreement Regarding the Dissolution of the Plum Creek North Public Improvement District (the "Agreement") is entered into on this 5th day of February, 2019 by Lennar of Texas Land and Construction, Inc., Ltd., a Texas limited partnership (the "Developer") and the City of Kyle, a Texas home rule municipality (the "City"). The Developer and the City are hereinafter sometimes referred to collectively as the "Parties".

Whereas, the Developer requested the City establish the Plum Creek North Public Improvement District (the "District") in that certain Petition for the Creation of a Public Improvement District to Finance Certain Improvements to Plum Creek North Subdivision dated August 1, 2017 (the "Petition");

Whereas, on the same date that the parties entered into this Agreement, the City approved the formation of the District over the Property described in **Exhibit A**, attached hereto and incorporated herein for all purposes, by Resolution No. _____ (the "Resolution");

Whereas, the Developer has requested the City to issue bonds to assist with the financing of certain public improvements identified in the Resolution (the "PID Bonds"); and

Whereas, the parties desire to provide for the dissolution of the District if special assessments are not levied or the PID Bonds are not issued by the deadline set forth herein;

NOW, THEREFORE, for and in consideration of the above recitals and the terms, conditions and agreements stated in this Agreement, the parties agree as follows:

1. The Developer agrees that this Agreement constitutes Developer's petition to dissolve the District under Section 372.011, Texas Local Government Code, and the City is hereby authorized to dissolve the District, in the event that the first issuance of PID Bonds or a levy of special assessments does not occur by December 31, 2021 (the "Authorization"). The Developer will not oppose the City's dissolution of the District undertaken in accordance with this Agreement, and will cooperate with the City to cause the District to be dissolved. The Authorization shall terminate and expire upon the earlier of (i) the levy of special assessments or (ii) the first issuance of the PID Bonds.

2. This Agreement shall be a covenant running with the land and shall be binding upon future owners of the Property or portions thereof and shall further be binding upon and inure to the benefit of the parties, their successors, and assigns. Owner shall cause any person or entity to whom Owner transfers the Property or any portion thereof (the "Subsequent Owner") to execute a document containing language substantially similar to that set forth in paragraph 1 granting the City the authorization to dissolve the District as provided in paragraph 1. Owner shall provide the City with a copy of said document upon the City's request.

3. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without regard to its conflict of laws provisions, and venue shall lie in Hays County, Texas.

4. It is acknowledged and agreed by the Parties that time is of the essence in the performance of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement and this Agreement is effective as of the first date indicated above.

CITY:
City of Kyle, Texas
a Texas home-rule municipal corporation

Attest:

By:_____
Name: Jennifer Vetrano
Title: City Secretary

By:_____
Name: Travis Mitchell
Title: Mayor

THE STATE OF TEXAS §
COUNTY OF HAYS §

This instrument was acknowledged before me on this ____ day of _____, 2019, by Travis Mitchell, Mayor of the City of Kyle, Texas, a Texas home-rule municipal corporation, on behalf of said corporation.

(SEAL)

_____
Notary Public, State of Texas

DEVELOPER:
Lennar Homes of Texas Land and Construction Ltd.

By:_____
Name: _____
Title: _____

THE STATE OF TEXAS §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 2019, by _____, _____ of Lennar Homes of Texas Land and Construction Ltd.

(SEAL)

_____
Notary Public, State of Texas

Exhibit "A"

The Property

FIELD NOTES DESCRIPTION

DESCRIPTION OF 329.46 ACRES OF LAND IN THE M.M. MCCARVER LEAGUE NUMBER 4, A-10, HAYS COUNTY, TEXAS; BEING A PORTION OF THE REMAINDER OF A CERTAIN 983.99 ACRE TRACT DESIGNATED AS TRACT 2 OF EXHIBIT "A" AND DESCRIBED IN THE DEED WITHOUT WARRANTY TO MOUNTAIN PLUM, LTD. OF RECORD IN VOLUME 2297, PAGE 139, OFFICIAL PUBLIC RECORDS OF HAYS COUNTY, TEXAS; SAID 329.46 ACRES OF LAND AS SURVEYED BY BOWMAN CONSULTING GROUP, LTD. BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING at a 1/2-inch iron rod with a plastic cap stamped "LAI" previously set in the north right-of-way line of Kohler's Crossing (County Road 171), a variable width right-of-way, for the northwest corner of a certain called 1.171 acre tract designated as Parcel 3, Tract 1, and described in a deed to the City of Kyle, Texas, of record in Volume 3220, Page 508, Official Public Records of Hays County, Texas;

THENCE N 87° 01' 11" E, with the north right-of-way line of said Kohler's Crossing (County Road 171), with the north line of the said 1.171 acre tract, a distance of 765.77 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for the southerly southwest corner and **POINT OF BEGINNING** of the tract described herein;

THENCE leaving the north right-of-way line of said Kohler's Crossing (County Road 171), crossing the said 983.99 acre tract, with the west and south lines of the tract described herein, the following two (2) courses and distances:

1. N 12° 30' 54" E, a distance of 810.89 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for a re-entrant corner, and

2. S 88° 23' 03" W, a distance of 767.32 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set in the curving east right-of-way line of R.M. 2770 (Old Austin-San Marcos Road), a variable width right-of-way, being the east line of a certain called 1.663 acre tract designated as Exhibit A, Parcel No. 1, and described in a deed to the State of Texas of record in Volume 1076, Page 205, Official Public Records of Hays County, Texas, for the westerly southwest corner of the tract described herein, from which a Texas Department of Transportation (TXDOT) Type 2 right-of-way marker found for a point of tangency in the east right-of-way line of said R.M. 2770 (Old Austin-San Marcos Road), and the east line of the said 1.663 acre tract bears with the arc of a curve to the right, having a radius of 2970.17, an arc distance of 4.01 feet, and a chord which bears S 15° 41' 07" W, a distance of 4.01 feet;

THENCE with the east right-of-way line of said R.M. 2770 (Old Austin-San Marcos Road) and the east line of the said 1.663 acre tract, with the west line of the tract described herein, the following three (3) courses and distances:

1. with the arc of a curve to the left, having a radius of 2970.17, an arc distance of 298.47 feet, and a chord which bears N 12° 46' 04" E, a distance of 298.34 feet to a Texas Department of Transportation (TXDOT) Type 2 right-of-way marker found for a point of tangency,

2. N 09° 53' 14" E, a distance of 1255.36 feet to a Texas Department of Transportation (TXDOT) Type 2 right-of-way marker found for a point of curvature, and

3. with the arc of a curve to the right, having a radius of 5659.58, an arc distance of 264.66 feet, and a chord which bears N 11° 13' 39" E, a distance of 264.64 feet to a Texas Department of Transportation (TXDOT) Type 2 right-of-way marker found

for a point of tangency in the east line of said R.M. 2770 (Old Austin-San Marcos Road) and the east line of the said 1.663 acre tract, for the westerly northwest corner of the tract described herein, from which a Texas Department of Transportation (TXDOT) Type 2 right-of-way marker found for a point of curvature in the east right-of-way line of said R.M. 2770 (Old Austin-San Marcos Road) and the east line of the said 1.663 acre tract bears N 12° 33' 31" E, a distance of 553.60 feet;

THENCE leaving the east right-of-way line of said R.M. 2770 (Old Austin-San Marcos Road) and the east line of the said 1.663 acre tract, crossing the said 983.99 acre tract, with the west and north lines of the tract described herein, the following nine (9) courses and distances:

1. S 77° 26' 29" E, a distance of 400.00 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for a re-entrant corner,

2. N 12° 33' 31" E, a distance of 553.60 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for a point of curvature,

3. with the arc of a curve to the right, having a radius of 2394.79 feet, an arc distance of 356.92 feet, and a chord which bears N 16° 50' 54" E, a distance of 356.59 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for an angle point,

4. N 08° 03' 05" E, a distance of 107.69 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for an angle point,

5. N 19° 21' 47" E, a distance of 1436.41 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for a point of curvature,

6. with the arc of a curve to the left, having a radius of 6179.58 feet, an arc distance of 246.28 feet, and a chord which bears N 18° 13' 04" E, a distance of 246.26 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for a point of tangency,

7. N 17° 04' 43" E, a distance of 226.64 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for a northwest corner of the tract described herein,

8. N 88° 07' 40" E, a distance of 1618.53 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for a re-entrant corner, and

9. N 01° 48' 26" W, a distance of 922.01 feet to a 1/2-inch iron rod found at a re-entrant corner in the north line of the said 983.99 acre tract, for the southerly southwest corner of a certain tract of land described in a deed to Texas-Lehigh Cement Company of record in Volume 609, Page 843, Real Property Records of Hays County, Texas, for the northerly northwest corner of the tract described herein, from which a 1/2-inch iron rod with a plastic cap stamped "BCG" set for the northerly northeast corner of the said 983.99 acre tract and for a re-entrant corner in the west line of the said Texas-Lehigh Cement Company tract bears N 01° 48' 26" W, a distance of 869.97 feet, and from said 1/2-inch iron rod with a plastic cap stamped "BCG" set, a 1/2-inch iron rod found in the north line of the said 983.99 acre tract and the south line of the said Texas-Lehigh Cement Company tract bears S 88° 07' 40" W, a distance of 22.55 feet;

THENCE N 88° 09' 34" E, with the north line of the said 983.99 acre tract and the south line of the said Texas-Lehigh Cement Company tract, with the north line of the tract described herein, a distance of 516.32 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for the northerly northeast corner of the tract described herein, from which a calculated point in the curving west right-of-way line of F.M. Highway 1626, being a certain called 28.91 acre tract described in a deed to the City of Kyle, Texas, of record in Volume

1871, Page 236, Official Public Records of Hays County, Texas bears N 88° 09' 34" E, a distance of 500.07 feet, and from said calculated point, a Texas Department of Transportation (TXDOT) Type 2 right-of-way marker found bears N 03° 01' 08" E, a distance of 0.55 feet;

THENCE leaving the south line of the said Texas-Lehigh Cement Company tract, crossing the said 983.99 acre tract, with the east and south lines of the tract described herein, the following eleven (11) courses and distances:

1. with the arc of a curve to the left, having a radius of 3464.79 feet, an arc distance of 1139.26 feet, and a chord which bears S 12° 07' 40" E, a distance of 1134.13 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for a point of tangency,

2. S 21° 32' 51" E, a distance of 1391.43 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for a point of curvature,

3. with the arc of a curve to the right, having a radius of 2264.79 feet, an arc distance of 915.45 feet, and a chord which bears S 09° 58' 04" E, a distance of 909.23 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for the easterly southeast corner of the tract described herein,

4. S 82° 22' 26" W, a distance of 1011.23 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for an angle point,

5. S 73° 20' 14" W, a distance of 713.33 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for a re-entrant corner,

6. S 12° 27' 56" W, a distance of 448.13 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for an angle point,

7. S 12° 33' 58" W, a distance of 413.82 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for an angle point,

8. S 20° 39' 46" W, a distance of 412.04 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for an angle point,

9. S 28° 43' 08" W, a distance of 349.81 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for an angle point,

10. S 33° 32' 22" W, a distance of 340.44 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for an angle point, and

11. S 00° 29' 00" E, a distance of 715.18 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set in the north right-of-way line of said Kohler's Crossing (County Road 171) and the north line of the said 1.171 acre tract, for the southeast corner of the tract described herein, from which a 1/2-inch iron rod with a plastic cap stamped "BCG" set at an angle point in the north right-of-way line of said Kohler's Crossing (County Road 171) and the north line of the said 1.171 acre tract bears N 87° 19' 58" E, a distance of 27.10 feet;

THENCE with the north right-of-way line of said Kohler's Crossing (County Road 171), and the north line of the said 1.171 acre tract, with the south line of the tract described herein, the following eight (8) courses and distances:

1. S 87° 19' 58" W, a distance of 283.45 feet to a 1/2-inch iron rod with a plastic cap stamped "LAI" previously set for an angle point,

2. S 87° 12' 01" W, a distance of 37.39 feet to a 1/2-inch iron rod with a plastic cap stamped "LAI" previously set for an angle point,

3. N 02° 56' 00" W, a distance of 9.33 feet to a 1/2-inch iron rod with a plastic cap stamped "LAI" previously set for an angle point,

4. S 87° 04' 00" W, a distance of 150.00 feet to a 1/2-inch iron rod with a plastic cap stamped "LAI" previously set for an angle point;

5. S 02° 56' 00" E, a distance of 9.06 feet to a 1/2-inch iron rod with a plastic cap stamped "LAI" previously set for an angle point,

6. S 86° 58' 28" W, a distance of 450.68 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for an angle point;

7. S 86° 50' 31" W, a distance of 322.43 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for an angle point, and

8. S 87° 01' 11" W, a distance of 392.04 feet to the **POINT OF BEGINNING** and containing 329.46 acres of land, more or less.

BEARING BASIS: Texas Coordinate System, South Central Zone, NAD83, Grid.

BOWMAN WORD FILE: FN1626R2(en)

H:\Survey_FieldNotes\FN-1600s\FN1626R2(en).doc

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

That I, John D. Barnard, a Registered Professional Land Surveyor, do hereby certify that the above description is true and correct to the best of my knowledge and belief and that the property described herein was determined by a series of surveys made on the ground during the months of July through October 2014, under my direction and supervision.

WITNESS MY HAND AND SEAL at Austin, Travis County, Texas, on this 20th day of February 2015 A.D.

Bowman Consulting Group, Ltd
Austin, Texas 78746

John D. Barnard
Registered Professional Land Surveyor
No. 5749 – State of Texas

FIELD NOTES DESCRIPTION

DESCRIPTION OF 51.48 ACRES OF LAND IN THE M.M. MCCARVER LEAGUE NUMBER 4, A-10, HAYS COUNTY, TEXAS; BEING A PORTION OF THE REMAINDER OF A CERTAIN 983.99 ACRE TRACT DESIGNATED AS TRACT 2 OF EXHIBIT "A" AND DESCRIBED IN THE DEED WITHOUT WARRANTY TO MOUNTAIN PLUM, LTD. OF RECORD IN VOLUME 2297, PAGE 139, OFFICIAL PUBLIC RECORDS OF HAYS COUNTY, TEXAS; SAID 51.48 ACRES OF LAND AS SURVEYED BY BOWMAN CONSULTING GROUP, LTD. BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING at a calculated point in the east right-of-way line of R.M. 2770 (Old Austin-San Marcos Road), a variable width right-of-way, for the northwest corner of the said 983.99 acre tract and for the west corner of a certain tract of land described in a deed to Texas-Lehigh Cement Company of record in Volume 809, Page 843, Real Property Records of Hays County, Texas, from which a 1/2-inch iron rod found bears N 88°07'40" E, a distance of 0.90 feet;

THENCE N 88°07'40" E, leaving the east right-of-way line of said R.M. 2770 (Old Austin-San Marcos Road), with the north line of the said 983.99 acre tract and a south line of the said Texas-Lehigh Cement Company tract, a distance of 551.74 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for the northwest corner and **POINT OF BEGINNING** of the tract described herein;

THENCE N 88°07'40" E, continuing with north line of the said 983.99 acre tract and the south line of the said Texas-Lehigh Cement Company tract, with the north line of the tract described herein, at a distance of 622.93 feet, passing a 1/2-inch iron rod found, and continuing for a total distance of 645.48 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for the northerly northeast corner of the said 983.99 acre tract and for a re-entrant corner in the west line of the said Texas-Lehigh Cement Company tract, for the northeast corner of the tract described herein;

THENCE S 01°48'26" E, with the east line of the said 983.99 acre tract and the west line of the said Texas-Lehigh Cement Company tract, with the east line of the tract described herein, a distance of 869.97 feet to a 1/2-inch iron rod found at a re-entrant corner in the east line of the said 983.99 acre tract being the southwest corner of the said Texas-Lehigh Cement Company tract for a point-on-line in the east line of the tract described herein, from which a calculated point in the curving west right-of-way line of F.M. 1626, being a certain called 28.91 acre tract described in a deed to the City of Kyle, Texas, of record in Volume 1871, Page 238, Official Public Records of Hays County, Texas bears N 88°09'34" E, a distance of 1016.39 feet, and from said calculated point, a Texas Department of Transportation (TXDOT) Type 2 right-of-way marker found bears N 03°01'08" E, a distance of 0.55 feet;

THENCE crossing the said 983.99 acre tract, with the east, south, and west lines of the tract described herein, the following five (5) courses and distances:

1. S 01°48'26" E, a distance of 822.01 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for the southeast corner of the tract described herein,
2. S 88°07'40" W, a distance of 1618.53 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for the southwest corner of the tract described herein,
3. N 17°04'43" E a distance of 1116.23 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for a point of curvature,
4. with the arc of a curve to the right, having a radius of 695.92 feet, an arc distance of 299.41 feet, and a chord which bears N 29°24'58" E, a distance of 297.11 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for a point of tangency, and
5. N 41°39'39" E, a distance of 695.35 feet to the **POINT OF BEGINNING** and containing 51.48 acres of land, more or less.

BEARING BASIS: Texas Coordinate System, South Central Zone, NAD83, Grid.

BOWMAN WORD FILE: FN1627(en)
H:\Survey_FieldNotes\FN-1600s\FN1627(en).doc

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

That I, John D. Barnard, a Registered Professional Land Surveyor, do hereby certify that the above description is true and correct to the best of my knowledge and belief and that the property described herein was determined by a series of surveys made on the ground during the month of July 2014, under my direction and supervision.

WITNESS MY HAND AND SEAL at Austin, Travis County, Texas, on this 31st day of July 2014 A.D.

Bowman Consulting Group, Ltd.
Austin, Texas 78746

John D. Barnard
Registered Professional Land Surveyor
No. 5749 – State of Texas

CITY OF KYLE, TEXAS

Plum Creek PID Creation Resolution

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: [Postponed 4/2/2019] Approve a Resolution of the City of Kyle, Texas, authorizing and creating the Plum Creek North Public Improvement District (PID) in accordance with Chapter 372 of the Texas Local Government Code. ~ *Jon Snyder, P3Works, LLC, City's PID Administrator*

Other Information:

Legal Notes:

Budget Information:

ATTACHMENTS:

Description
Plum Creek North PID Creation Resolution
Lennar Plum Creek - PID Submittal Packet (2017)

CITY OF KYLE

RESOLUTION NO. -___

RESOLUTION OF THE CITY OF KYLE, TEXAS, AUTHORIZING AND CREATING THE PLUM CREEK NORTH PUBLIC IMPROVEMENT DISTRICT IN ACCORDANCE WITH CHAPTER 372 OF THE TEXAS LOCAL GOVERNMENT CODE; PROVIDING FOR RELATED MATTERS; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the City of Kyle, Texas (the "City") is authorized under Chapter 372 of the Texas Local Government Code, (as amended, the "Act") to create a public improvement district within the corporate limits of the City or its extraterritorial jurisdiction;

WHEREAS, on August 1, 2017, Lennar Homes of Texas Land and Construction, Ltd. (the "Petitioner"), submitted and filed with the City Secretary a Petition for the Creation of a Public Improvement District to Finance Improvements to the Plum Creek North Development (the "Petition") requesting the establishment of the Plum Creek North Public Improvement District (the "District") covering approximately 389.1 acres, the boundaries of the proposed District described in Exhibit A (the "Property") attached hereto and incorporated herein for all purposes, said area for the District being within the boundaries of the City;

WHEREAS, the Petition estimated the total cost of the Authorized Improvements (as defined herein) for the proposed District to be $25,000,000.00 (including issuance and other financing costs);

WHEREAS, the City Council of the City (the "City Council") has reviewed the Petition and determined that the Petition satisfies the requirements of the Act;

WHEREAS, the City Council, by resolution, called a public hearing to be held on the creation of the proposed District and the advisability of the improvements and services for the District;

WHEREAS, after publishing notice of the public hearing in a newspaper of general circulation in the City and its extraterritorial jurisdiction, and mailing notice of the public hearing, all as required by and in conformity with the Act, the City Council conducted such the public hearing on the creation of the proposed District and the advisability of the improvements and services for the District at least 15 days before the date of the public hearing;

WHEREAS, all owners of the property located within the proposed District and all other interest persons were given the opportunity a the public hearing to speak for or against the creation of the District and the advisability of the improvements and services for the District;

WHEREAS, the City Council closed such public hearing on February 5, 2019; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KYLE, TEXAS:

SECTION 1. The findings set forth in the recitals of this Resolution are hereby found to be true and correct.

SECTION 2. The Petition submitted to the City on August 1, 2017 was filed with the City Secretary and complies with Subchapter A of the Act.

SECTION 3. Pursuant to the requirements of the Act, including, without limitation, Sections 372.006, 372.009(a), and 372.009(b), the City Council after considering the Petition and the evidence and testimony presented at the public hearing on February 5, 2019 hereby finds and declares:

(a) **Advisability of the Proposed Improvements**. It is advisable to create the District to provide the Authorized Improvements (as described below). The Authorized Improvements are advisable and desirable improvements for the District.

(b) **General Nature of the Authorized Improvements**. The purposes of the District include the design, acquisition, construction, and improvement of public improvement projects authorized by the Act (the "Authorized Improvements") that are necessary for the development of the Property, which Authorized Improvements will include: (i) the establishment of parks and open space, together with the design, construction and maintenance of any ancillary structures, features or amenities such as trails, pavilions, community facilities, swimming pools, irrigation, walkways, lighting, benches, trash receptacles and any similar items located therein; (ii) landscaping; (iii) acquisition, construction, and improvement of water, wastewater and drainage facilities; (iv) acquisition, construction and improvement of streets, roadways, rights-of-way and related facilities; (v) entry monumentation and features; (vi) signage; (vii) projects similar to those listed in subsections (i) — (vi) above; and (viii) payment of costs associated with constructing and financing the public improvements listed in subparagraphs (i) — (vii) above, including costs of establishing, administering and operating the District. These Authorized Improvements shall promote the interests of the City and are of the nature that will confer a special benefit upon the Property by enhancing the value of such property within the District.

(c) **Estimated Costs of the Authorized Improvements and Apportionment of Costs**. The estimated total costs of the Authorized Improvements is $15,000,000.00 including issuance and other financing fees, but in no case shall exceed $25,000,000.00 which costs shall be paid by assessments levied on the Property within the District. The costs of the Authorized Improvements will be apportioned between the District and the City as allowed by the Act. The City will not be obligated to provide any funds to finance the Authorized Improvements, other than from assessments levied on the Property. The

Petitioner or developer of the Property (the "Developer") may also pay certain costs of the Authorized Improvements from other funds available to the Petition or the Developer, as applicable.

(d) **Boundaries of the District**. The District is proposed to include approximately 389.1 acres of land generally located north of Kohler's Crossing, south of Ranch to Market Road 2770, west of Farm to Market Road 1626, and east of Ranch to Market Road 2770, located within the corporate limits of the City and as more particularly described by the metes and bounds description attached hereto as Exhibit A.

(e) **Proposed Method of Assessment**. The City shall levy an assessment on each parcel of the Property within the District in a manner that results in imposing equal shares of the costs on property similarly benefitted. Any assessments may be paid in full at any time (including interest and principal), and, if not paid in full, may be paid in annual installments (including interest and principal). If an assessment is allowed to be paid in installments, then the installments must be paid in amounts necessary to meet annual costs for those Authorized Improvements financed by the assessments, and must continue for a period necessary to retire the indebtedness for those Authorized Improvements (including interest).

(f) **Management of the District**. The District shall be managed by the City, with the assistance of a consultant, who shall, from time to time, advise the City regarding certain operations of the District.

(g) **Advisory Board**. The District shall be managed without the creation of an advisory body.

SECTION 4. The Plum Creek North Public Improvement District is hereby authorized and created as a public improvement district under the Act in accordance with the findings of the City Council as to the advisability of the Authorized Improvements and services for the District contained in this Resolution. The Authorized Improvements are authorized to be made in accordance with the service and assessment plan for the Plum Creek North Public Improvement District and other agreements between the City and the Petitioner to be approved by the City Council at a future meeting.

SECTION 5. Notice of this Resolution authorizing the District shall be given by publishing such notice once in a newspaper of general circulation in the City. Effective upon the publication of such notice, the District shall be established.

SECTION 6. This Resolution shall take effect immediately from and after its passage and publication as required by law.

[Signature page follows.]

PASSED & APPROVED by the CITY COUNCIL of the CITY OF KYLE, on the 5th day of FEBRUARY, 2019 on vote of ___ AYES; __ NAYS; ___ABSTENTIONS.

_____
_____, MAYOR
CITY OF KYLE

ATTEST:

_____

_____
CITY SECRETARY
CITY OF KYLE

EXHIBIT A

329.46-Ac.
M.M. McCarver Sur. No. 4, A-10,
Hays County, Texas

Job No. 5549-01-001
FN1626R2(en)
Page 1 of 4

FIELD NOTES DESCRIPTION

DESCRIPTION OF 329.46 ACRES OF LAND IN THE M.M. MCCARVER LEAGUE NUMBER 4, A-10, HAYS COUNTY, TEXAS; BEING A PORTION OF THE REMAINDER OF A CERTAIN 983.99 ACRE TRACT DESIGNATED AS TRACT 2 OF EXHIBIT "A" AND DESCRIBED IN THE DEED WITHOUT WARRANTY TO MOUNTAIN PLUM, LTD. OF RECORD IN VOLUME 2297, PAGE 139, OFFICIAL PUBLIC RECORDS OF HAYS COUNTY, TEXAS; SAID 329.46 ACRES OF LAND AS SURVEYED BY BOWMAN CONSULTING GROUP, LTD. BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING at a 1/2-inch iron rod with a plastic cap stamped "LAI" previously set in the north right-of-way line of Kohler's Crossing (County Road 171), a variable width right-of-way, for the northwest corner of a certain called 1.171 acre tract designated as Parcel 3, Tract 1, and described in a deed to the City of Kyle, Texas, of record in Volume 3220, Page 508, Official Public Records of Hays County, Texas;

THENCE N 87° 01' 11" E, with the north right-of-way line of said Kohler's Crossing (County Road 171), with the north line of the said 1.171 acre tract, a distance of 765.77 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for the southerly southwest corner and **POINT OF BEGINNING** of the tract described herein;

THENCE leaving the north right-of-way line of said Kohler's Crossing (County Road 171), crossing the said 983.99 acre tract, with the west and south lines of the tract described herein, the following two (2) courses and distances:

1. N 12° 30' 54" E, a distance of 810.89 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for a re-entrant corner, and

2. S 88° 23' 03" W, a distance of 767.32 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set in the curving east right-of-way line of R.M. 2770 (Old Austin-San Marcos Road), a variable width right-of-way, being the east line of a certain called 1.663 acre tract designated as Exhibit A, Parcel No. 1, and described in a deed to the State of Texas of record in Volume 1076, Page 205, Official Public Records of Hays County, Texas, for the westerly southwest corner of the tract described herein, from which a Texas Department of Transportation (TXDOT) Type 2 right-of-way marker found for a point of tangency in the east right-of-way line of said R.M. 2770 (Old Austin-San Marcos Road), and the east line of the said 1.663 acre tract bears with the arc of a curve to the right, having a radius of 2970.17, an arc distance of 4.01 feet, and a chord which bears S 15° 41' 07" W, a distance of 4.01 feet;

THENCE with the east right-of-way line of said R.M. 2770 (Old Austin-San Marcos Road) and the east line of the said 1.663 acre tract, with the west line of the tract described herein, the following three (3) courses and distances:

1. with the arc of a curve to the left, having a radius of 2970.17, an arc distance of 298.47 feet, and a chord which bears N 12° 46' 04" E, a distance of 298.34 feet to a Texas Department of Transportation (TXDOT) Type 2 right-of-way marker found for a point of tangency,

2. N 09° 53' 14" E, a distance of 1255.36 feet to a Texas Department of Transportation (TXDOT) Type 2 right-of-way marker found for a point of curvature, and

3. with the arc of a curve to the right, having a radius of 5659.58, an arc distance of 264.66 feet, and a chord which bears N 11° 13' 39" E, a distance of 264.64 feet to a Texas Department of Transportation (TXDOT) Type 2 right-of-way marker found

for a point of tangency in the east line of said R.M. 2770 (Old Austin-San Marcos Road) and the east line of the said 1.663 acre tract, for the westerly northwest corner of the tract described herein, from which a Texas Department of Transportation (TXDOT) Type 2 right-of-way marker found for a point of curvature in the east right-of-way line of said R.M. 2770 (Old Austin-San Marcos Road) and the east line of the said 1.663 acre tract bears N 12° 33' 31" E, a distance of 553.60 feet;

THENCE leaving the east right-of-way line of said R.M. 2770 (Old Austin-San Marcos Road) and the east line of the said 1.663 acre tract, crossing the said 983.99 acre tract, with the west and north lines of the tract described herein, the following nine (9) courses and distances:

1. S 77° 26' 29" E, a distance of 400.00 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for a re-entrant corner,

2. N 12° 33' 31" E, a distance of 553.60 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for a point of curvature,

3. with the arc of a curve to the right, having a radius of 2394.79 feet, an arc distance of 356.92 feet, and a chord which bears N 16° 50' 54" E, a distance of 356.59 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for an angle point,

4. N 08° 03' 05" E, a distance of 107.69 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for an angle point,

5. N 19° 21' 47" E, a distance of 1436.41 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for a point of curvature,

6. with the arc of a curve to the left, having a radius of 6179.58 feet, an arc distance of 246.28 feet, and a chord which bears N 18° 13' 04" E, a distance of 246.26 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for a point of tangency,

7. N 17° 04' 43" E, a distance of 226.64 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for a northwest corner of the tract described herein,

8. N 88° 07' 40" E, a distance of 1618.53 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for a re-entrant corner, and

9. N 01° 48' 26" W, a distance of 922.01 feet to a 1/2-inch iron rod found at a re-entrant corner in the north line of the said 983.99 acre tract, for the southerly southwest corner of a certain tract of land described in a deed to Texas-Lehigh Cement Company of record in Volume 609, Page 843, Real Property Records of Hays County, Texas, for the northerly northwest corner of the tract described herein, from which a 1/2-inch iron rod with a plastic cap stamped "BCG" set for the northerly northeast corner of the said 983.99 acre tract and for a re-entrant corner in the west line of the said Texas-Lehigh Cement Company tract bears N 01° 48' 26" W, a distance of 869.97 feet, and from said 1/2-inch iron rod with a plastic cap stamped "BCG" set, a 1/2-inch iron rod found in the north line of the said 983.99 acre tract and the south line of the said Texas-Lehigh Cement Company tract bears S 88° 07' 40" W, a distance of 22.55 feet;

THENCE N 88° 09' 34" E, with the north line of the said 983.99 acre tract and the south line of the said Texas-Lehigh Cement Company tract, with the north line of the tract described herein, a distance of 516.32 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for the northerly northeast corner of the tract described herein, from which a calculated point in the curving west right-of-way line of F.M. Highway 1626, being a certain called 28.91 acre tract described in a deed to the City of Kyle, Texas, of record in Volume

1871, Page 236, Official Public Records of Hays County, Texas bears N 88° 09' 34" E, a distance of 500.07 feet, and from said calculated point, a Texas Department of Transportation (TXDOT) Type 2 right-of-way marker found bears N 03° 01' 08" E, a distance of 0.55 feet;

THENCE leaving the south line of the said Texas-Lehigh Cement Company tract, crossing the said 983.99 acre tract, with the east and south lines of the tract described herein, the following eleven (11) courses and distances:

1. with the arc of a curve to the left, having a radius of 3464.79 feet, an arc distance of 1139.26 feet, and a chord which bears S 12° 07' 40" E, a distance of 1134.13 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for a point of tangency,

2. S 21° 32' 51" E, a distance of 1391.43 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for a point of curvature,

3. with the arc of a curve to the right, having a radius of 2264.79 feet, an arc distance of 915.45 feet, and a chord which bears S 09° 58' 04" E, a distance of 909.23 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for the easterly southeast corner of the tract described herein,

4. S 82° 22' 26" W, a distance of 1011.23 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for an angle point,

5. S 73° 20' 14" W, a distance of 713.33 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for a re-entrant corner,

6. S 12° 27' 56" W, a distance of 448.13 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for an angle point,

7. S 12° 33' 58" W, a distance of 413.82 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for an angle point,

8. S 20° 39' 46" W, a distance of 412.04 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for an angle point,

9. S 28° 43' 08" W, a distance of 349.81 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for an angle point,

10. S 33° 32' 22" W, a distance of 340.44 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for an angle point, and

11. S 00° 29' 00" E, a distance of 715.18 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set in the north right-of-way line of said Kohler's Crossing (County Road 171) and the north line of the said 1.171 acre tract, for the southeast corner of the tract described herein, from which a 1/2-inch iron rod with a plastic cap stamped "BCG" set at an angle point in the north right-of-way line of said Kohler's Crossing (County Road 171) and the north line of the said 1.171 acre tract bears N 87° 19' 58" E, a distance of 27.10 feet;

THENCE with the north right-of-way line of said Kohler's Crossing (County Road 171), and the north line of the said 1.171 acre tract, with the south line of the tract described herein, the following eight (8) courses and distances:

1. S 87° 19' 58" W, a distance of 283.45 feet to a 1/2-inch iron rod with a plastic cap stamped "LAI" previously set for an angle point,

2. S 87° 12' 01" W, a distance of 37.39 feet to a 1/2-inch iron rod with a plastic cap stamped "LAI" previously set for an angle point,

3. N 02° 56' 00" W, a distance of 9.33 feet to a 1/2-inch iron rod with a plastic cap stamped "LAI" previously set for an angle point,

4. S 87° 04' 00" W, a distance of 150.00 feet to a 1/2-inch iron rod with a plastic cap stamped "LAI" previously set for an angle point;

5. S 02° 56' 00" E, a distance of 9.06 feet to a 1/2-inch iron rod with a plastic cap stamped "LAI" previously set for an angle point,

6. S 86° 58' 28" W, a distance of 450.68 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for an angle point;

7. S 86° 50' 31" W, a distance of 322.43 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for an angle point, and

8. S 87° 01' 11" W, a distance of 392.04 feet to the **POINT OF BEGINNING** and containing 329.46 acres of land, more or less.

BEARING BASIS: Texas Coordinate System, South Central Zone, NAD83, Grid.

BOWMAN WORD FILE: FN1626R2(en)

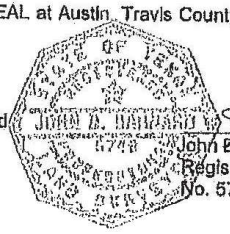
H:\Survey_FieldNotes\FN-1600s\FN1626R2(en).doc

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

That I, John D. Barnard, a Registered Professional Land Surveyor, do hereby certify that the above description is true and correct to the best of my knowledge and belief and that the property described herein was determined by a series of surveys made on the ground during the months of July through October 2014, under my direction and supervision.

WITNESS MY HAND AND SEAL at Austin, Travis County, Texas, on this 20th day of February 2015 A.D.

Bowman Consulting Group, Ltd
Austin, Texas 78746



John D. Barnard
Registered Professional Land Surveyor
No. 5749 – State of Texas

FIELD NOTES DESCRIPTION

DESCRIPTION OF 51.48 ACRES OF LAND IN THE M.M. MCCARVER LEAGUE NUMBER 4, A-10, HAYS COUNTY, TEXAS; BEING A PORTION OF THE REMAINDER OF A CERTAIN 983.99 ACRE TRACT DESIGNATED AS TRACT 2 OF EXHIBIT "A" AND DESCRIBED IN THE DEED WITHOUT WARRANTY TO MOUNTAIN PLUM, LTD. OF RECORD IN VOLUME 2297, PAGE 139, OFFICIAL PUBLIC RECORDS OF HAYS COUNTY, TEXAS; SAID 51.48 ACRES OF LAND AS SURVEYED BY BOWMAN CONSULTING GROUP, LTD. BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING at a calculated point in the east right-of-way line of R.M. 2770 (Old Austin-San Marcos Road), a variable width right-of-way, for the northwest corner of the said 983.99 acre tract and for the west corner of a certain tract of land described in a deed to Texas-Lehigh Cement Company of record in Volume 809, Page 843, Real Property Records of Hays County, Texas, from which a 1/2-inch iron rod found bears N 88°07'40" E, a distance of 0.90 feet;

THENCE N 88°07'40" E, leaving the east right-of-way line of said R.M. 2770 (Old Austin-San Marcos Road), with the north line of the said 983.99 acre tract and a south line of the said Texas-Lehigh Cement Company tract, a distance of 551.74 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for the northwest corner and **POINT OF BEGINNING** of the tract described herein;

THENCE N 88°07'40" E, continuing with north line of the said 983.99 acre tract and the south line of the said Texas-Lehigh Cement Company tract, with the north line of the tract described herein, at a distance of 622.93 feet, passing a 1/2-inch iron rod found, and continuing for a total distance of 645.48 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for the northerly northeast corner of the said 983.99 acre tract and for a re-entrant corner in the west line of the said Texas-Lehigh Cement Company tract, for the northeast corner of the tract described herein;

THENCE S 01°48'26" E, with the east line of the said 983.99 acre tract and the west line of the said Texas-Lehigh Cement Company tract, with the east line of the tract described herein, a distance of 869.97 feet to a 1/2-inch iron rod found at a re-entrant corner in the east line of the said 983.99 acre tract being the southwest corner of the said Texas-Lehigh Cement Company tract for a point-on-line in the east line of the tract described herein, from which a calculated point in the curving west right-of-way line of F.M. 1626, being a certain called 28.91 acre tract described in a deed to the City of Kyle, Texas, of record in Volume 1871, Page 238, Official Public Records of Hays County, Texas bears N 88°09'34" E, a distance of 1016.39 feet, and from said calculated point, a Texas Department of Transportation (TXDOT) Type 2 right-of-way marker found bears N 03°01'08" E, a distance of 0.55 feet;

THENCE crossing the said 983.99 acre tract, with the east, south, and west lines of the tract described herein, the following five (5) courses and distances:

1. S 01°48'26" E, a distance of 822.01 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for the southeast corner of the tract described herein,
2. S 88°07'40" W, a distance of 1618.53 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for the southwest corner of the tract described herein,
3. N 17°04'43" E a distance of 1116.23 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for a point of curvature,
4. with the arc of a curve to the right, having a radius of 695.92 feet, an arc distance of 299.41 feet, and a chord which bears N 29°24'58" E, a distance of 297.11 feet to a 1/2-inch iron rod with a plastic cap stamped "BCG" set for a point of tangency, and
5. N 41°39'39" E, a distance of 695.35 feet to the **POINT OF BEGINNING** and containing 51.48 acres of land, more or less.

BEARING BASIS: Texas Coordinate System, South Central Zone, NAD83, Grid.

BOWMAN WORD FILE: FN1627(en)
H:\Survey_FieldNotes\FN-1600s\FN1627(en).doc

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

That I, John D. Barnard, a Registered Professional Land Surveyor, do hereby certify that the above description is true and correct to the best of my knowledge and belief and that the property described herein was determined by a series of surveys made on the ground during the month of July 2014, under my direction and supervision.

WITNESS MY HAND AND SEAL at Austin, Travis County, Texas, on this 31st day of July 2014 A.D.

Bowman Consulting Group, Ltd.
Austin, Texas 78746

John D. Barnard
Registered Professional Land Surveyor
No. 5749 – State of Texas

PETITION FOR THE CREATION OF A PUBLIC IMPROVEMENT DISTRICT TO FINANCE IMPROVEMENTS TO PLUM CREEK NORTH SUBDIVISION

THE STATE OF TEXAS §
§
CITY OF KYLE §

TO: THE HONORABLE MAYOR AND CITY COUNCIL OF THE CITY OF KYLE

The undersigned petitioners (the "*Petitioners*"), acting pursuant to the provisions of Chapter 372, Texas Local Government Code, as amended (the "*Act*"), request that the City of Kyle create a public improvement district (the "District) in the territory described in Exhibit A attached hereto (the "*Land*") within the City of Kyle, Texas (the "*City*"), and in support of this petition the Petitioners would present the following:

Section 1. Standing of Petitioners. In compliance with the requirements of Texas Local Government Code, Section 372.005(b), as determined by the current tax roll of the Hays County Central Appraisal District, the Petitioners constitute: (i) the owners of taxable real property representing more than 50% of the appraised value of real property liable for assessment under the proposal described herein, and (ii) the record owners of taxable real property that constitutes more than 50% of the area of all taxable real property that is liable for assessment under such proposal.

Section 2. General Nature of the Proposed Construction and Maintenance of the Public Improvements. The general nature of the proposed public improvements are: (i) parks and open space, together with any ancillary structures, features or amenities such as trails, pavilions, community facilities, irrigation, walkways, lighting, benches, swimming pools, trash receptacles and any similar items located therein; (ii) landscaping; (iii) acquisition, construction, and improvement of water, wastewater and drainage facilities; (iv) acquisition, construction and improvement of streets, roadways, rights-of-way and related facilities; (v) entry monumentation and features; (vi) signage; (vii) projects similar to those listed in subsections (i) – (vi) above; and (viii) payment of costs associated with constructing and financing the public improvements listed in subparagraphs (i) – (vii) above, including costs of establishing, administering and operating the District.

Section 3. Estimated Cost of the Public Improvements to be funded by the PID: $25,000,000 (including issuance and other financing costs).

Section 4. Boundaries. The proposed boundaries of the District are described on Exhibit A attached hereto.

Section 5. Method of Assessment. An assessment methodology will be prepared that will address: (i) how the costs of the public improvements financed with the assessments are assessed against the property in the District, (ii) the assessments to be collected each year, and (iii) reduction of the assessments for costs savings (pursuant to the annual review of the service plan for the District). Additionally, a report will be prepared showing the special benefits accruing to property in the District and how the costs of the public improvements are assessed to

property on the basis of the special benefits. The result will be that equal shares of the costs will be imposed on property similarly benefited.

The assessment methodology will result in each parcel paying its fair share of the costs of the public improvements provided with the assessments based on the special benefits received by the property from the public improvements and property equally situated paying equal shares of the costs of the public improvements.

Section 6. Apportionment of Cost between the City and the District. Approval and creation of the PID will not obligate the City to provide any funds to finance the proposed public improvements. All of the costs of the proposed public improvements will be paid by assessments of the property within the District and from other sources of funds, if any, available to the owner of the Land.

Section 7. Management of the District. The City will manage the District, or, to the extent allowed by law, the City may contract with either a non-profit, or a for-profit organization including a Public Facilities Corporation created by the City pursuant to Chapter 303, Texas Local Government Code, to carry out all or a part of the responsibilities of managing the District, including the day-to-day management and administration of the District.

Section 8. Advisory Board. An advisory board will not be established by the City Council of the City (the "*City Council*").

Section 9. Community Property. With respect to community property, the City may accept the signature of a spouse as a representation of both spouses that they support the creation or renewal of the PID absent a separate property agreement. *However, if City staff is made aware of any disagreement among owners of community property, those petitions will not be counted.*

Section 10. Audit of Developer's Reimbursables. The City shall, upon reasonable prior written notice to the Developer and during normal business hours, have the right to audit and inspect the Developer's records, books, and all other relevant records related to Reimbursable Amounts under this Agreement. The Parties agree to maintain the appropriate confidentiality of such records, unless disclosure of such records and information shall be required by a court order, a lawfully issued subpoena, State Law, municipal ordinance, or at the direction of the Office of the Texas Attorney General.

Section 11. Service and Assessment Plan Approval by City Council. Petition shall include a statement that the petitioners understand that the annual Service and Assessment Plan for the district is subject to review by City staff with final approval by the City Council.

The signers of this petition request the establishment for the District and this petition will be filed with the City Secretary in support of the creation of the District by the City Council as herein provided.

[Signature on following page]

PETITIONER:

LENNAR HOMES OF TEXAS LAND AND CONSTRUCTION, LTD.,
a Texas limited partnership

By: Lennar Texas Holding Company,
a Texas corporation, General Partner

Name: _____

Title: Authorized Agent

THE STATE OF TEXAS
COUNTY OF Travis

THIS INSTRUMENT is acknowledged before me on this 18 day of July, 2017, by Richard Maier, Authorized Agent of Lennar Texas Holding Company, General Partner of Lennar Homes of Texas Land and Construction Ltd., a Texas limited partnership, on behalf of said entities.

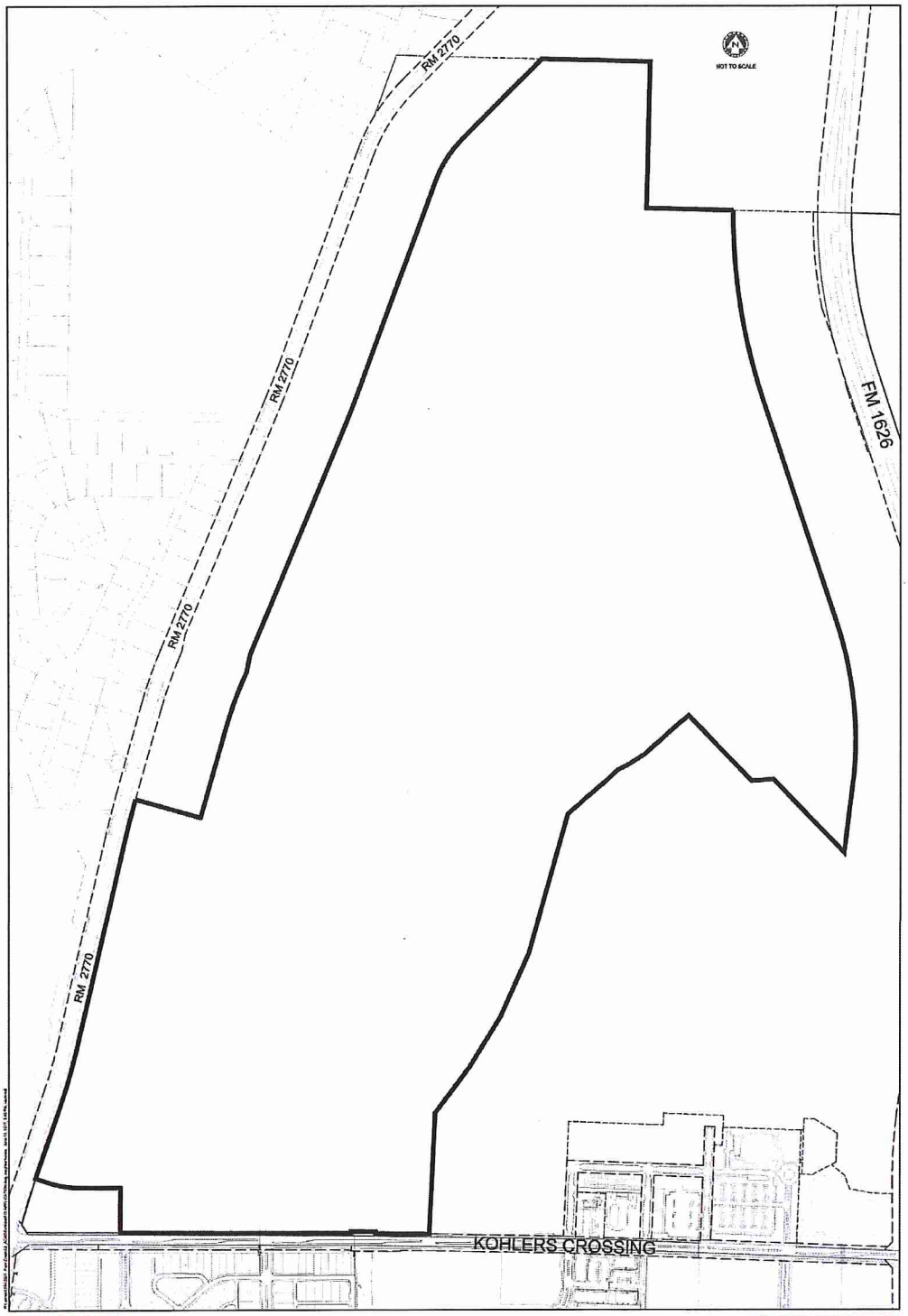
[SEAL]

MIKKI MOFFITT
Notary Public, State of Texas
My Commission Expires
April 21, 2018

_____
Notary Public, State of Texas

Item # 16

EXHIBIT A



LENNAR
PLUM CREEK NORTH
KYLE, HAYS COUNTY TEXAS
JUNE 15, 2017

LAND DEV CONSULTING, LLC
OFFICE: 512.872.6696
FIRM NO. 10384

Item # 16

METCALFE WOLFF
STUART & WILLIAMS, LLP
Attorneys at Law

STEVE METCALFE
512.404.2209
smetcalfe@mwswtexas.com

August 1, 2017

Via FedEx
Mayor and Councilmembers
City of Kyle
100 W. Center Street
Kyle, Texas 78640

Re: Request for creation of Public Improvement District ("PID") on the approximately 389.1 acre tract of real property located in the City of Kyle, Texas (the "City") to be known as Plum Creek North master planned community (the "Project")

Dear Honorable Mayor and Councilmembers:

Our firm represents Lennar Homes of Texas Land and Construction, Ltd., a Texas limited partnership, the current owner of the above-described Project (the "Owner").

Please accept this letter as a follow up to our original request dated July 22, 2016. Since the time of the original submittal, the commercial component of the Project has been removed from the request resulting in a proposed PID of 1,078 versus 389 acres. The revised PID Petition, PID Analysis and PID Term Sheet are enclosed. This request and the attached materials replace our previous request. Also enclosed is a check in the amount of $10,000 for the remainder of the PID Application fee. $15,000 was previously deposited with the City concurrently with the filing of the initial PID creation request.

We (and our client) have had a number of meetings and calls with City officials and management regarding the design of the project and related community benefits. We are committed to continue to work toward a mutually acceptable understanding.

After your review of the enclosed materials, please feel free to contact me if you have any questions or need additional information.

Yours truly,

Steven C. Metcalfe

cc: Scott Sellers *(via e-mail, with attachments)*
Richard Maier *(via e-mail, with attachments)*

Attachments:
PID Petition
PID Term Sheet
PID Analysis
Check

DO NOT ACCEPT THIS CHECK UNLESS YOU CAN SEE A DUAL-TONE TRUE WATERMARK THAT APPEARS AS A CHAIN LINK PATTERN WHEN HELD TO THE LIGHT.

Lennar Homes of Texas, Land & Const Ltd.
Austin Homebuilding
12401 Research Blvd. Bldg 1. Ste 300
Austin, TX 78759

JPMorgan Chase Bank N.A.
Chicago, IL

00874364

70-2322
719

Void if over 180 days

DATE	AMOUNT
06/26/17	$****10,000.00

PAY

TEN THOUSAND AND 00/100 ********** ***DOLLARS***

TO THE ORDER OF
City of Kyle
PO Box 40
Kyle TX 78640

Authorized Signatory

Authorized Signatory
Two Signatures Required on Amounts Over $100,000.00

THE FACE OF THIS CHECK HAS A BLUE AND GREEN BACKGROUND - ANY OTHER COLORS MAY BE EVIDENCE OF CHEMICAL ALTERATION OR ERASURE - SEE REVERSE SIDE FOR MORE SAFETY FEATURES.

⑈00874364⑈ ⑆071923226⑆ 886293331⑈

02896171 Lennar Homes of Texas, Land & Const Ltd. JPMorgan Chase Bank N.A. **900000.1010.114**

STUB 1 of 1 *CHECK NO.* **874364** *DATE* **06/26/17**

CO. #	INVOICE NUMBER	DATE	PAYMENT ADVICE	GROSS	DISCOUNT	NET
05523	201706 1000000 CR	061317	PLUM CREEK PID PETITION FEE	$10,000.00	$0.00	$10,000.00
2601862	City of Kyle		PO Box 40 Kyle TX 78640	$10,000.00	$0.00	$10,000.00

Item # 16

TERM SHEET
KYLE, TEXAS
PLUM CREEK NORTH
PLUM CREEK NORTH PUBLIC IMPROVEMENT DISTRICT
7/24/17

It is requested that the following limitations and performance standards shall apply to the proposed Plum Creek North Public Improvement District (the "PID") agreed to by Lennar or its affiliates and assignees ("Lennar") and the City of Kyle, Texas ("the City") in connection with the development of approximately 389.1 acres as the Plum Creek North master planned community ("the Project"):

FINANCING CRITERIA – PLUM CREEK NORTH PUBLIC IMPROVEMENT DISTRICT

1. Maximum Authorized Improvements (including hard costs, soft costs, contingency, and a construction management fee) for the PID: $25,000,000

2. Minimum appraised value to lien ratio: 3:1

3. Maximum annual permitted increase in annual installment: 2%

4. Maximum years of capitalized interest for each bond issue : 3

5. Maturity of bonds (to extent allowed by law) : 20 years

6. The aggregate principal amount of bonds required to be issued shall not exceed an amount sufficient to fund: (i) the actual costs of the qualified public improvements (ii) required reserves and capitalized interest during the period of construction and not more than 12 months after the completion of construction and in no event for a period greater than 3 years from the date of the initial delivery of the bonds and (iii) any costs of issuance. Provided, however that to the extent the law(s) which limit the period of capitalized interest to 12 months after completion of construction change, the foregoing limitation may be adjusted to reflect the law(s) in effect at the time of actual bond issuance.

MISCELLANEOUS

1. No General Obligation or Certificate of Obligation bonds will be utilized by the City to fund the PID.

2. No PID bonds will be issued without the approval by the City of a Service and Assessment Plan for the PID.

3. The PID Bond Indenture will contain language precluding the City from making any debt service payments for the PID Bonds other than from dedicated and available special assessment revenues.

4. The PID may seek bond issues either in advance of construction of any Authorized Improvements or as a reimbursement for Authorized Improvements upon completion of the construction of such Authorized Improvements subject to compliance with these standards.

5. Special assessments on any given portion of the property may be adjusted in connection with subsequent bond issues as long as the special assessments are determined in accordance with the Service and Assessment Plan. Special assessments on any portion of the property will bear a direct proportionate relationship to the special benefit of the public improvements to that improvement area. Scheduled special assessments will not be increased on any lot once conveyed to an end user.

6. All of the City's reasonable and customary costs with respect to issuance of the PID bonds and creation of the PID will either be funded by Lennar or paid from PID bond proceeds. The City and Lennar will agree to a budget for the City's costs in advance of the preparation of bond documents. Ongoing administrative costs of the PID will be paid through the annual installments of the special assessments.

7. It is agreed that the PID will be exempt from any public bidding or other purchasing and procurement policies per Texas Local Government Code Section 252.022(a) (9) which states that a project is exempt from such policies if "paving drainage, street widening, and other public improvements, or related matters, if at least one-third of the cost is to be paid by or through special assessments levied on property that will benefit from the improvements."

8. It is agreed that the improvements to be funded by the PID are defined as Authorized Improvements under Texas Local Government Code Section 372.003.

9. It is agreed that all principal landowners will provide any required continuing disclosure obligations associated with the issuance of PID bonds as required under the Indenture or any other regulatory agreement or regulatory agency.

10. The Appraiser preparing the appraisal required in connection with the PID Bonds shall be selected by the City in consultation with Lennar and all reasonable fees shall be paid by Lennar.

11. The Underwriter for the PID Bonds shall be selected by the City in consultation with Lennar.

12. No additional security or surety, beyond the land and any Improvements on the land, will be provided by Lennar, or its assignees, in connection with the PID bonds.

13. PID bonds shall be issued by the City upon request by Lennar and approval by City Council following: receipt of an appraisal, financial analysis and other professional services and due diligence reasonably necessary to support the request.

14. This term sheet shall remain in place and in force until such time and date that a Final Financing Agreement is executed by the City and Lennar.

LENNAR - PLUM CREEK NORTH
PLUM CREEK NORTH PUBLIC IMPROVEMENT DISTRICT
TABLE OF CONTENTS
7/24/2017

DRAFT

Exhibit	Title	PDF Page No.
A	Summary	1
B	Qualified PID Costs	2
C	Estimated Ad Valorem Taxes	3
D	Effective Tax Rate with Homestead Exemption	4
E	Competitive Communities Tax Rates	5
F	Competitive Communities Tax Rates - Chart	6
G	AV and Assessment Spread	7
H	3:1 Value to Lien Requirement	8
I	Bond Sizing Analysis - Master Bond	9
J	Bond Sizing Analysis - Neighborhood Improvement Bond #1	10
K	Bond Sizing Analysis - Neighborhood Improvement Bond #2	11
L	Bond Sizing Analysis - Neighborhood Improvement Bond #3	12
M	Key Assumptions	13

EXHIBIT A
LENNAR - PLUM CREEK NORTH
PLUM CREEK NORTH PUBLIC IMPROVEMENT DISTRICT
SUMMARY
7/24/2017

DRAFT

A. Key Assumptions:		
Total Tax Rate before PID / $100 AV		2.713000000
Total Tax Rate after PID / $100 AV		3.174152671
Total Effective Tax Rate / $100 AV w/ Homestead Exemption		3.016580917
Equivalent PID Tax Rate / $100 AV		0.461152671
Bond Term (Years)		20
B. Estimated PID Bond Gross Proceeds:	$	17,625,000
C. Estimated PID Bond Net Proceeds:		
Master Bond	$	3,665,995
Neighborhood Improvement Bond #1		3,859,635
Neighborhood Improvement Bond #2		2,011,979
Neighborhood Improvement Bond #3		3,292,188
Total	**$**	**12,829,797**
PID Eligible Construction Costs		54,907,930
PID Bond Surplus / (Shortage)	$	(42,078,133)
D. Bond Issuance Date:		
Master Bond		2017
Neighborhood Improvement Bond #1		2017
Neighborhood Improvement Bond #2		2020
Neighborhood Improvement Bond #3		2023
E. PID Bond Interest Rate		
Master Bond		5.50%
Neighborhood Improvement Bonds		5.00%
F. Residential Units		
Neighborhood 1		462
Neighborhood 2		354
Neighborhood 3		577
Total		1,393
G. Weighted Avg Annual Installment per Unit:		
Neighborhood 1	$	1,074
Neighborhood 2		1,273
Neighborhood 3		1,231
Weighted Avg	$	1,190

EXHIBIT B
LENNAR - PLUM CREEK NORTH
PLUM CREEK NORTH PUBLIC IMPROVEMENT DISTRICT
QUALIFIED PID COSTS
7/24/2017

DRAFT

Neighborhood	1	2	3	
Site Grading	$ 143,157	$ 129,262	$ 202,581	**$ 475,000**
Road	4,532,612	4,092,695	6,414,093	**15,039,400**
Utilities[a]	6,562,755	5,925,800	9,286,946	**21,775,500**
Amenities[b]	1,617,218	1,460,258	2,288,524	**5,366,000**
Soft Costs	2,188,157	1,975,784	3,096,459	**7,260,400**
Subtotal	15,043,899	13,583,798	21,288,603	**49,916,300**
Contingency @ 10%	1,504,390	1,358,380	2,128,860	**4,991,630**
Total Qualified PID Costs	**$ 16,548,289**	**$ 14,942,178**	**$ 23,417,463**	**$ 54,907,930**

Footnotes:

[a] Excludes gas and electric distribution as these are not PID eligible

[b] Excludes Pool and Amenity center as these are not PID eligible

EXHIBIT C
LENNAR - PLUM CREEK NORTH
PLUM CREEK NORTH PUBLIC IMPROVEMENT DISTRICT
ESTIMATED AD VALOREM TAXES
7/24/2017

Tax Entity	Ad Valorem Rate per $100 AV	Estimated Annual Ad Valorem Revenues Upon Project Buildout
A. Project AV Upon Buildout		$ 359,381,850
B. Ad Valorem Taxes [a]		
City of Kyle	$ 0.5748	$ 2,065,727
Hays County ESD #5	$ 0.1000	$ 359,382
Hays County	$ 0.4162	$ 1,495,747
Hays CISD	$ 1.5200	$ 5,462,604
Austin Community College	$ 0.1020	$ 366,569
Total	**$ 2.7130**	**$ 9,750,030**

[a] Represents 2016 tax rates per the Hays County Appraisal District

$3.17 TAX RATE @ 20 YRS
EXHIBIT D
LENNAR - PLUM CREEK NORTH
PLUM CREEK NORTH PUBLIC IMPROVEMENT DISTRICT
Effective Tax Rate with Homestead Exemption
7/24/2017

		Plum Creek North			
	Property Tax Rate [a]	40'	45'	50'	70' [c]
Estimated Market Value		$ 210,900	$ 237,600	$ 273,450	$ 370,362
Estimated Assessed Value [b]		$ 21,090	$ 23,760	$ 27,345	$ 37,036
Homestead Exemption:					
Austin Community College		$ 5,000	$ 5,000	$ 5,000	$ 5,000
City of Kyle		$ -	$ -	$ -	$ -
Hays CISD		$ 25,000	$ 25,000	$ 25,000	$ 25,000
Hays County		$ 5,000	$ 5,000	$ 5,000	$ 5,000
Hays County ESD #5		$ -	$ -	$ -	$ -
Austin Community College	$ 0.102000	$ 210	$ 237	$ 274	$ 373
City of Kyle	$ 0.574800	$ 1,212	$ 1,366	$ 1,572	$ 2,129
Hays CISD	$ 1.520000	$ 2,826	$ 3,232	$ 3,776	$ 5,249
Hays County	$ 0.416200	$ 857	$ 968	$ 1,117	$ 1,521
Hays County ESD #5	$ 0.100000	$ 211	$ 238	$ 273	$ 370
Subtotal - Property Taxes	$ 2.713000	$ 5,316	$ 6,040	$ 7,013	$ 9,642
Estimated Average Installment		$ 966	$ 1,089	$ 1,253	$ 1,707
Equivalent PID Tax Rate Equivalent / $100		$ 0.46	$ 0.46	$ 0.46	$ 0.46
Total Property Taxes and Annual Installments	Average	$ 6,282	$ 7,129	$ 8,266	$ 11,349
Effective Tax Rate Equivalent / $100 with Homestead Exemption	$ 3.016581	$ 2.978784	$ 3.000412	$ 3.022810	$ 3.064317

Footnotes:

[a] 2016 Tax Rates per $100 of assessed value.

[b] Market value per $100 of assessed value.

[c] Assumes 2.0% inflation for 3 years, as 70' lots are not included in Phases 1 and 2.

$3.17 TAX RATE @ 20 YRS
EXHIBIT E
LENNAR - PLUM CREEK NORTH
PLUM CREEK NORTH PUBLIC IMPROVEMENT DISTRICT
COMPETITIVE COMMUNITIES TAX RATES
7/24/2017

DRAFT

Lennar - Plum Creek North	**3.17415**
Meadows at Buda	3.17360
Shadow Creek	3.13270
Sunfield	3.12960
Kyle Estates	2.97003
Blanco River Ranch	2.97941
Pecan Woods	2.96057
Meadows of Kyle	2.85840
Estancia	2.81734
Waterleaf	2.75750

Market Average	**2.975**

Lennar - Plum Creek North

City of Kyle	0.57480
Hays County ESD #5	0.10000
Hays County	0.41620
Hays CISD	1.52000
Austin Community College	0.10200
Subtotal: Before PID	2.71300
Plus: Proposed PID	**0.46115**
Total	**3.17415**
Effective TTR with Homestead Exemption	3.01658

Meadows of Kyle

City of Kyle	0.57480
Northeast Hays County ESD #2	0.05000
Hays County ESD #8	0.10000
Hays County	0.41620
Plum Creek Conservation	0.02300
Hays CISD	1.52000
Plum Creek Groundwater	0.02150
Austin Community College	0.10200
Total	2.85840

Sunfield

Northeast Hays County ESD #2	0.05000
Hays County ESD #8	0.10000
Hays County	0.41620
Hays CISD	1.52000
Austin Community College	0.10200
Sunfield MUD #1	0.90000
Total	3.12960

Meadows at Buda

Northeast Hays County ESD #2	0.05000
Hays County ESD #8	0.10000
Hays County	0.41620
Plum Creek Conservation	0.02300
Hays CISD	1.52000
Plum Creek Groundwater	0.02150
South Buda WCID #1	0.90000
Austin Community College	0.10200
Total	3.17360

Waterleaf

City of Kyle	0.57480
Hays County ESD #5	0.10000
Hays County	0.41620
Plum Creek Conservation	0.02300
Hays CISD	1.52000
Austin Community College	0.10200
Total	2.75750

Shadow Creek

Northeast Hays County ESD #2	0.05000
Hays County ESD #8	0.10000
Hays County	0.41620
North Hays County MUD #1	0.90000
Plum Creek Conservation	0.02300
Plum Creek Groundwater	0.02150
Austin Community College	0.10200
Total	3.13270

Kyle Estates

City of Kyle	0.57480
Hays County ESD #5	0.10000
Hays County	0.41620
Plum Creek Conservation	0.02300
Hays CISD	1.52000
Austin Community College	0.10200
Kyle Estates PID	0.21253
Total	2.97003

Pecan Woods

City of Kyle	0.57480
Hays County	0.41620
Plum Creek Conservation	0.02300
Hays CISD	1.52000
Plum Creek Groundwater	0.02150
Caldwell Hays County ESD #1	0.10000
Austin Community College	0.10200
Pecan Woods PID	0.20307
Total	2.96057

Blanco River Ranch

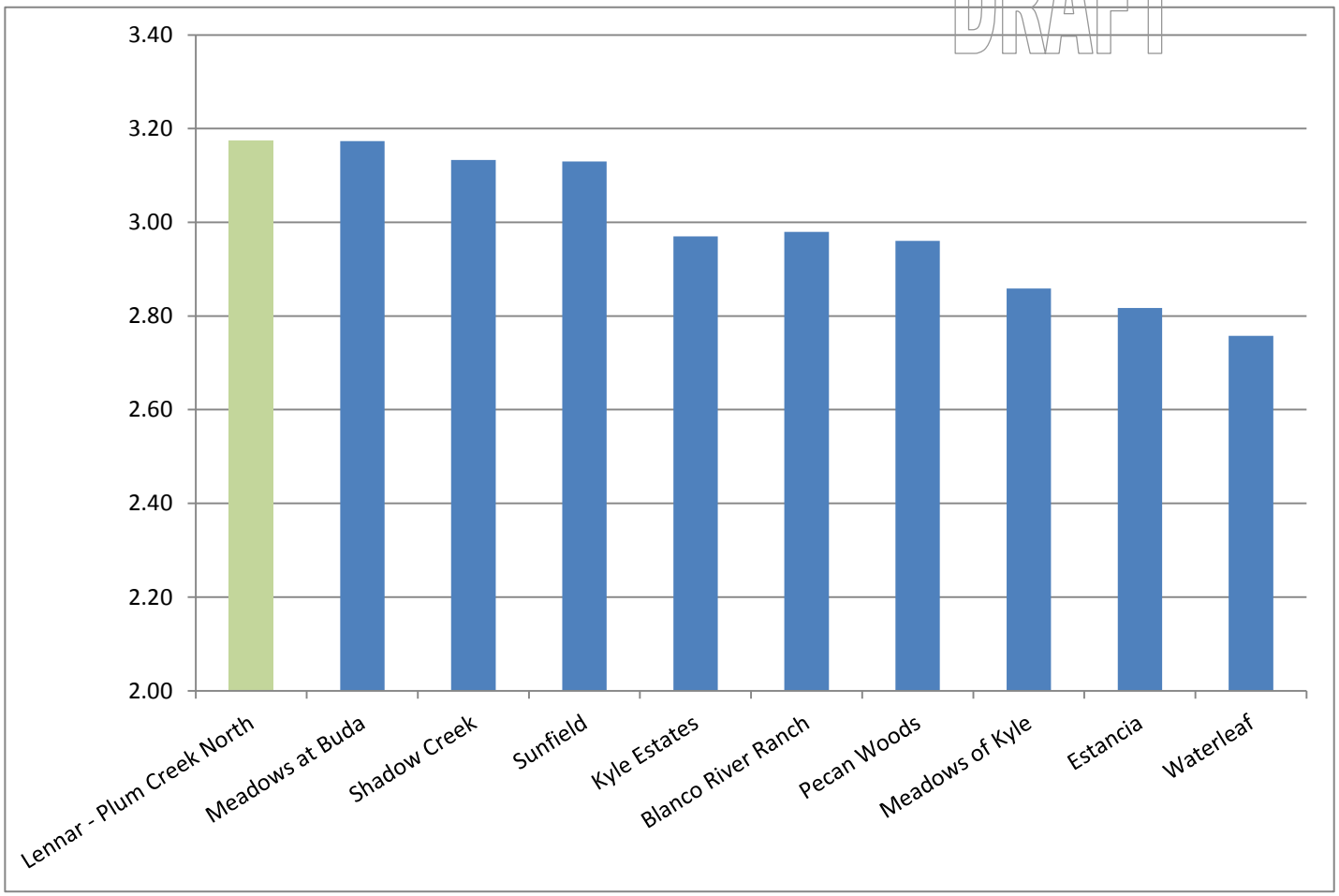
Hays County	0.41620
Hays CISD	1.52000
Hays County ESD #5	0.10000
Austin Community College	0.10200
Blanco River Ranch PID	0.84121
Total	2.97941

Estancia

Travis County	0.38380
Hays CISD	1.52000
Travis County Healthcare	0.11054
Travis County ESD #5	0.10000
Austin Community College	0.10200
Estancia PID	0.60100
Total	2.81734

$3.17 TAX RATE @ 20 YRS
EXHIBIT F
LENNAR - PLUM CREEK NORTH
PLUM CREEK NORTH PUBLIC IMPROVEMENT DISTRICT
COMPETITIVE COMMUNITIES TAX RATES - CHART
7/24/2017

DRAFT



$3.17 TAX RATE @ 20 YRS
EXHIBIT G
LENNAR - PLUM CREEK NORTH
PLUM CREEK NORTH PUBLIC IMPROVEMENT DISTRICT
AV AND ASSESSMENT SPREAD
7/24/2017

DRAFT

NIA	Lot Type	Units [b]	Entitled Land Value [f]	Average Improved Lot Price [c]	Estimated AV per Unit		Improved Land Value	Projected AV	Total Assessment	Annual Installment (First Year)[a]	Assessment Per Unit	Annual Installment Per Unit	Equivalent Tax Rate (per $100/AV)
1	40'	197	$ 2,124,525	$ 42,000	$ 210,900	[d]	$ 8,274,000	$ 41,547,300	$ 2,023,444	$ 190,390.51	$ 10,271	$ 966	$ 0.46
1	45'	159	$ 1,929,058	$ 47,250	$ 237,600	[d]	$ 7,512,750	$ 37,778,400	$ 1,839,890	$ 173,120	$ 11,572	$ 1,089	$ 0.46
1	50'	106	$ 1,428,932	$ 52,500	$ 273,450	[d]	$ 5,565,000	$ 28,985,700	$ 1,411,666	$ 132,827	$ 13,318	$ 1,253	$ 0.46
	Subtotal - NIA 1	**462**	**$ 5,482,515**	**$ 46,216**	**$ 234,440**		**$ 21,351,750**	**$ 108,311,400**	**$ 5,275,000**	**$ 496,337**	**$ 11,418**	**$ 1,074**	**$ 0.46**
2	40'	91	$ 981,380	$ 44,571	$ 223,809		$ 4,055,937	$ 20,366,598	$ 986,393	$ 93,872.79	$ 10,839	$ 1,032	$ 0.46
2	45'	74	$ 897,801	$ 50,142	$ 252,143		$ 3,710,514	$ 18,658,584	$ 903,670	$ 86,000	$ 12,212	$ 1,162	$ 0.46
2	50'	140	$ 1,887,268	$ 55,713	$ 290,187		$ 7,799,879	$ 40,626,226	$ 1,967,605	$ 187,253	$ 14,054	$ 1,338	$ 0.46
2	70'	49	$ 924,762	$ 77,999	$ 370,362		$ 3,821,941	$ 18,147,718	$ 878,928	$ 83,646	$ 17,937	$ 1,707	$ 0.46
	Subtotal - NIA 2	**354**	**$ 4,691,210**	**$ 54,769**	**$ 276,269**	[g]	**$ 19,388,270**	**$ 97,799,125**	**$ 4,736,596**	**$ 450,771**	**$ 13,380**	**$ 1,273**	**$ 0.46**
3	40'	307	$ 3,310,808	$ 47,299	$ 237,508		$ 14,520,738	$ 72,914,850	$ 3,621,879	$ 337,854.80	$ 11,798	$ 1,101	$ 0.46
3	45'	126	$ 1,528,687	$ 53,211	$ 267,576		$ 6,704,608	$ 33,714,600	$ 1,674,696	$ 156,218.38	$ 13,291	$ 1,240	$ 0.46
3	50'	117	$ 1,577,217	$ 59,124	$ 307,949		$ 6,917,453	$ 36,030,046	$ 1,789,711	$ 166,947	$ 15,297	$ 1,427	$ 0.46
3	70'	27	$ 509,562	$ 82,773	$ 393,031		$ 2,234,869	$ 10,611,828	$ 527,118	$ 49,170	$ 19,523	$ 1,821	$ 0.46
	Subtotal - NIA 3	**577**	**$ 6,926,275**	**$ 52,648**	**$ 265,635**	[g]	**$ 30,377,668**	**$ 153,271,325**	**$ 7,613,404**	**$ 710,191**	**$ 13,195**	**$ 1,231**	**$ 0.46**
NIA 2&3 Subtotal		**931**	**$ 11,617,485**	**$ 53,454**	**$ 269,678**		**$ 49,765,938**	**$ 251,070,450**	**$ 12,350,000**	**$ 1,160,962**	**$ 13,265**	**$ 1,247**	**$ 0.46**
Grand Total		**1,393**	**$ 17,100,000**	**$ 51,054**	**$ 257,991**		**$ 71,117,688**	**$ 359,381,850**	**$ 17,625,000**	**$ 1,657,299**	**$ 12,653**	**$ 1,190**	**$ 0.46**

Footnotes:

[a] Annual Installment is for first full year after use of capitalized interest.
[b] Per the Plum Creek North land plan prepared by Land Dev Consulting, dated May 15, 2017.
[c] Assumes an estimated lot price of $1,050 per front foot, per discussion with client.
[d] Per the sales comps sent by Lennar on 2.3.17 and phone call with Tara T. Represents the Competition Unadjusted Average Sales Price ("ASP") for the Lennar communities. Does not include Current Inventory ASP.
[e] Not used.
[f] Estimate per information provided by client.
[g] Assumes 2.0% inflation of 3 years for NIA 2, and 6 years for NIA 3.

$3.17 TAX RATE @ 20 YRS
EXHIBIT H
LENNAR - PLUM CREEK NORTH
PLUM CREEK NORTH PUBLIC IMPROVEMENT DISTRICT
3:1 VALUE TO LIEN REQUIREMENT
July 24, 2017

DRAFT

	Bond Issue #1			Bond Issue #2	Bond Issue #3	Grand Total
	Master Bond	Neighborhood Improvement Bond #1	Total	Neighborhood Improvement Bond #2	Neighborhood Improvement Bond #3	
	Neighborhoods 2-3	Neighborhood 1		Neighborhood 2	Neighborhood 3	
Bond Issuance Year	**2017**	**2017**		**2020**	**2023**	
Bond Issuance Date	**9/1/17**	**9/1/17**		**9/1/20**	**9/1/23**	
Term	**20**	**20**		**20**	**20**	
Interest Rate	**5.50%**	**5.00%**		**5.00%**	**5.00%**	
Value "As Built"	$ 251,070,450	$ 108,311,400		$ 97,799,125	$ 153,271,325	$ 359,381,850
Entitled Land Value	$ 11,617,485	$ -		$ -	$ -	$ -
Improved Lot Value	-	21,351,750		19,388,270	30,377,668	-
Assessed Value	-	-		-	-	359,381,850
Plus: Improvements Funded from Bond Proceeds	3,665,995	-		-	-	-
Less: Appraisal Discount (15%)	-	3,202,763		2,908,241	4,556,650	-
Less: Prior Bond Proceeds	-	-		5,959,788	9,340,212	-
Estimated Post Bond Sale Valuation	$ 15,283,480	$ 18,148,988		$ 10,520,242	$ 16,480,806	$ 359,381,850
Projected PID Gross Bond Amount	**$ 5,100,000**	**$ 5,275,000**	**$ 10,375,000**	**$ 2,750,000**	**$ 4,500,000**	**$ 17,625,000**
Reserve Fund (125% of Avg. Debt Svc)	363,005	360,365	723,370	188,021	307,813	1,219,203
Capitalized Interest (24 months)	561,000	527,500	1,088,500	275,000	450,000	1,813,500
Underwriter Discount/Underwriter Counsel (3%)	153,000	158,250	311,250	82,500	135,000	528,750
Cost of Issuance (7%)	357,000	369,250	726,250	192,500	315,000	1,233,750
Infrastructure Bond Net Proceeds	**$ 3,665,995**	**$ 3,859,635**	**$ 7,525,630**	**$ 2,011,979**	**$ 3,292,188**	**$ 12,829,797**
VTL Ratio (a)	**3.00**	**3.44**		**3.83**	**3.66**	**20.39**
Net Infrastructure Proceeds	$ 3,665,995	$ 3,859,635	$ 7,525,630	$ 2,011,979	$ 3,292,188	$ 12,829,797
Construction Costs	38,359,641	16,548,289	54,907,930	14,942,178	23,417,463	54,907,930
Surplus/(Shortage)	**$ (34,693,646)**	**$ (12,688,654)**	**$ (47,382,300)**	**$ (12,930,199)**	**$ (20,125,275)**	**$ (42,078,133)**

Footnotes:

(a) Developer may be required to escrow all or a portion of the additional funding requirement at the time bonds are issued if the 3:1 VTL requirement is not satisfied.

$3.17 TAX RATE @ 20 YRS
EXHIBIT I
LENNAR - PLUM CREEK NORTH
PLUM CREEK NORTH PUBLIC IMPROVEMENT DISTRICT
BOND SIZING ANALYSIS - MASTER BOND
July 24, 2017

Sources:	
Gross Bond Amount (5.50% Interest Rate)	$ 5,100,000
Uses:	
Reserve Fund (125% of Avg. Debt Svc)	363,005
Capitalized Interest (24 months)	561,000
Underwriter Discount/Underwriter Counsel (3%)	153,000
Cost of Issuance (7%)	357,000
Infrastructure Bond Net Construction Proceeds	$ 3,665,995

DRAFT

Minimum Debt Service Coverage	1.00
First Full Year Installment After Cap I	$ 512,212

Issuance Date: **September 1** **2017**

Year[f]	Year Ending September 1	Principal Maturing Sept. 1st	Interest Rate	Annual Interest Due	Principal + Interest	City Admin Expenses[a]	Prepayment Reserve[b] 0.20%	Delinquency Reserve[c] 0.30%	P & I + Admin + Reserves	Capitalized Interest[d]	Reserve Fund Releases	Annual PID Installment[e]
1	2018	$ -	5.50%	$ 280,500	$ 280,500	$ 30,000	$ 10,200	$ 15,300	$ 336,000	$ 280,500	$ -	$ 55,500
2	2019	-	5.50%	280,500	280,500	30,600	10,200	15,300	336,600	280,500	-	56,100
3	2020	175,000	5.50%	280,500	455,500	31,212	10,200	15,300	512,212	-	-	512,212
4	2021	175,000	5.50%	270,875	445,875	31,836	9,850	14,775	502,336	-	-	502,336
5	2022	200,000	5.50%	261,250	461,250	32,473	9,500	14,250	517,473	-	-	517,473
6	2023	200,000	5.50%	250,250	450,250	33,122	9,100	13,650	506,122	-	-	506,122
7	2024	225,000	5.50%	239,250	464,250	33,785	6,200	13,050	517,285	-	-	517,285
8	2025	225,000	5.50%	226,875	451,875	34,461	-	12,375	498,711	-	-	498,711
9	2026	250,000	5.50%	214,500	464,500	35,150	-	11,700	511,350	-	-	511,350
10	2027	250,000	5.50%	200,750	450,750	35,853	-	10,950	497,553	-	-	497,553
11	2028	275,000	5.50%	187,000	462,000	36,570	-	10,200	508,770	-	-	508,770
12	2029	275,000	5.50%	171,875	446,875	37,301	-	9,375	493,551	-	-	493,551
13	2030	300,000	5.50%	156,750	456,750	38,047	-	8,550	503,347	-	-	503,347
14	2031	300,000	5.50%	140,250	440,250	38,808	-	7,650	486,708	-	-	486,708
15	2032	325,000	5.50%	123,750	448,750	39,584	-	6,750	495,084	-	-	495,084
16	2033	350,000	5.50%	105,875	455,875	40,376	-	5,775	502,026	-	-	502,026
17	2034	375,000	5.50%	86,625	461,625	41,184	-	4,725	507,534	-	-	507,534
18	2035	375,000	5.50%	66,000	441,000	42,007	-	3,600	486,607	-	-	486,607
19	2036	400,000	5.50%	45,375	445,375	42,847	-	2,475	490,697	-	-	490,697
20	2037	425,000	5.50%	23,375	448,375	43,704	-	1,275	493,354	-	-	493,354
	Totals	$ 5,100,000	5.50%	$ 3,612,125	$ 8,712,125	$ 728,921	$ 65,250	$ 197,025	$ 9,703,321	$ 561,000	$ -	$ 9,142,321

Footnotes:
(a) Preliminary estimate. Assumes City administrative expenses escalate at 2.00% per year.
(b) Preliminary estimate. Assumes the interest rate used to calculate the assessments is 0.20% higher than the actual interest rate on the bonds to fund interest related to prepayment of assessments. The prepayment reserve is capped at 1.5% of the principal amount of the outstanding PID Bonds. Unused funds will be applied to the final year's debt service payment and/or
(c) Preliminary estimate. Assumes the interest rate used to calculate the assessments is 0.30% higher than the actual interest rate on the bonds to fund a reserve for delinquent assessments. The delinquency reserve is capped at 4.0% of the par amount of the PID Bonds. Unused funds will be applied to the final year's debt service payment and/or credited back to
(d) Assumes 24 months capitalized interest.
(e) Net of capitalized interest, reserve fund interest earnings, and reserve fund releases.
(f) Per the City of Kyle PID policy, a 20 year bond is assumed.

$3.17 TAX RATE @ 20 YRS
EXHIBIT J
LENNAR - PLUM CREEK NORTH
PLUM CREEK NORTH PUBLIC IMPROVEMENT DISTRICT
BOND SIZING ANALYSIS - NEIGHBORHOOD IMPROVEMENT BOND #1
July 24, 2017

Sources:		
Gross Bond Amount (5.00% Interest Rate)	$	5,275,000
Uses:		
Reserve Fund (125% of Avg. Debt Svc)		360,365
Capitalized Interest (24 months)		527,500
Underwriter Discount/Underwriter Counsel (3%)		158,250
Cost of Issuance (7%)		369,250
Infrastructure Bond Net Construction Proceeds	$	3,859,635

Minimum Debt Service Coverage	1.00
First Full Year Installment After Cap I	$ 496,337

DRAFT

Issuance Date: **September 1** **2017**

Year[f]	Year Ending September 1	Principal Maturing Sept. 1st	Interest Rate	Annual Interest Due	Principal + Interest	City Admin Expenses[a]	Prepayment Reserve[b] 0.20%	Delinquency Reserve[c] 0.30%	P & I + Admin + Reserves	Capitalized Interest[d]	Reserve Fund Releases	Annual PID Installment[e]
1	2018	$ -	5.00%	$ 263,750	$ 263,750	$ 30,000	$ 10,550	$ 15,825	$ 320,125	$ 263,750	$ -	$ 56,375
2	2019	-	5.00%	263,750	263,750	30,600	10,550	15,825	320,725	263,750	-	56,975
3	2020	175,000	5.00%	263,750	438,750	31,212	10,550	15,825	496,337	-	-	496,337
4	2021	200,000	5.00%	255,000	455,000	31,836	10,200	15,300	512,336	-	-	512,336
5	2022	200,000	5.00%	245,000	445,000	32,473	9,800	14,700	501,973	-	-	501,973
6	2023	225,000	5.00%	235,000	460,000	33,122	9,400	14,100	516,622	-	-	516,622
7	2024	225,000	5.00%	223,750	448,750	33,785	6,075	13,425	502,035	-	-	502,035
8	2025	250,000	5.00%	212,500	462,500	34,461	-	12,750	509,711	-	-	509,711
9	2026	250,000	5.00%	200,000	450,000	35,150	-	12,000	497,150	-	-	497,150
10	2027	275,000	5.00%	187,500	462,500	35,853	-	11,250	509,603	-	-	509,603
11	2028	275,000	5.00%	173,750	448,750	36,570	-	10,425	495,745	-	-	495,745
12	2029	300,000	5.00%	160,000	460,000	37,301	-	9,600	506,901	-	-	506,901
13	2030	300,000	5.00%	145,000	445,000	38,047	-	8,700	491,747	-	-	491,747
14	2031	325,000	5.00%	130,000	455,000	38,808	-	7,800	501,608	-	-	501,608
15	2032	325,000	5.00%	113,750	438,750	39,584	-	6,825	485,159	-	-	485,159
16	2033	350,000	5.00%	97,500	447,500	40,376	-	5,850	493,726	-	-	493,726
17	2034	375,000	5.00%	80,000	455,000	41,184	-	4,800	500,984	-	-	500,984
18	2035	400,000	5.00%	61,250	461,250	42,007	-	3,675	506,932	-	-	506,932
19	2036	400,000	5.00%	41,250	441,250	42,847	-	2,475	486,572	-	-	486,572
20	2037	425,000	5.00%	21,250	446,250	43,704	-	1,275	491,229	-	-	491,229
	Totals	$ 5,275,000	5.00%	$ 3,373,750	$ 8,648,750	$ 728,921	$ 67,125	$ 202,425	$ 9,647,221	$ 527,500	$ -	$ 9,119,721

Footnotes:

(a) Preliminary estimate. Assumes City administrative expenses escalate at 2.00% per year.
(b) Preliminary estimate. Assumes the interest rate used to calculate the assessments is 0.20% higher than the actual interest rate on the bonds to fund interest related to prepayment of assessments. The prepayment reserve is capped at 1.5% of the principal amount of the outstanding PID Bonds. Unused funds will be applied to the final year's debt service payment and/or
(c) Preliminary estimate. Assumes the interest rate used to calculate the assessments is 0.30% higher than the actual interest rate on the bonds to fund a reserve for delinquent assessments. The delinquency reserve is capped at 4.0% of the par amount of the PID Bonds. Unused funds will be applied to the final year's debt service payment and/or credited back to landowners.
(d) Assumes 24 months capitalized interest.
(e) Net of capitalized interest, reserve fund interest earnings, and reserve fund releases.
(f) Per the City of Kyle PID policy, a 20 year bond is assumed.

$3.17 TAX RATE @ 20 YRS
EXHIBIT K
LENNAR - PLUM CREEK NORTH
PLUM CREEK NORTH PUBLIC IMPROVEMENT DISTRICT
BOND SIZING ANALYSIS - NEIGHBORHOOD IMPROVEMENT BOND #2
July 24, 2017

Sources:	
Gross Bond Amount (5.00% Interest Rate)	$ 2,750,000
Uses:	
Reserve Fund (125% of Avg. Debt Svc)	188,021
Capitalized Interest (24 months)	275,000
Underwriter Discount/Underwriter Counsel (3%)	82,500
Cost of Issuance (7%)	192,500
Infrastructure Bond Net Construction Proceeds	$ 2,011,979

Minimum Debt Service Coverage	1.00
First Full Year Installment After Cap I	$ 251,250

DRAFT

Issuance Date: **September 1** **2020**

Year[f]	Year Ending September 1	Principal Maturing Sept. 1st	Interest Rate	Annual Interest Due	Principal + Interest	City Admin Expenses[a]	Prepayment Reserve[b] 0.20%	Delinquency Reserve[c] 0.30%	P & I + Admin + Reserves	Capitalized Interest[d]	Reserve Fund Releases	Annual PID Installment[e]
1	2021	$ -	5.00%	$ 137,500	$ 137,500	$ -	$ 5,500	$ 8,250	$ 151,250	$ 137,500	$ -	$ 13,750
2	2022	-	5.00%	137,500	137,500	-	5,500	8,250	151,250	137,500	-	13,750
3	2023	100,000	5.00%	137,500	237,500	-	5,500	8,250	251,250	-	-	251,250
4	2024	100,000	5.00%	132,500	232,500	-	5,300	7,950	245,750	-	-	245,750
5	2025	100,000	5.00%	127,500	227,500	-	5,100	7,650	240,250	-	-	240,250
6	2026	125,000	5.00%	122,500	247,500	-	4,900	7,350	259,750	-	-	259,750
7	2027	125,000	5.00%	116,250	241,250	-	3,075	6,975	251,300	-	-	251,300
8	2028	125,000	5.00%	110,000	235,000	-	-	6,600	241,600	-	-	241,600
9	2029	125,000	5.00%	103,750	228,750	-	-	6,225	234,975	-	-	234,975
10	2030	125,000	5.00%	97,500	222,500	-	-	5,850	228,350	-	-	228,350
11	2031	150,000	5.00%	91,250	241,250	-	-	5,475	246,725	-	-	246,725
12	2032	150,000	5.00%	83,750	233,750	-	-	5,025	238,775	-	-	238,775
13	2033	150,000	5.00%	76,250	226,250	-	-	4,575	230,825	-	-	230,825
14	2034	175,000	5.00%	68,750	243,750	-	-	4,125	247,875	-	-	247,875
15	2035	175,000	5.00%	60,000	235,000	-	-	3,600	238,600	-	-	238,600
16	2036	175,000	5.00%	51,250	226,250	-	-	3,075	229,325	-	-	229,325
17	2037	200,000	5.00%	42,500	242,500	-	-	2,550	245,050	-	-	245,050
18	2038	200,000	5.00%	32,500	232,500	-	-	1,950	234,450	-	-	234,450
19	2039	225,000	5.00%	22,500	247,500	-	-	1,350	248,850	-	-	248,850
20	2040	225,000	5.00%	11,250	236,250	-	-	675	236,925	-	-	236,925
	Totals	$ 2,750,000	5.00%	$ 1,762,500	$ 4,512,500	$ -	$ 34,875	$ 105,750	$ 4,653,125	$ 275,000	$ -	$ 4,378,125

Footnotes:
(a) Preliminary estimate. Assumes City administrative expenses escalate at 2.00% per year.
(b) Preliminary estimate. Assumes the interest rate used to calculate the assessments is 0.20% higher than the actual interest rate on the bonds to fund interest related to prepayment of assessments. The prepayment reserve is capped at 1.5% of the principal amount of the outstanding PID Bonds. Unused funds will be applied to the final year's debt service payment and/or
(c) Preliminary estimate. Assumes the interest rate used to calculate the assessments is 0.30% higher than the actual interest rate on the bonds to fund a reserve for delinquent assessments. The delinquency reserve is capped at 4.0% of the par amount of the PID Bonds. Unused funds will be applied to the final year's debt service payment and/or credited back to landowners.
(d) Assumes 24 months capitalized interest.
(e) Net of capitalized interest, reserve fund interest earnings, and reserve fund releases.
(f) Per the City of Kyle PID policy, a 20 year bond is assumed.

$3.17 TAX RATE @ 20 YRS
EXHIBIT L
LENNAR - PLUM CREEK NORTH
PLUM CREEK NORTH PUBLIC IMPROVEMENT DISTRICT
BOND SIZING ANALYSIS - NEIGHBORHOOD IMPROVEMENT BOND #3
July 24, 2017

Sources:	
Gross Bond Amount (5.00% Interest Rate)	$ 4,500,000
Uses:	
Reserve Fund (125% of Avg. Debt Svc)	307,813
Capitalized Interest (24 months)	450,000
Underwriter Discount/Underwriter Counsel (3%)	135,000
Cost of Issuance (7%)	315,000
Infrastructure Bond Net Construction Proceeds	$ 3,292,188

Minimum Debt Service Coverage	1.00
First Full Year Installment After Cap I	$ 397,500

DRAFT

Issuance Date: September 1 2023

Year[f]	Year Ending September 1	Principal Maturing Sept. 1st	Interest Rate	Annual Interest Due	Principal + Interest	City Admin Expenses[a]	Prepayment Reserve[b] 0.20%	Delinquency Reserve[c] 0.30%	P & I + Admin + Reserves	Capitalized Interest[d]	Reserve Fund Releases	Annual PID Installment[e]
1	2024	$ -	5.00%	$ 225,000	$ 225,000	$ -	$ 9,000	$ 13,500	$ 247,500	$ 225,000	$ -	$ 22,500
2	2025	-	5.00%	225,000	225,000	-	9,000	13,500	247,500	225,000	-	22,500
3	2026	150,000	5.00%	225,000	375,000	-	9,000	13,500	397,500	-	-	397,500
4	2027	175,000	5.00%	217,500	392,500	-	8,700	13,050	414,250	-	-	414,250
5	2028	175,000	5.00%	208,750	383,750	-	8,350	12,525	404,625	-	-	404,625
6	2029	175,000	5.00%	200,000	375,000	-	8,000	12,000	395,000	-	-	395,000
7	2030	200,000	5.00%	191,250	391,250	-	5,325	11,475	408,050	-	-	408,050
8	2031	200,000	5.00%	181,250	381,250	-	-	10,875	392,125	-	-	392,125
9	2032	225,000	5.00%	171,250	396,250	-	-	10,275	406,525	-	-	406,525
10	2033	225,000	5.00%	160,000	385,000	-	-	9,600	394,600	-	-	394,600
11	2034	225,000	5.00%	148,750	373,750	-	-	8,925	382,675	-	-	382,675
12	2035	250,000	5.00%	137,500	387,500	-	-	8,250	395,750	-	-	395,750
13	2036	250,000	5.00%	125,000	375,000	-	-	7,500	382,500	-	-	382,500
14	2037	275,000	5.00%	112,500	387,500	-	-	6,750	394,250	-	-	394,250
15	2038	300,000	5.00%	98,750	398,750	-	-	5,925	404,675	-	-	404,675
16	2039	300,000	5.00%	83,750	383,750	-	-	5,025	388,775	-	-	388,775
17	2040	325,000	5.00%	68,750	393,750	-	-	4,125	397,875	-	-	397,875
18	2041	325,000	5.00%	52,500	377,500	-	-	3,150	380,650	-	-	380,650
19	2042	350,000	5.00%	36,250	386,250	-	-	2,175	388,425	-	-	388,425
20	2043	375,000	5.00%	18,750	393,750	-	-	1,125	394,875	-	-	394,875
	Totals	$ 4,500,000	5.00%	$ 2,887,500	$ 7,387,500	$ -	$ 57,375	$ 173,250	$ 7,618,125	$ 450,000	$ -	$ 7,168,125

Footnotes:

(a) Preliminary estimate. Assumes City administrative expenses escalate at 2.00% per year.
(b) Preliminary estimate. Assumes the interest rate used to calculate the assessments is 0.20% higher than the actual interest rate on the bonds to fund interest related to prepayment of assessments. The prepayment reserve is capped at 1.5% of the principal amount of the outstanding PID Bonds. Unused funds will be applied to the final year's debt service payment and/or
(c) Preliminary estimate. Assumes the interest rate used to calculate the assessments is 0.30% higher than the actual interest rate on the bonds to fund a reserve for delinquent assessments. The delinquency reserve is capped at 4.0% of the par amount of the PID Bonds. Unused funds will be applied to the final year's debt service payment and/or credited back to
(d) Assumes 24 months capitalized interest.
(e) Net of capitalized interest, reserve fund interest earnings, and reserve fund releases.
(f) Per the City of Kyle PID policy, a 20 year bond is assumed.

EXHIBIT M
LENNAR - PLUM CREEK NORTH
PLUM CREEK NORTH PUBLIC IMPROVEMENT DISTRICT
KEY ASSUMPTIONS
7/24/2017

	Item	Assumption	Source
1	Scenario Description	$3.17 TAX RATE @ 20 YRS	
1	Date of Analysis	7/24/2017	
2	**Estimated Total Gross Proceeds**	**$ 17,625,000**	**Calculated**
3	**Estimated Total Net Proceeds**	**$ 12,829,797**	**Calculated**
4	Master Bond Net Proceeds	$ 3,665,995	Calculated
5	Neighborhood Improvement Bond #1 Net Proceeds	$ 3,859,635	Calculated
6	Neighborhood Improvement Bond #2 Net Proceeds	$ 2,011,979	Calculated
7	Neighborhood Improvement Bond #3 Net Proceeds	$ 3,292,188	Calculated
8	**Projected Maximum Total Tax Rate after PID**	**$ 3.174153**	**Calculated**
9	**Total Effective Tax Rate / $100 AV w/ Homestead Exemption**	**$ 3.016581**	**Calculated**
10	**Projected PID Equivalent Tax Rate**	**$ 0.461153**	**Calculated**
11	Hays County Ad Valorem Tax Rate - FY 2016	$ 0.416200	Hays County
12	City of Kyle Ad Valorem Tax Rate - FY 2016	$ 0.574800	City of Kyle
13	**A. Bond Assumptions**		
	HOA %		
14	Minimum Required Value to Lien Ratio	3:1	DPFG
15	PID Bond Interest Rate - Master	5.50%	DPFG
16	PID Bond Interest Rate -Neighborhood Improvement	5.00%	DPFG
17	Bond Term	20	DPFG
18	Bond Issue Date	9/1/2017	DPFG
19	Bond Issue Year:	0	DPFG
20	Master Bond	2017	DPFG
21	Neighborhood Improvement Bond #1	2017	DPFG
22	Neighborhood Improvement Bond #2	2020	DPFG
23	Neighborhood Improvement Bond #3	2023	DPFG
24	Required Debt Service Reserve Fund	Lesser of Maximum Annual Debt Service or 10% of Bond Issue or 125% of Average Annual Debt Service	DPFG
25	Years of Capitalized Interest for Major Bond & Nbrhd 1	2	DPFG
26	Years of Capitalized Interest for Neighborhood 2 & 3	2	DPFG
27	Underwriter Discount/Underwriter Counsel	3.0%	DPFG
28	Non-Underwriter Costs of Issuance per Bond Issue	7.0%	DPFG
29	Initial Year Administrative Costs per Bond Issue	$ 30,000	DPFG
30	Administrative Costs per Bond Issue - Subsequent NIA Bonds	$ -	DPFG
31	Bond Denomination	$ 25,000	DPFG
32	Debt Service Escalation Rate	0.0%	DPFG
33	Administrative Costs Escalation Rate	2.0%	DPFG
34	PAYGO Discount Rate	6.8%	DPFG
34	Interest Rate Yield for Capitalized Interest/Debt Service Reserve	0.0%	DPFG
35	**B. Cost Assumptions**		
36	Project Management Fees as % of Hard Costs	4.0%	DPFG
37	Soft Costs as % of Hard Costs	15.0%	DPFG
38	Contingency Factor as % of Hard Costs	10.0%	DPFG
39	**C. Acreage Assumptions**		
40	Total Acreage	389.1	Lennar
41	**D. Value Assumptions**		
42	Inflation Rate	2.0%	Lennar
43	Raw Land Value	$ 17,100,000	Lennar
44	Appraisal Discount	15.0%	DPFG
45	Lot Price per Front Foot	$ 1,050	Lennar
46	Average Home Price for a 40' Lot	$ 210,900	Lennar
47	Average Home Price for a 45' Lot	$ 237,600	Lennar
48	Average Home Price for a 50' Lot	$ 273,450	Lennar
49	Average Home Price for a 70' Lot	$ 349,000	DPFG
50	Annual Installment - Nbrhd 1	$ 496,337	DPFG
51	Annual Installment - Nbrhd 2	$ 450,771	DPFG
52	Annual Installment - Nbrhd 3	$ 710,191	DPFG
53	Annual Installment - Total	$ 1,657,299	DPFG
54	Annual Installment per Unit - Nbrhd 1	$ 1,074	DPFG
55	Annual Installment per Unit - Nbrhd 2	$ 1,273	DPFG
56	Annual Installment per Unit - Nbrhd 3	$ 1,231	DPFG
57	Annual Installment per Unit - Wtd Avg	$ 1,190	DPFG

CITY OF KYLE, TEXAS

6 Creeks PID Special Assessment Revenue Bond

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: A Resolution approving the form and authorizing the distribution of a Preliminary Limited Offering Memorandum for Special Assessment Revenue Bonds, Series 2019 (6 Creeks Public Improvement District Improvement Area #1 Project). ~ *Jon Snyder, P3Works, LLC, City's PID Administrator*

Other Information:

Legal Notes:

Budget Information:

ATTACHMENTS:

Description

- Resolution Approving Form and Authorizing Distribution of PLOM - 6 Creeks PID IA#1 Bonds (01145751-5x7A30F)
- City of Kyle (6 Creeks PID) Series 2019 - PLOM (IA#1)-Part 1
- City of Kyle (6 Creeks PID) Series 2019 - PLOM (IA#1)-Part 2

RESOLUTION NO. _____

RESOLUTION APPROVING THE FORM AND AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY LIMITED OFFERING MEMORANDUM FOR CITY OF KYLE, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2019 (6 CREEKS PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

WHEREAS, a petition (the "*Petition*") requesting the creation of a public improvement district located in the City to be known as the Blanco River Ranch Public Improvement District (the "*District*") was signed and submitted by Blanco River Ranch Properties, L.P. ("*BRRP*"), on April 4, 2017, pursuant to the Public Improvement District Assessment Act, Texas Local Government Code, Chapter 372, as amended (the "*PID Act*"); and

WHEREAS, on June 6, 2017, after due notice, the City Council of the City ("*City Council*") held a public hearing in the manner required by law on the advisability of the improvement projects and services described in the Petition as required by Section 372.009 of the PID Act; and

WHEREAS, the City Council made the findings required by Section 372.009(b) of the PID Act and authorized the creation of the District in accordance with its finding as to the advisability of the improvement projects and services; and

WHEREAS, on June 14, 2017, the City published notice of its authorization of the creation of the District in the *Hays Free Press*, a newspaper of general circulation in the City; and

WHEREAS, no written protests of the creation of the District from any owners of record of property within the District were filed with the City Secretary within 20 days after June 14, 2017; and

WHEREAS, on September 18, 2018, the City Council approved the renaming of the District from Blanco River Ranch Public Improvement District to the 6 Creeks Public Improvement District and adopted Resolution No. 1118; and

WHEREAS, the City Council, after a duly noticed public hearing, approved and adopted for the District a Service and Assessment Plan and Assessment Roll and levied assessments (the "Assessments") against the property within Improvement Area #1 of the District that will benefit from the Improvement Area #1 Projects; and

WHEREAS, on September 18, 2018, the City Council convened the public hearing, and at such public hearing all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to make any objection to the proposed Assessment Roll and the Assessments; and

WHEREAS, the City Council is authorized by the PID Act to issue revenue bonds payable from the Assessments to finance public improvements that will convey benefits to the District; and

WHEREAS, this City Council intends to issue City of Kyle, Texas Special Assessment Revenue Bonds, Series 2019 (6 Creeks Public Improvement District Improvement Area #1 Project) to fund, among other things, the Improvement Area #1 Projects (the "*Series 2019 Bonds*"); and

WHEREAS, there has been presented to this City Council a Preliminary Limited Offering Memorandum for the Series 2019 Bonds (the "*Preliminary Limited Offering Memorandum*"); and

WHEREAS, this City Council finds and determines that it is necessary and in the best interests of the City to approve the form and content of the Preliminary Limited Offering Memorandum and authorize the use of the Preliminary Limited Offering Memorandum in the offering and sale of the Series 2019 Bonds by the underwriter for the Series 2019 Bonds, FMSbonds, Inc. (the "*Underwriter*").

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KYLE, TEXAS:

Section 1. The form and content of the Preliminary Limited Offering Memorandum is hereby approved, with such changes, addenda, supplements or amendments as may be approved by the City Manager, Director of Finance, Financial Advisor, Counsel or Bond Counsel to the City. The City hereby authorizes the Preliminary Limited Offering Memorandum to be used by the Underwriter in connection with the marketing and sale of the Series 2019 Bonds.

Section 2. Capitalized terms used herein and not otherwise defined shall have the meanings assigned thereto in the Preliminary Limited Offering Memorandum.

Section 3. This Resolution shall be effective immediately upon its adoption.

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

PASSED, APPROVED AND EFFECTIVE this 16th day of April, 2019.

Travis Mitchell, Mayor
City of Kyle, Texas

ATTEST:

Jennifer Vetrano, City Secretary
City of Kyle, Texas

[SEAL]

This Preliminary Limited Offering Memorandum and the information contained herein are subject to completion and amendment without notice. Under no circumstances shall this Preliminary Limited Offering Memorandum constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

NEW ISSUE **NOT RATED**

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED APRIL 19, 2019

THE SERIES 2019 BONDS ARE INITIALLY OFFERED ONLY TO PERSONS WHO MEET THE DEFINITION OF "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT OF 1933) OR "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933). SEE "LIMITATIONS APPLICABLE TO INITIAL PURCHASERS."

In the opinion of Bond Counsel, interest on the Series 2019 Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described herein. See "TAX MATTERS — Tax Exemption" herein for a discussion of Bond Counsel's opinion.

$7,495,000*
CITY OF KYLE, TEXAS,
(a municipal corporation of the State of Texas located in Hays County)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2019
(6 CREEKS PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

Bond Date/Interest Accrual Date: Date of Delivery **Due: September 1, as shown on the inside cover**

The City of Kyle, Texas, Special Assessment Revenue Bonds, Series 2019 (6 Creeks Public Improvement District Improvement Area #1 Project) (the "Series 2019 Bonds"), are being issued by the City of Kyle, Texas (the "City"). The Series 2019 Bonds will be issued in fully registered form, without coupons. Beneficial ownership of the Series 2019 Bonds initially may be acquired in principal denominations of $100,000 and in integral multiples of $5,000 in excess thereof; provided, however, that upon receipt by the Paying Agent/Registrar of written evidence that the Series 2019 Bonds have received an Investment Grade Rating (as defined herein), beneficial ownership in the Series 2019 Bonds may be acquired in principal denominations of $5,000 or any integral multiple thereof, notwithstanding any subsequent downgrade, suspension or withdrawal of such rating. The Series 2019 Bonds will bear interest at the rates set forth on the inside cover, calculated on the basis of a 360-day year of twelve 30-day months, payable on each March 1 and September 1, commencing September 1, 2019, until maturity or earlier redemption. The Series 2019 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). No physical delivery of the Series 2019 Bonds will be made to the beneficial owners thereof. For so long as the book-entry only system is maintained, the principal of and interest on the Series 2019 Bonds will be paid from the sources described herein by UMB Bank, N.A., Austin, Texas, as trustee (the "Trustee"), to DTC as the registered owner thereof. See "BOOK-ENTRY ONLY SYSTEM."

The Series 2019 Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the "PID Act"), an ordinance expected to be adopted by the City Council of the City (the "City Council") on May 7, 2019, and an Indenture of Trust, dated as of May 1, 2019 (the "Indenture"), entered into by and between the City and the Trustee. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.

Proceeds of the Series 2019 Bonds will be used to provide funds for (i) paying a portion of the Actual Costs (as defined herein) of the Improvement Area #1 Projects (as defined herein), (ii) paying interest on the Series 2019 Bonds during and after the period of acquisition and construction of the Improvement Area #1 Projects, (iii) funding a reserve fund for payment of principal and interest on the Series 2019 Bonds, (iv) paying a portion of the Actual Costs incidental to the organization and administration of the District, and (v) paying the costs of issuance of the Series 2019 Bonds. See "THE IMPROVEMENTS" and "APPENDIX B – Form of Indenture." The Series 2019 Bonds, when issued and delivered, will constitute valid and binding special, limited obligations of the City payable solely from and secured by the Trust Estate, consisting primarily of Assessments (as defined herein) levied against assessable properties in Improvement Area #1 of the District (the "Assessed Property" or "Assessed Properties") in accordance with a Service and Assessment Plan and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein. The Series 2019 Bonds are not payable from funds raised or to be raised from taxation. See "SECURITY FOR THE SERIES 2019 BONDS." The Series 2019 Bonds are subject to redemption at the times, in the amounts, and at the redemption price more fully described herein under the subcaption "DESCRIPTION OF THE SERIES 2019 BONDS — Redemption Provisions."

The Series 2019 Bonds involve a significant degree of risk and are not suitable for all investors. See "BONDHOLDERS' RISKS" and "SUITABILITY FOR INVESTMENT." Prospective purchasers should carefully evaluate the risks and merits of an investment in the Series 2019 Bonds, should consult with their legal and financial advisors before considering a purchase of the Series 2019 Bonds, and should be willing to bear the risks of loss of their investment in the Series 2019 Bonds. The Series 2019 Bonds are not credit enhanced or rated and no application has been made for a rating on the Series 2019 Bonds.

THE SERIES 2019 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE SERIES 2019 BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE SERIES 2019 BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY FUNDS OF THE CITY OTHER THAN THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE SERIES 2019 BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY'S TAXING POWER TO PAY THE PRINCIPAL OF THE SERIES 2019 BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE SERIES 2019 BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE. SEE "SECURITY FOR THE SERIES 2019 BONDS."

This cover page contains certain information for quick reference only. It is not a complete summary of the Series 2019 Bonds. Investors must read this entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision.

The Series 2019 Bonds are offered for delivery when, as, and if issued by the City and accepted by the Underwriter, subject to, among other things, the approval of the Series 2019 Bonds by the Attorney General of Texas and the receipt of the opinion of Bickerstaff Heath Delgado Acosta LLP, Bond Counsel, as to the validity of the Series 2019 Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See "APPENDIX C — Form of Opinion of Bond Counsel." Certain legal matters will be passed upon for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, for the City by its counsel, The Knight Law Firm, LLP, and for the Landowner by its special counsel, Armbrust & Brown, PLLC. It is expected that the Series 2019 Bonds will be delivered in book-entry form through the facilities of DTC on or about May 22, 2019.

FMSbonds, Inc.

* Preliminary, subject to change.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES, YIELDS, AND CUSIP NUMBERS[*]

CUSIP Prefix: [(a)]

$7,495,000[*]
CITY OF KYLE, TEXAS,
(a municipal corporation of the State of Texas located in Hays County)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2019
(6 CREEKS PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

$_____ _____% Term Series 2019 Bonds, Due _____, 20__, Priced to Yield _____%; CUSIP No.___ [(a) (b) (c) (d)]

$_____ _____% Term Series 2019 Bonds, Due _____, 20__, Priced to Yield _____%; CUSIP No.___ [(a) (b) (c) (d)]

(a) CUSIP numbers are included solely for the convenience of owners of the Series 2019 Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are provided for convenience of reference only. None of the City, the City's Financial Advisor or the Underwriter takes any responsibility for the accuracy of such numbers.

(b) The Series 2019 Bonds are subject to extraordinary optional redemption as described herein under "DESCRIPTION OF THE SERIES 2019 BONDS — Redemption Provisions."

(c) The Series 2019 Bonds are also subject to redemption, in whole or in part, prior to stated maturity, at the option of the City, on any date on or after _____, 20__, at the redemption price set forth herein under "DESCRIPTION OF THE SERIES 2019 BONDS — Redemption Provisions."

(d) The Term Series 2019 Bonds are also subject to mandatory sinking fund redemption as described herein under "DESCRIPTION OF THE SERIES 2019 BONDS — Redemption Provisions."

[*] Preliminary, subject to change.

CITY OF KYLE, TEXAS
CITY COUNCIL

Name	Place	Term Expires (November)
Travis Mitchell	Mayor	2020
Dex Ellison	Council Member, Mayor Pro Tem (District 1)	2019
Tracy Scheel	Council Member (District 2)	2020
Vacant	Council Member (District 3)	2019*
Alex Villalobos	Council Member (District 4)	2020
Rick Koch	Council Member (District 5)	2021
Daphne Tenorio	Council Member (District 6)	2021

CITY MANAGER
Scott Sellers

ASSISTANT CITY MANAGER
James R. Earp, CPM

CITY SECRETARY
Jennifer Vetrano

PID ADMINISTRATOR
P3Works, LLC

FINANCIAL ADVISOR TO THE CITY
Hilltop Securities Inc.

BOND COUNSEL
Bickerstaff Heath Delgado Acosta LLP

UNDERWRITER'S COUNSEL
Orrick, Herrington & Sutcliffe LLP

For additional information regarding the City, please contact:

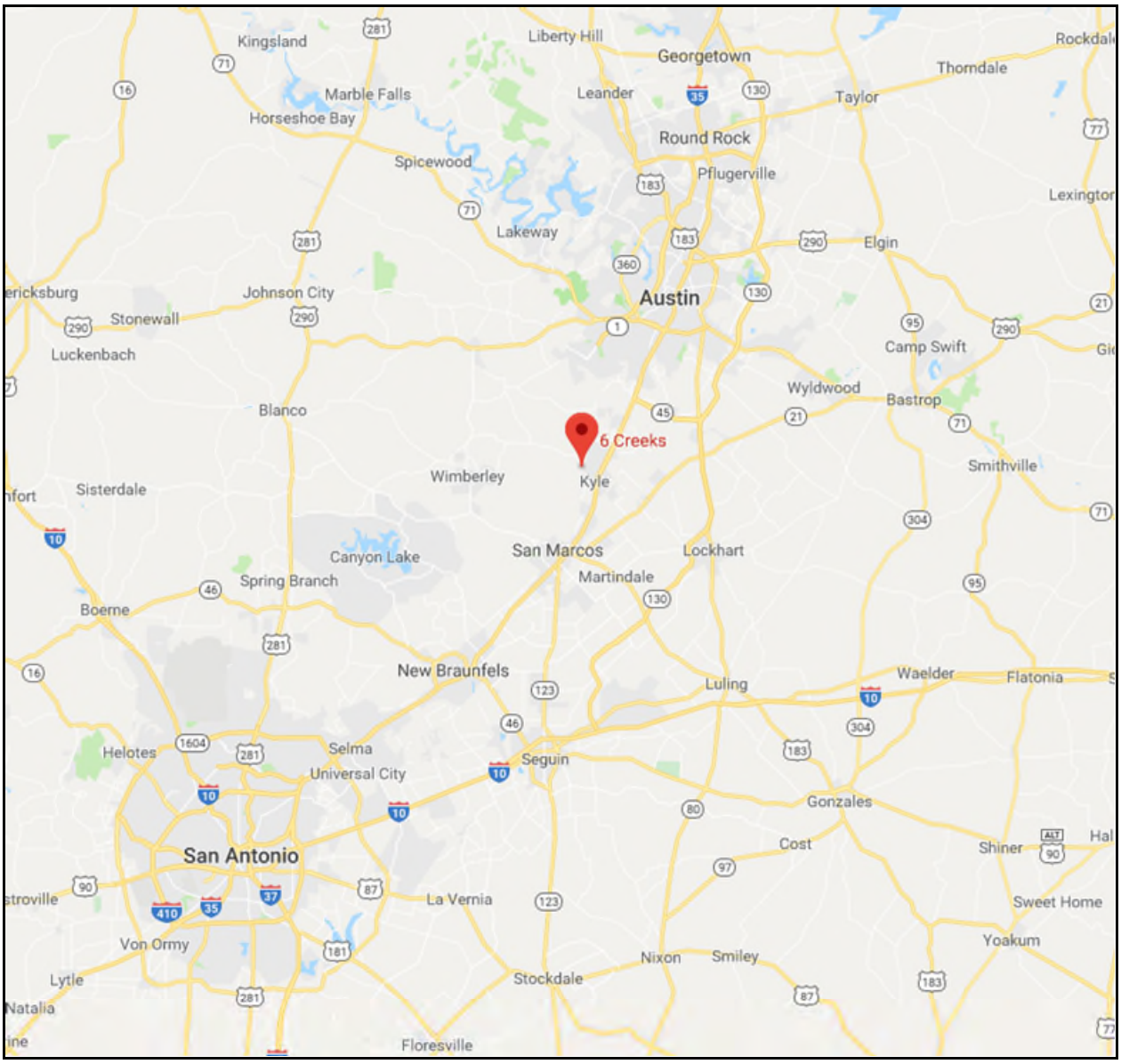
Scott Sellers
City Manager
City of Kyle, Texas
100 W. Center Street
Kyle, Texas 78640
(512) 262-3923
ssellers@cityofkyle.com

Chris W. Allen
Hilltop Securities Inc.
700 Milam, Suite 500
Houston, Texas 77002
(713) 654-8620 or (512) 481-2013
chris.allen@hilltopsecurities.com

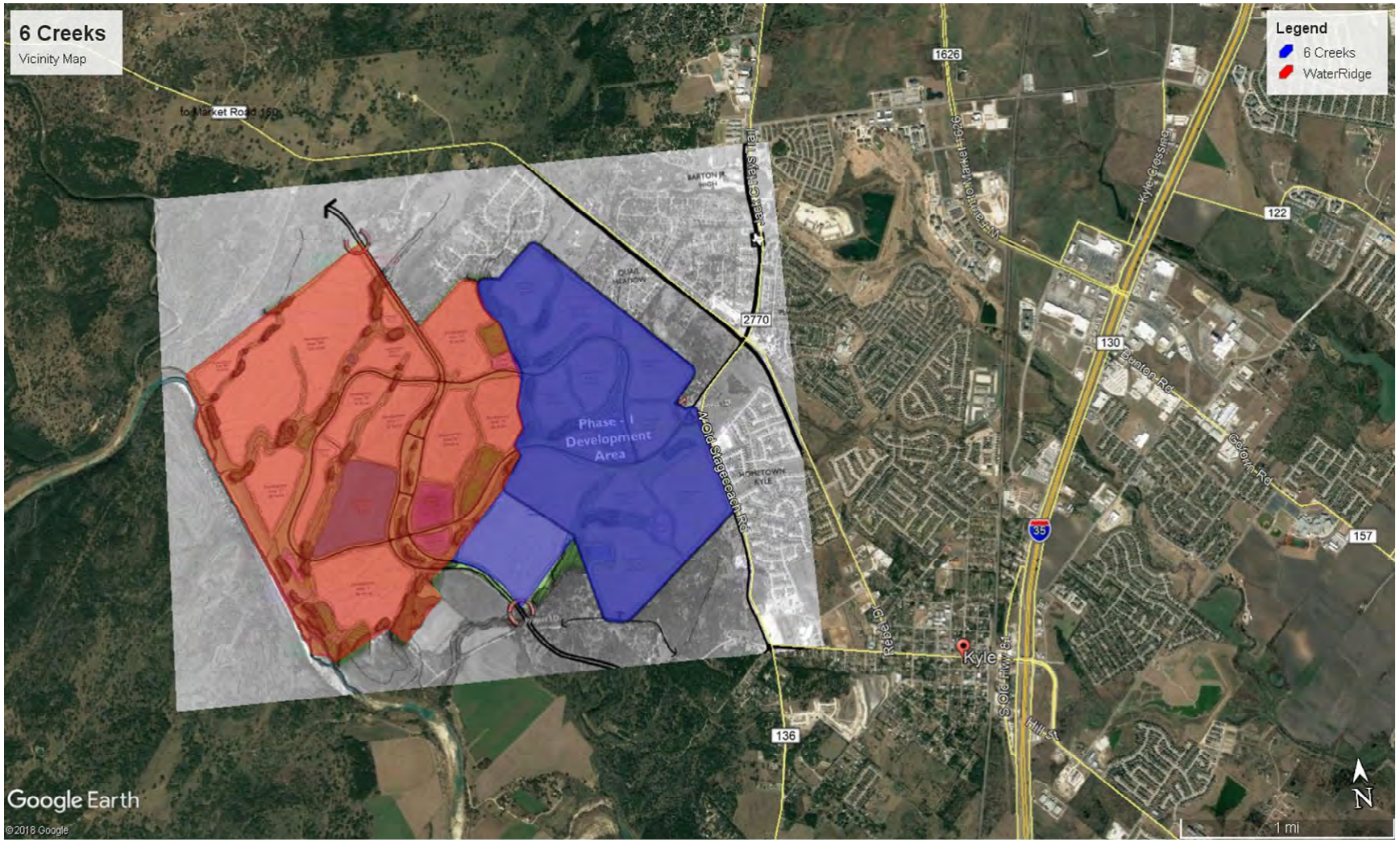
* The City has called a special election for May 4, 2019 to fill the District 3 Council Member position.

(THIS PAGE INTENTIONALLY LEFT BLANK.)

REGIONAL LOCATION MAP OF THE DISTRICT

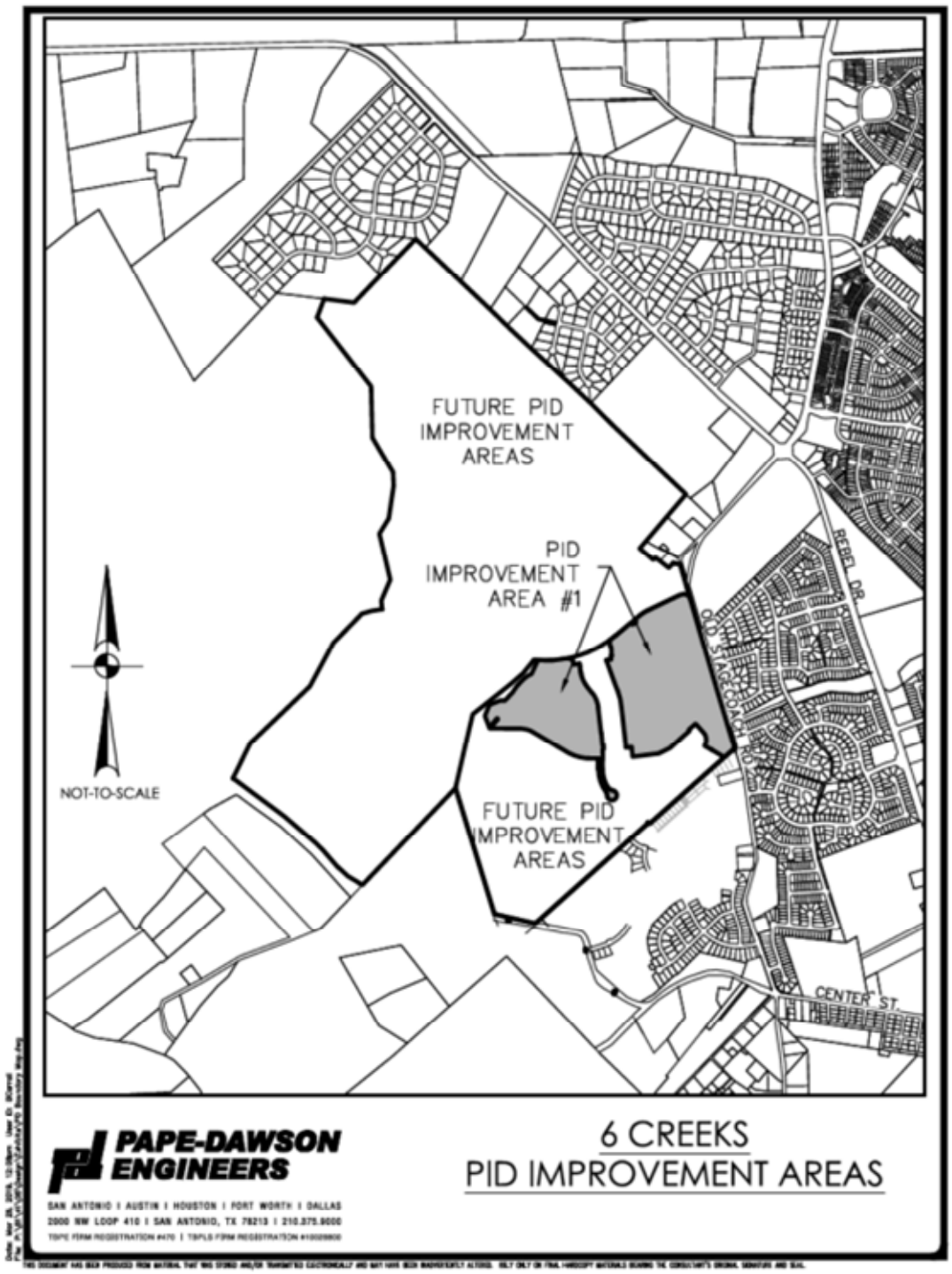


AREA LOCATION MAP OF THE DISTRICT*



* The District is comprised of the area within the above map shaded in blue and labeled "Phase I – Development Area."

MAP SHOWING BOUNDARIES OF IMPROVEMENT AREA #1 AND THE FUTURE IMPROVEMENT AREAS OF THE DISTRICT[(1)]



(1) The Landowner will finalize the boundaries for (and total number of) the Future Improvement Areas as development progresses.

USE OF LIMITED OFFERING MEMORANDUM

FOR PURPOSES OF COMPLIANCE WITH RULE 15C2-12 OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, AS AMENDED AND IN EFFECT ON THE DATE OF THIS PRELIMINARY LIMITED OFFERING MEMORANDUM (THE "RULE" OR "RULE 15C2-12"), THIS DOCUMENT CONSTITUTES AN "OFFICIAL STATEMENT" OF THE CITY WITH RESPECT TO THE SERIES 2019 BONDS THAT HAS BEEN DEEMED "FINAL" BY THE CITY AS OF ITS DATE EXCEPT FOR THE OMISSION OF NO MORE THAN THE INFORMATION PERMITTED BY RULE 15C2-12.

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE CITY OR THE UNDERWRITER TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED IN THIS LIMITED OFFERING MEMORANDUM, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY EITHER OF THE FOREGOING. THIS LIMITED OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY AND THERE SHALL BE NO OFFER, SOLICITATION OR SALE OF THE SERIES 2019 BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE INITIAL PURCHASERS ARE ADVISED THAT THE SERIES 2019 BONDS BEING OFFERED PURSUANT TO THIS LIMITED OFFERING MEMORANDUM ARE BEING OFFERED AND SOLD ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT OF 1933") AND "ACCREDITED INVESTORS" AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933. SEE "LIMITATIONS APPLICABLE TO INITIAL PURCHASERS" HEREIN. EACH PROSPECTIVE INITIAL PURCHASER IS RESPONSIBLE FOR ASSESSING THE MERITS AND RISKS OF AN INVESTMENT IN THE SERIES 2019 BONDS, MUST BE ABLE TO BEAR THE ECONOMIC AND FINANCIAL RISK OF SUCH INVESTMENT IN THE SERIES 2019 BONDS, AND MUST BE ABLE TO AFFORD A COMPLETE LOSS OF SUCH INVESTMENT. CERTAIN RISKS ASSOCIATED WITH THE PURCHASE OF THE SERIES 2019 BONDS ARE SET FORTH UNDER "BONDHOLDERS' RISKS." HEREIN. EACH INITIAL PURCHASER, BY ACCEPTING THE SERIES 2019 BONDS, AGREES THAT IT WILL BE DEEMED TO HAVE MADE THE ACKNOWLEDGMENTS AND REPRESENTATIONS DESCRIBED UNDER THE HEADING "LIMITATIONS APPLICABLE TO INITIAL PURCHASERS."

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

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

THE SERIES 2019 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH LAWS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2019 BONDS UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THEY MAY HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF. NONE OF SUCH JURISDICTIONS, OR ANY OF THEIR AGENCIES, HAVE PASSED UPON THE MERITS OF THE SERIES 2019 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS LIMITED OFFERING MEMORANDUM.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS LIMITED OFFERING MEMORANDUM CONSTITUTE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995,

SECTION 21E OF THE UNITED STATES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27A OF THE SECURITIES ACT. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE TERMINOLOGY USED SUCH AS "PLAN," "EXPECT," "ESTIMATE," "PROJECT," "ANTICIPATE," "BUDGET" OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. NEITHER THE CITY NOR THE LANDOWNER PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF THEIR EXPECTATIONS (OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED) CHANGE, OTHER THAN AS DESCRIBED UNDER "CONTINUING DISCLOSURE – THE CITY" AND "– THE LANDOWNER," RESPECTIVELY, HEREIN.

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

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)

TABLE OF CONTENTS

INTRODUCTION 1

PLAN OF FINANCE 2
- Development Plan 2
- The Series 2019 Bonds 3

LIMITATIONS APPLICABLE TO INITIAL PURCHASERS 3

DESCRIPTION OF THE SERIES 2019 BONDS 5
- General Description 5
- Redemption Provisions 5

BOOK-ENTRY ONLY SYSTEM 7

SECURITY FOR THE SERIES 2019 BONDS 10
- General 10
- Pledged Revenues 10
- Collection and Deposit of Assessments 12
- Unconditional Levy of Assessments 12
- Perfected Security Interest 13
- Pledged Revenue Fund 13
- Bond Fund 14
- Project Fund 15
- Reserve Account of the Reserve Fund 15
- Additional Interest Reserve Account of the Reserve Fund 16
- Administrative Fund 16
- Reimbursement Fund 17
- Defeasance 17
- Events of Default 18
- Remedies in Event of Default 18
- Restriction on Owner's Actions 19
- Application of Revenues and Other Moneys After Event of Default 19
- Investment or Deposit of Funds 20
- Against Encumbrances 20
- Other Obligations; Refunding Bonds; Additional Improvement Area #1 Bonds 21

SOURCES AND USES OF FUNDS* 23

DEBT SERVICE REQUIREMENTS 24

OVERLAPPING TAXES AND DEBT 25

ASSESSMENT PROCEDURES 27
- Assessment Methodology 27
- Collection and Enforcement of Assessment Amounts 30
- Assessment Amounts 31
- Prepayment of Assessments 31
- Priority of Lien 31
- Foreclosure Proceedings 32

THE CITY 32
- Background 32
- City Government 32

THE DISTRICT 33
- General 33
- Name Change 33
- Powers and Authority of the City 33

THE IMPROVEMENTS 34
- General 34
- The Improvement Area #1 Projects 34
- Ownership and Maintenance of Improvements 38
- The Financing Agreement 38
- The Development Agreement 39

THE DEVELOPMENT 40
- Overview 40
- Status of Lot Purchase and Sale Agreements 41
- Additional Improvement Area #1 Bonds and Future Improvement Area Bonds 42
- Zoning/Permitting 42
- Amenities 43
- Schools 43
- Environmental 44
- Utilities 44
- Preliminary Geotechnical Exploration 45
- Existing Mineral and Groundwater Rights 45

THE LANDOWNER 46
- General 46
- Description of the Landowner 46
- Executive Biography of Principals of Landowner 46
- Development Manager 47
- History and Financing of the District 47

THE PID ADMINISTRATOR 49

APPRAISAL OF PROPERTY WITHIN IMPROVEMENT AREA #1 OF THE DISTRICT 49
- The Appraisal 49

BONDHOLDERS' RISKS 51
- General 51
- Failure or Inability to Complete Proposed Development 52
- Completion of the Improvement Area #1 Projects 52
- Absorption Rate 52
- Assessment Limitations 52
- Risks Related to the Current Real Estate Market 53
- Competition 54
- Loss of Tax Exemption 54
- Bankruptcy 54

Direct and Overlapping Indebtedness, Assessments and Taxes 55
Depletion of Reserve Fund 55
Hazardous Substances 55
Regulation 55
Effects of Future Legislation 56
100-Year Flood Plain 56
Exercise of Mineral and Groundwater Rights 56
Bondholders' Remedies and Bankruptcy 56
Judicial Foreclosures 58
No Acceleration 58
Bankruptcy Limitation to Bondholders' Rights 58
Management and Ownership 58
General Risks of Real Estate Investment and Development 58
Availability of Utilities 59
Dependence Upon Landowner 59

TAX MATTERS 60
Tax Exemption 60
Collateral Federal Income Tax Consequences 60
Tax Accounting Treatment of Discount and Premium on Certain Series 2019 Bonds 61
State, Local and Foreign Taxes 62
Changes in Federal and State Tax Law 62

LEGAL MATTERS 62
Legal Proceedings 62
Legal Opinions 63
Litigation — The City 63
Litigation — The Landowner 63

SUITABILITY FOR INVESTMENT 64

ENFORCEABILITY OF REMEDIES 64

NO RATING 64

CONTINUING DISCLOSURE 64
The City 64
The City's Compliance with Prior Undertakings 65
The Landowner 65
The Landowner's Compliance with Prior Undertakings 66

UNDERWRITING 66

REGISTRATION AND QUALIFICATION OF SERIES 2019 BONDS FOR SALE 66

LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS 66

INVESTMENTS 66

INFORMATION RELATING TO THE TRUSTEE 69

SOURCES OF INFORMATION 69
General 69
Source of Certain Information 69
Experts 70
Updating of Limited Offering Memorandum 70

FORWARD-LOOKING STATEMENTS 70

AUTHORIZATION AND APPROVAL 71

APPENDIX A	General Information Regarding the City
APPENDIX B	Form of Indenture
APPENDIX C	Form of Amended and Restated Service and Assessment Plan
APPENDIX D	Form of Opinion of Bond Counsel
APPENDIX E-1	Form of Disclosure Agreement of the Issuer
APPENDIX E-2	Form of Disclosure Agreement of the Landowner
APPENDIX F	Appraisal of Improvement Area #1
APPENDIX G	Financing Agreement
APPENDIX H	Development Agreement

(THIS PAGE IS INTENTIONALLY LEFT BLANK.)

PRELIMINARY LIMITED OFFERING MEMORANDUM

**$7,495,000*
CITY OF KYLE, TEXAS,
(a municipal corporation of the State of Texas located in Hays County)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2019
(6 CREEKS PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)**

INTRODUCTION

The purpose of this Limited Offering Memorandum, including the cover page, inside cover and appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Kyle, Texas (the "City"), of its $7,495,000* aggregate principal amount of Special Assessment Revenue Bonds, Series 2019 (6 Creeks Public Improvement District Improvement Area #1 Project) (the "Series 2019 Bonds").

The Series 2019 Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the "PID Act"), the ordinance authorizing the issuance of the Series 2019 Bonds expected to be enacted by the City Council of the City (the "City Council") on May 7, 2019 (the "Bond Ordinance"), and an Indenture of Trust, dated as of May 1, 2019 (the "Indenture"), entered into by and between the City and UMB Bank, N.A., Austin, Texas, as trustee (the "Trustee"). Payment of the Series 2019 Bonds is secured by a pledge of and a lien upon the Trust Estate (as defined herein), consisting primarily of revenue from special assessments ("Assessments") levied pursuant to a separate ordinance enacted by the City Council on September 18, 2018 (the "Assessment Ordinance") against assessable property (the "Assessed Property" or "Assessed Properties") located within Improvement Area #1 (defined below) of the 6 Creeks Public Improvement District (the "District"), all to the extent and upon the conditions described herein and in the Indenture. See "SECURITY FOR THE SERIES 2019 BONDS" and "ASSESSMENT PROCEDURES."

Reference is made to the Indenture for a full statement of the authority for, and the terms and provisions of, the Series 2019 Bonds. All capitalized terms used in this Limited Offering Memorandum that are not otherwise defined herein shall have the meanings set forth in the Indenture. See "APPENDIX B — Form of Indenture."

Set forth herein are brief descriptions of the City, the District, the Assessment Ordinance, the Bond Ordinance, the Service and Assessment Plan (as defined herein), the Financing Agreement (as defined herein), the Acquisition and Reimbursement Agreement (as defined herein), HMBRR Development, Inc., a Texas corporation (the "Landowner"), the Development Agreement (as defined herein) and P3Works, LLC (the "PID Administrator"), together with summaries of terms of the Series 2019 Bonds and the Indenture and certain provisions of the PID Act. All references herein to such documents and the PID Act are qualified in their entirety by reference to such documents or such PID Act and all references to the Series 2019 Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Series 2019 Bonds from the Underwriter, FMSbonds, Inc., 100 Crescent Court, Suite 700, Dallas, Texas 75201, telephone number (214) 302-2246. The Form of Indenture appears in APPENDIX B and the Form of Amended and Restated Service and Assessment Plan appears in APPENDIX C. The information provided under this caption "INTRODUCTION" is intended to provide a brief overview of the information provided in the other captions herein and is not intended, and should not be considered, fully representative or complete as to the subjects discussed hereunder.

* Preliminary, subject to change.

PLAN OF FINANCE

Development Plan

The Landowner and its affiliates, HMBRR, LP and HMBRR LP #2, acquired the approximately 858.70 acres comprising the District on September 20, 2017. See "THE LANDOWNER — History and Financing of the District." The Landowner's development plans for the District consist of the concurrent development of a portion of the major infrastructure to serve the initial phase of development ("Improvement Area #1") and certain future phases of the District (collectively, the "Major Improvements"), as well as local infrastructure to serve Improvement Area #1. Following development of Improvement Area #1, the Landowner currently intends to undertake approximately seven (7) subsequent phases of development of local improvements necessary to serve the future phases of the District, as well as certain other major infrastructure that will benefit multiple phases of future development in the District, which such major infrastructure is in addition to the Major Improvements being constructed concurrently with the development of Improvement Area #1. The improvements will consist of improvements authorized under the PID Act, including those improvements listed in the Service and Assessment Plan (the "Authorized Improvements"). See "THE DEVELOPMENT — Overview." The term "Future Improvement Areas" is used herein to describe all of the property within the District other than the property in Improvement Area #1. Future Improvement Areas will be developed over time. The boundaries of the District, the Future Improvement Areas and Improvement Area #1 are shown in the "MAP SHOWING BOUNDARIES OF IMPROVEMENT AREA #1 AND THE FUTURE IMPROVEMENT AREAS OF THE DISTRICT" on page v.

The proceeds of the Series 2019 Bonds will be used primarily for (i) paying a portion of the Actual Costs of (a) Improvement Area #1's pro rata portion of the Major Improvements and (b) the Authorized Improvements benefiting only Improvement Area #1 (collectively, the "Improvement Area #1 Projects"), (ii) paying a portion of the interest on the Series 2019 Bonds during and after the period of acquisition and construction of the Improvement Area #1 Projects, (iii) funding a reserve fund for the payment of principal of and interest on the Series 2019 Bonds, (iv) paying a portion of the Actual Costs incidental to the organization and administration of the District, and (v) paying the costs of issuance of the Series 2019 Bonds. The Series 2019 Bonds will be secured by the Trust Estate, which consists primarily of the Assessments levied on the property within Improvement Area #1. See "THE IMPROVEMENTS" and "SECURITY FOR THE SERIES 2019 BONDS."

In addition, the City will enter into an acquisition and reimbursement agreement with the Landowner (the "Acquisition and Reimbursement Agreement") to finance a portion of the costs of the Improvement Area #1 Projects in an amount not to exceed $4,420,000 (the "Improvement Area #1 Reimbursement Obligation") not paid with proceeds of the Series 2019 Bonds. The remaining cost of the Improvement Area #1 Projects is forecasted to be approximately $1,349,319 and will be funded by a Landowner contribution. The Series 2019 Bonds and the Improvement Area #1 Reimbursement Obligation will be secured by the Assessments; however, the payment of debt service on the Series 2019 Bonds will be superior in right to payment of the Improvement Area #1 Reimbursement Obligation. The City, upon satisfying certain financial covenants, may issue Additional Improvement Area #1 Bonds to finance the Improvement Area #1 Reimbursement Obligation (the "Additional Improvement Area #1 Bonds"). See "THE IMPROVEMENTS" and "SECURITY FOR THE SERIES 2019 BONDS – Other Obligations; Refunding Bonds; Additional Improvement Area #1 Bonds." When issued, the Additional Improvement Area #1 Bonds will be on parity with the Series 2019 Bonds and bonds, if any, issued to refund the Series 2019 Bonds or Additional Improvement Area #1 Bonds (the "Refunding Bonds" and together with the Additional Improvement Area #1 Bonds and the Series 2019 Bonds, the "Bonds"). Pursuant to the Service and Assessment Plan, the Acquisition and Reimbursement Agreement, and the Development Agreement, the Landowner will be responsible for any costs of the Improvement Area #1 Projects in excess of the amounts funded by the Series 2019 Bonds, Additional Improvement Area #1 Bonds (if issued), and the Acquisition and Reimbursement Agreement. See "THE IMPROVEMENTS – The Development Agreement" and "APPENDIX H – Development Agreement."

The City expects to issue one or more series of phased bonds (each such series of bonds are "Future Improvement Area Bonds") to finance the cost of Authorized Improvements to be developed to serve the future phases of development within the District (each, a "Future Improvement Area") as the development proceeds. The estimated costs of such improvements benefiting Future Improvement Areas of the District will be determined as Future Improvement Areas of the District are developed, and the Service and Assessment Plan will be updated to identify the Authorized Improvements to be constructed within Future Improvement Areas of the District to be

financed by each series of Future Improvement Area Bonds. Such Future Improvement Area Bonds will be secured by separate assessments levied pursuant to the PID Act on assessable property within the applicable Future Improvement Areas of the District that benefit from the Authorized Improvements.

Improvement Area #1 contains 334 existing and proposed Lots (as defined herein) in total and is comprised of three separate subdivision sections ("Sections"). There are 110, 121 and 103 existing and proposed Lots in Sections 1, 2 and 3, respectively. The Landowner has completed construction of the Improvement Area #1 Projects necessary to serve Section 1. The Landowner has also begun construction on the Improvement Area #1 Projects necessary to serve Section 3, with construction expected to be completed on or about July 31, 2019. The Landowner has begun design of the Improvement Area #1 Projects necessary to serve Section 2, and construction is expected to be completed on or about December 15, 2019.

The Landowner has closed on the sale to homebuilders of 101 of the 110 Lots in Section 1. The remaining 9 Lots in Section 1 are holdback Lots that will be sold at a later date. The Landowner is also under contract to sell all of the Lots in Sections 2 and 3. All of the Lots in Section 2 will be conveyed upon substantial completion of Section 2. As to Section 3, certain Lots will be conveyed upon substantial completion of such Section, and the remaining Lots will be conveyed in several tranches over the course of the 375 days following substantial completion. See "THE DEVELOPMENT" for more information concerning the status of Lot sales and the status of development in the District.

The Series 2019 Bonds

Proceeds of the Series 2019 Bonds will be used to provide funds for (i) paying a portion of the costs of the Improvement Area #1 Projects, (ii) paying interest on the Series 2019 Bonds during and after the period of acquisition and construction of the Improvement Area #1 Projects, (iii) funding a reserve fund for the payment of principal of and interest on the Series 2019 Bonds, (iv) paying a portion of the Actual Costs incidental to the organization and administration of the District, and (v) paying the costs of issuance of the Series 2019 Bonds. To the extent that a portion of the proceeds of the Series 2019 Bonds is allocated for the payment of the costs of issuance of the Series 2019 Bonds and less than all of such amount is used to pay such costs, the excess amount may, at the option of the City, be transferred to the PID Improvements Account of the Project Fund (both defined herein) or to the Principal and Interest Account of the Bond Fund (both as defined herein) to pay interest on the Series 2019 Bonds. See "SOURCES AND USES OF FUNDS," "THE IMPROVEMENTS," and "APPENDIX B — Form of Indenture."

Payment of the Series 2019 Bonds is secured by a pledge of and a lien upon the Trust Estate, consisting primarily of revenue from the Assessments to be levied against the assessable parcels or lots within Improvement Area #1 of the District, all to the extent and upon the conditions described herein and in the Indenture. See "SECURITY FOR THE SERIES 2019 BONDS" and "ASSESSMENT PROCEDURES." **The Series 2019 Bonds shall never constitute an indebtedness or general obligation of the City, the State or any other political subdivision of the State, within the meaning of any constitutional provision or statutory limitation whatsoever, but the Series 2019 Bonds are limited and special obligations of the City payable solely from the Trust Estate as provided in the Indenture. Neither the faith and credit nor the taxing power of the City, the State or any other political subdivision of the State is pledged to the payment of the Series 2019 Bonds.**

The Series 2019 Bonds and any Future Improvement Area Bonds issued by the City are separate and distinct issues of securities secured by separate assessments. The Series 2019 Bonds are also separate and distinct issues of securities from any Additional Improvement Area #1 Bonds and Refunding Bonds issued by the City in the future, but the Series 2019 Bonds and all other Bonds, if any, issued under the Indenture will be equally and ratably secured by the Trust Estate. The Future Improvement Area Bonds and the Additional Improvement Area #1 Bonds are not offered pursuant to this Limited Offering Memorandum.

LIMITATIONS APPLICABLE TO INITIAL PURCHASERS

Each initial purchaser is advised that the Series 2019 Bonds being offered pursuant to this Limited Offering Memorandum are being offered and sold only to "qualified institutional buyers" and "accredited investors" as

defined in Rule 144A promulgated under the Securities Act of 1933. Each initial purchaser of the Series 2019 Bonds (each, an "Investor") will be deemed to have acknowledged and represented to the City as follows:

1. The Investor has authority and is duly authorized to purchase the Series 2019 Bonds and to execute any instruments and documents required to be executed by the Investor in connection with the purchase of the Series 2019 Bonds.

2. The Investor is an "accredited investor" under Rule 501 of Regulation D of the Securities Act of 1933 or a "qualified institutional buyer" under Rule 144A of the Securities Act of 1933, and therefore, has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the Series 2019 Bonds.

3. The Series 2019 Bonds are being acquired by the Investor for investment and not with a view to, or for resale in connection with, any distribution of the Series 2019 Bonds, and the Investor intends to hold the Series 2019 Bonds solely for its own account for investment purposes and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Series 2019 Bonds. However, the Investor may sell at any time the Investor deems appropriate. The Investor understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

4. The Investor understands that the Series 2019 Bonds are not registered under the Securities Act of 1933 and that such registration is not legally required as of the date hereof; and further understands that the Series 2019 Bonds (a) are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, and (c) will not carry a rating from any rating service.

5. The Investor acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the City, the Improvements, the Series 2019 Bonds, the security therefor, and such other information as the Investor has deemed necessary or desirable in connection with its decision to purchase the Series 2019 Bonds (collectively, the "Investor Information"). The Investor has received a copy of this Limited Offering Memorandum relating to the Series 2019 Bonds. The Investor acknowledges that it has assumed responsibility for its review of the Investor Information and it has not relied upon any advice, counsel, representation or information from the City in connection with the Investor's purchase of the Series 2019 Bonds. The Investor agrees that none of the City, its councilmembers, officers, or employees shall have any liability to the Investor whatsoever for or in connection with the Investor's decision to purchase the Series 2019 Bonds except for gross negligence, fraud or willful misconduct. For the avoidance of doubt, it is acknowledged that underwriter is not deemed officers or employees of the City.

6. The Investor acknowledges that the obligations of the City under the Indenture are special, limited obligations payable solely from amounts paid to the City pursuant to the terms of the Indenture and the City shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of the City for amounts due under the Indenture. The Investor understands that the Series 2019 Bonds are not secured by any pledge of any moneys received or to be received from taxation by the City, the State or any political subdivision or taxing district thereof; that the Series 2019 Bonds will never represent or constitute a general obligation or a pledge of the full faith and credit of the City, the State or any political subdivision thereof; that no right will exist to have taxes levied by the State or any political subdivision thereof for the payment of principal and interest on the Series 2019 Bonds; and that the liability of the City and the State with respect to the Series 2019 Bonds is subject to further limitations as set forth in the Series 2019 Bonds and the Indenture.

7. The Investor has made its own inquiry and analysis with respect to the Series 2019 Bonds and the security therefor. The Investor is aware that the development of the District involves certain economic and regulatory variables and risks that could adversely affect the security for the Series 2019 Bonds.

8. The Investor acknowledges that the sale of the Series 2019 Bonds to the Investor is made in reliance upon the certifications, representations and warranties described in items 1-7 above.

DESCRIPTION OF THE SERIES 2019 BONDS

General Description

Capitalized terms not otherwise defined in this caption have the meanings assigned to them in the Indenture. The Series 2019 Bonds will mature on the dates and in the amounts set forth in the inside cover page of this Limited Offering Memorandum. Interest on the Series 2019 Bonds will accrue from their date of delivery to the Underwriter and will be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Series 2019 Bonds will be payable on each March 1 and September 1, commencing September 1, 2019 (each an "Interest Payment Date"), until maturity or prior redemption. UMB Bank, N.A., Austin, Texas is the initial Trustee and Paying Agent/Registrar for the Series 2019 Bonds.

The Series 2019 Bonds will be issued in fully registered form, without coupons. Beneficial ownership of the Series 2019 Bonds initially may be acquired in principal denominations of $100,000 and in integral multiples of $5,000 in excess thereof; provided, however, that upon receipt by the Paying Agent/Registrar of written evidence that the Series 2019 Bonds have received an Investment Grade Rating, beneficial ownership in the Series 2019 Bonds may be acquired in principal denominations of $5,000 or any integral multiple thereof, notwithstanding any subsequent downgrade, suspension or withdrawal of such rating ("Authorized Denominations"). Upon initial issuance, the ownership of the Series 2019 Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), and purchases of beneficial interests in the Series 2019 Bonds will be made in book-entry only form. See "BOOK-ENTRY ONLY SYSTEM" and "SUITABILITY FOR INVESTMENT."

Upon the receipt of an Investment Grade Rating on the Series 2019 Bonds, the City shall promptly notify the Dissemination Agent (as defined below) in writing of such rating change and shall provide written direction to the Dissemination Agent to file a notice of such occurrence with the Municipal Securities Rulemaking Board and to forward such notice to the Paying Agent/Registrar and to the Trustee. The Dissemination Agent shall file such notice and forward the same to the Paying Agent/Registrar and to the Trustee immediately following the day on which it receives written notice of such occurrence from the City. Any such notice is required to be filed within ten (10) Business Days of the occurrence of the receipt of the Investment Grade Rating on the Series 2019 Bonds.

Redemption Provisions

Optional Redemption. The City has reserved the right and option to redeem the Series 2019 Bonds before their scheduled maturity dates, in whole or in part, in amounts equal to Authorized Denominations, on or after September 1, 20_, such redemption date or dates to be fixed by the City, at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption (the "Redemption Price").

Extraordinary Optional Redemption. The City reserves the right and option to redeem Series 2019 Bonds before their respective scheduled maturity dates, in whole or in part, on the first day of any month, at the Redemption Price, from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund as provided in the Indenture) or any other transfers to the Redemption Fund under the terms of the Indenture. See "ASSESSMENT PROCEDURES — Prepayment of Assessments" for the definition and description of Prepayments.

Notwithstanding the fact that the Series 2019 Bonds may be initially acquired only in principal denominations of $100,000 and in integral multiples of $5,000 in excess thereof, the Series 2019 Bonds are subject to extraordinary optional redemption in any integral multiple of $5,000. The Trustee will not be required to make an extraordinary optional redemption unless it has at least $5,000 available in the Redemption Fund with which to redeem the Series 2019 Bonds.

In lieu of redeeming the Series 2019 Bonds with the funds as described above, the City may purchase the Series 2019 Bonds in the open market of the maturity to be redeemed at the price not in excess of the principal amount of such Series 2019 Bond.

Mandatory Sinking Fund Redemption. The Series 2019 Bonds maturing on September 1 in the years ___ and ___ (collectively, the "Series 2019 Term Bonds") are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at the Redemption Price, from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to the Indenture, on the dates and in the respective Sinking Fund Installments as set forth in the following schedule:

$__ Term Series 2019 Bonds due September 1, 20__[*]

Redemption Date	**Sinking Fund Installment**
†	

$__ Term Series 2019 Bonds due September 1, 20__[*]

Redemption Date	**Sinking Fund Installment**
†	

† Stated maturity.

At least forty-five (45) days prior to each mandatory sinking fund redemption date, the Trustee will select a principal amount of Series 2019 Bonds of such maturity equal to the Sinking Fund Installment amount of such Series 2019 Bonds to be redeemed, will call such Series 2019 Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in the Indenture.

The principal amount of Series 2019 Bonds required to be redeemed on any mandatory sinking fund redemption date shall be reduced, at the option of the City, by the principal amount of any Series 2019 Bonds of such maturity which, at least 45 days prior to the sinking fund redemption date shall have been acquired by the City at a price not exceeding the principal amount of such Series 2019 Bonds plus accrued unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

The principal amount of Series 2019 Bonds required to be redeemed on any mandatory sinking fund redemption date shall be reduced on a pro rata basis among Sinking Fund Installments for each maturity of Series 2019 Bonds by the principal amount of any Series 2019 Bonds which, at least 45 days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions of the Indenture and not previously credited to a mandatory sinking fund redemption.

Notice of Redemption. Upon written direction from the City to the Trustee of the exercise of any redemption provision under the Indenture, the Trustee shall give notice of any redemption of Series 2019 Bonds by

[*] Preliminary, subject to change.

sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Series 2019 Bond or portion thereof to be redeemed, at the address shown in the Register. The notice shall state the redemption date, the Redemption Price, the place at which the Series 2019 Bonds are to be surrendered for payment, and, if less than all the Series 2019 Bonds outstanding are to be redeemed, an identification of the Series 2019 Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Series 2019 Bond shall become due and payable. Any such notice shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. Notice of redemption having been given as provided in the Indenture, the Series 2019 Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the Redemption Price of such Series 2019 Bonds to the date fixed for redemption are on deposit with the Trustee; thereafter, such Series 2019 Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Series 2019 Bonds are presented and surrendered for payment on such date.

The City has the right to rescind any optional redemption or extraordinary optional redemption by written notice to the Trustee prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Series 2019 Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

Additional Provisions with Respect to Redemption. If less than all of the Series 2019 Bonds are to be redeemed at any time, the particular maturities and amounts of the Series 2019 Bonds to be redeemed shall be selected by the City. If less than all of the Series 2019 Bonds of a particular maturity are to be redeemed, the Trustee shall select the Series 2019 Bonds of such maturity to be redeemed by lot. Each Series 2019 Bond shall be treated as representing the number of Series 2019 Bonds that is obtained by dividing the principal amount of such Series 2019 Bond by the smallest Authorized Denomination for such Series 2019 Bond.

A portion of a single Series 2019 Bond may be redeemed, but only in a principal amount equal to: (i) for optional redemptions other than extraordinary optional redemptions, an Authorized Denomination or any integral of $5,000 in excess thereof, or (ii) for mandatory sinking fund or extraordinary optional redemptions, $5,000 or any integral multiple thereof. The Trustee shall treat each $5,000 portion of such Series 2019 Bond as though it were a single bond for purposes of selection for redemption.

If any redemption results in the unredeemed portion of a single Series 2019 Bond in an amount less than an Authorized Denomination, a Series 2019 Bond in the principal amount equal to the unredeemed portion, but not less than $5,000, may be issued (unless the Owner of such Series 2019 Bond owns other Series 2019 Bonds of the same maturity which could be combined with such Series 2019 Bond to form an Authorized Denomination, as herein set forth).

Upon surrender of any Series 2019 Bond in part, the Trustee, in accordance with the provisions of the Indenture, shall authenticate and deliver in exchange thereof a Series 2019 Bond or Series 2019 Bonds of like tenor, maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the Series 2019 Bond or Series 2019 Bonds so surrendered, such exchange being without charge.

BOOK-ENTRY ONLY SYSTEM

This section describes how ownership of the Series 2019 Bonds is to be transferred and how the principal of, premium, if any, and interest on the Series 2019 Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Series 2019 Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Limited Offering Memorandum. The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the City believes to be reliable, but none of the City, the City's Financial Advisor or the Underwriter takes any responsibility for the accuracy or completeness thereof.

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Series 2019 Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Series 2019 Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis or (3) DTC will serve and act in the manner described in this Limited Offering Memorandum. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Series 2019 Bonds. The Series 2019 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each maturity of the Series 2019 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Series 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2019 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2019 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2019 Bonds, except in the event that use of the book-entry system for the Series 2019 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2019 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2019 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2019 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2019 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of Series 2019 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2019 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2019 Bond documents. For example, Beneficial Owners of Series 2019 Bonds may wish to ascertain that the nominee holding the Series 2019 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices for the Series 2019 Bonds shall be sent to DTC. If less than all Series 2019 Bonds of the same maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant of such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2019 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Series 2019 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Paying Agent/Registrar, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments on the Series 2019 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, the Paying Agent/Registrar or the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2019 Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2019 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2019 Bond certificates will be printed and delivered. Thereafter, Series 2019 Bond certificates may be transferred and exchanged as described in the Indenture.

NONE OF THE CITY, THE TRUSTEE, THE PAYING AGENT/REGISTRAR, THE CITY'S FINANCIAL ADVISOR OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE SERIES 2019 BONDS. THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, THE DTC PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE SERIES 2019 BONDS PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR PROVIDE ANY NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM. THE CURRENT RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

Use of Certain Terms in Other Sections of this Limited Offering Memorandum

In reading this Limited Offering Memorandum it should be understood that while the Series 2019 Bonds are in the Book-Entry-Only System, references in other sections of this Limited Offering Memorandum to registered owners should be read to include the person for which the Participant acquires an interest in the Series 2019 Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System and (ii) except as described above, notices that are to be given to registered owners under the Indenture will be given only to DTC.

SECURITY FOR THE SERIES 2019 BONDS

General

THE SERIES 2019 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE SERIES 2019 BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE SERIES 2019 BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY FUNDS OF THE CITY OTHER THAN THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE SERIES 2019 BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY'S TAXING POWER TO PAY THE PRINCIPAL OF THE SERIES 2019 BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE SERIES 2019 BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE.

The principal of, premium, if any, and interest on the Series 2019 Bonds are secured by a pledge of and a lien upon the pledged revenues (the "Pledged Revenues"), consisting primarily of Assessments levied against the assessable parcels or lots within Improvement Area #1 of the District and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. Improvement Area #1 contains approximately 96.9712 acres, which originally consisted of one or more parcels to be assessed (each, a "Parcel" and collectively, the "Assessed Property"). The Assessed Property has been or will be subdivided into 334 lots for single-family residential development (each, a "Lot"). In accordance with the PID Act, the City approved a Service and Assessment Plan (as updated, amended and supplemented, the "Service and Assessment Plan"), which describes the special benefit received by the property within the District, including the Improvement Area #1, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of Assessments and provides for the allocation of Pledged Revenues for payment of principal of, premium, if any, and interest on the Series 2019 Bonds. In connection with the issuance of the Series 2019 Bonds, the City expects to adopt an Amended and Restated Service and Assessment Plan in the form attached hereto as "APPENDIX C — Form of Amended and Restated Service and Assessment Plan."

The Service and Assessment Plan is reviewed and updated at least annually for the purpose of determining the annual budget for improvements and the Annual Installments (as defined below) of Assessments due in a given year. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District. See "APPENDIX C — Form of Amended and Restated Service and Assessment Plan."

Pledged Revenues

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

Pursuant to the Indenture, the following terms are assigned the following meanings:

"Pledged Revenues" means, collectively, the (i) Assessment Revenue other than Delinquent Collection Costs; (ii) the moneys held in any of the Pledged Funds; and (iii) any additional revenues that the City may pledge to the payment of the Bonds.

"Pledged Funds" means the Pledged Revenue Fund, the Bond Fund, the Project Fund (but only with respect to such accounts of the Project Fund created pursuant to the terms of the Indenture), the Reserve Fund, and the Redemption Fund. Such term also includes each fund or account pledged to the repayment of Additional Improvement Area #1 Bonds or Refunding Bonds.

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

"Annual Installments" means, with respect to the Assessed Property, the annual installment payments of an Assessment calculated by the Administrator and approved by the City Council, including: (i) principal; (ii) interest; (iii) Annual Collection Costs; and (iv) the Additional Interest.

"Additional Interest" means the amount collected by application of the Additional Interest Rate.

"Additional Interest Rate" means the 0.50% additional interest charged on Assessments pursuant to Section 372.018 of the PID Act. The Additional Interest Rate is not charged on Assessments securing the Improvement Area #1 Reimbursement Obligation.

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

As more particularly defined in the Indenture, the "Trust Estate" consists primarily of the Pledged Revenues, the Pledged Funds, any additional security pledged under and in accordance with the Indenture, and any and all proceeds and products of any of the foregoing.

The City will covenant in the Indenture that it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof to be enforced continuously. See "— Pledged Revenue Fund," "APPENDIX B — Form of Indenture" and "APPENDIX C — Form of Amended and Restated Service and Assessment Plan."

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

If and to the extent that the owner of Assessed Property makes a Prepayment, the Assessed Property associated with such Prepayment, including the Assessment Lien against such Assessed Property, shall be released from the Trust Estate and shall no longer constitute a part of the Trust Estate.

Collection and Deposit of Assessments

The Assessments shown on the Assessment Roll, together with the interest thereon, shall be deposited to the Pledged Revenue Fund for the payment of the principal of and interest on the Series 2019 Bonds as and to the extent provided in the Service and Assessment Plan and the Indenture.

The Assessments assessed to pay debt service on the Series 2019 Bonds and amounts owed under the Acquisition and Reimbursement Agreement, together with interest thereon, are payable in Annual Installments established by the Assessment Ordinance and the Service and Assessment Plan to correspond, as nearly as practicable, to the debt service requirements for the Series 2019 Bonds and amounts owed under the Acquisition and Reimbursement Agreement. An Annual Installment of an Assessment has been made payable in the Assessment Ordinance in each City fiscal year preceding the date of final maturity of the Series 2019 Bonds which, if collected, will be sufficient to first pay debt service requirements attributable to Assessments in the Service and Assessment Plan. Each Annual Installment is payable as provided in the Service and Assessment Plan and the Assessment Ordinance.

A record of the Assessments on each parcel, tract or lot which are to be collected in each year during the term of the Series 2019 Bonds is shown on the Assessment Roll. Sums received from the collection of the Assessments to pay the debt service requirements shall be deposited into the Pledged Revenue Fund. The Trustee shall deposit amounts received as Prepayments in the Pledged Revenue Fund and shall promptly transfer such amounts into the Redemption Fund. The Trustee shall deposit Foreclosure Proceeds in the Pledged Revenue Fund and as soon as practical after such deposit shall transfer the Foreclosure Proceeds first to the Reserve Fund to restore any transfers from the Reserve Fund made with respect to the Improvement Area #1 Assessed Property to which the Foreclosure Proceeds relate (*first*, to replenish the Reserve Account Requirement, and *second*, to replenish the Additional Interest Reserve Requirement), and second to the Redemption Fund.

After the deposit of the Assessments in the Pledged Revenue Fund to pay principal and interest on the Series 2019 Bonds, to fund any deficiency that may exist in accounts within the Reserve Fund and to fund any obligations due to the Landowner with funds deposited to the Reimbursement Fund, the City may direct the Trustee by City Certificate to transfer any Pledged Revenues remaining in the Pledged Revenue Fund to the City, which monies may be used for any lawful purpose for which Assessments may be used under the PID Act. See "– Pledged Revenue Fund." The Trustee may rely on such written direction of the City and shall have no obligation to determine the lawful purposes permitted under the PID Act.

The portions of the Annual Installments of Assessments collected to pay Annual Collection Costs and Delinquent Collection Costs shall be deposited in the Administrative Fund and shall not constitute Pledged Revenues.

Under the Indenture, the following terms are assigned the following meanings:

"City Representative" means the City Manager and/or any official or agent of the City authorized by the City Council to undertake the action referenced in the Indenture.

"City Certificate" means a document signed by the City Representative and delivered to the Trustee, certifying that the Trustee is authorized to take the action specified in the City Certificate.

Unconditional Levy of Assessments

The City will impose Assessments on the property within Improvement Area #1 of the District to pay the principal of and interest on the Series 2019 Bonds and amounts owed under the Acquisition and Reimbursement Agreement scheduled for payment from Pledged Revenues as described in the Indenture and in the Service and Assessment Plan and coming due during each Fiscal Year. The Assessments became effective on the date of, and strictly in accordance with the terms of, the Assessment Ordinance. Each Assessment may be paid in full or in periodic Annual Installments over a period of time equal to the term of the Series 2019 Bonds, which installments shall include interest on the Assessments. Pursuant to the Assessment Ordinance, interest on the Assessments

securing the Series 2019 Bonds will be calculated at the rate of interest on the Series 2019 Bonds plus Additional Interest, calculated on the basis of a 360-day year of twelve 30-day months. Such rate may be adjusted as described in the Service and Assessment Plan. Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be calculated annually and shall be due when billed each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments will be billed in 2020 and will be delinquent if not paid prior to February 1, 2021.

As authorized by Section 372.018(b) of the PID Act, the City will calculate and collect each year while the Series 2019 Bonds are Outstanding and unpaid, commencing in 2019, an Assessment to pay the annual costs incurred by the City in the administration and operation of Improvement Area #1 of the District. The portion of each Annual Installment of an Assessment used to pay such annual costs shall remain in effect from year to year until all Series 2019 Bonds are finally paid or until the City adjusts the amount of the levy after an annual review in any year pursuant to Section 372.013 of the PID Act. The Assessments to pay annual expenses shall be due in the manner set forth in the Assessment Ordinance when billed each year and shall be delinquent if not paid by February 1 of the following year. Such Assessments to pay expenses do not secure repayment of the Series 2019 Bonds.

There will be no discount for the early payment of Assessments.

Assessments, together with interest, penalties, and expense of collection and reasonable attorneys' fees, as permitted by the Texas Tax Code, shall be a first and prior lien against the property assessed, superior to all other liens and claims, except liens or claims for State, county, school district or municipality ad valorem taxes and shall be a personal liability of and charge against the owner of the property regardless of whether the owners are named. The lien for Assessments and penalties and interest begins on the effective date of the Assessment Ordinance and continues until the Assessments are paid or until all Series 2019 Bonds are finally paid.

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

Perfected Security Interest

The lien on and pledge of the Trust Estate shall be valid and binding and fully perfected from and after the Closing Date, which is the date of the delivery of the Series 2019 Bonds, and execution and delivery of the Indenture, without physical delivery or transfer of control of the Trust Estate, the filing of the Indenture or any other act; all as provided in Chapter 1208 of the Texas Government Code, as amended, which applies to the issuance of the Series 2019 Bonds and the pledge of the Trust Estate granted by the City under the Indenture, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Series 2019 Bonds are Outstanding such that the pledge of the Trust Estate granted by the City under the Indenture is to be subject to the filing requirements of Chapter 9, Business and Commerce Code, then in order to preserve to the registered owners of the Series 2019 Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business and Commerce Code and enable a filing to perfect the security interest in said pledge to occur. See "APPENDIX B — Form of Indenture."

Pledged Revenue Fund

On or before February 15, 2020 and on or before the fifteenth (15th) day of each month thereafter, the City shall deposit or cause to be deposited with the Trustee all Pledged Revenues into the Pledged Revenue Fund. Specifically, the City shall deposit or cause to be deposited Assessment Revenues and other Pledged Revenues to be applied by the Trustee in the following order of priority:

(i) *first*, to the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds next coming due in such calendar year;

(ii) *second*, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement;

(iii) *third*, to the Additional Interest Reserve Account of the Reserve Fund in an amount equal to the Additional Interest;

(iv) *fourth*, to the Reimbursement Fund in the amount specified in a City Certificate prior to the date of such transfer to pay the Landowner the Improvement Area #1 Reimbursement Obligation pursuant to the terms of the Acquisition and Reimbursement Agreement;

(v) *fifth*, to pay other Actual Costs of Improvement Area #1 Projects; and

(vi) *sixth*, to pay other costs permitted by the PID Act.

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

If, after the foregoing transfers and any transfer from the Reserve Fund (as described under the subcaption "— Reserve Account of the Reserve Fund" below), there are insufficient funds to make the payments provided in the preceding paragraph, the Trustee shall apply the available funds in the Principal and Interest Account first to the payment of interest, then to the payment of principal (including any Sinking Fund Installments) on the Bonds.

Notwithstanding the above described flow of funds, the Trustee shall transfer Prepayments to the Redemption Fund within two (2) Business Days after deposit of such amounts into the Pledged Revenue Fund.

Notwithstanding the above described flow of funds, the Trustee shall, upon receipt, deposit Foreclosure Proceeds to the Pledged Revenue Fund and within two (2) Business Days after such deposit shall transfer Foreclosure Proceeds, as directed by the City pursuant to a City Certificate, *first* to the Reserve Fund to restore any transfers from the accounts within the Reserve Fund made with respect to the Assessed Property or Assessed Properties to which the Foreclosure Proceeds relate (first, to replenish the Reserve Account Requirement, and second, to replenish the Additional Interest Reserve Requirement), and *second*, to the Redemption Fund.

Notwithstanding the above described flow of funds, the City shall deposit or cause to be deposited to the Administrative Fund the amounts collected each year to pay Annual Collection Costs and Delinquent Collection Costs.

After satisfaction of the requirement to provide for the payment of the principal and interest on the Bonds and to fund any deficiency that may exist in any Account of the Reserve Fund and transfer of funds pursuant to above described flow of funds, the City may direct the Trustee by City Certificate to apply Assessments for any lawful purposes permitted by the PID Act for which Assessments may be paid.

Bond Fund

On each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and interest then due and payable on the Bonds, less any amount to be used to pay interest on the Bonds on such Interest Payment Date from the Capitalized Interest Account as provided in the Indenture.

Moneys in the Capitalized Interest Account shall be used for the payment of all interest due on the Series 2019 Bonds on September 1, 2019, March 1, 2020, and September 1, 2020. Any amounts on deposit to the

Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred to the PID Improvements Account of the Project Fund, or if the PID Improvements Account of the Project Fund has been closed as provided in the Indenture, such amounts shall be transferred to the Redemption Fund to be used to redeem the Series 2019 Bonds, and the Capitalized Interest Account shall be closed.

Project Fund

Pursuant to the Indenture, a Project Fund will be created to be used for the purposes described in "PLAN OF FINANCE – The Series 2019 Bonds."

Disbursements from the PID Costs of Issuance Account of the Project Fund shall be made by the Trustee pursuant to and in accordance with a City Certificate providing for the application of such funds to be disbursed (with the exception of fees and expenses initially incurred by the Trustee, which may be withdrawn by the Trustee).

Disbursements from the PID Improvements Account of the Project Fund to pay Actual Costs of the Improvement Area #1 Projects shall be made by the Trustee upon receipt by the Trustee of one or more City Certificates containing a properly executed and completed Certification for Payment.

If the City Representative reasonably determines that amounts then on deposit in the PID Improvements Account of the Project Fund are not expected to be expended for purposes of the PID Improvements Account due to the completion, abandonment, or constructive abandonment, of the Improvement Area #1 Projects, as the case may be, such that, in the opinion of the City Representative, it is unlikely that the amounts in the PID Improvements Account of the Project Fund will ever be expended for the purposes of the PID Improvements Account, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the PID Improvements Account that are not expected to be used for purposes of the PID Improvements Account. If such City Certificate is so filed, the amounts on deposit in the PID Improvements Account shall be transferred to the Redemption Fund to redeem Series 2019 Bonds on the earliest practical date after notice of redemption has been provided in accordance with the Indenture, and the PID Improvements Account shall be closed.

Upon a determination by the City Representative that all costs of issuance of the Series 2019 Bonds have been paid and the appropriate portion of the costs incidental to the organization of the District have been paid, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the PID Costs of Issuance Account of the Project Fund that are not expected to be used for purposes of the PID Costs of Issuance Account. If such City Certificate is so filed, the amounts on deposit in the PID Costs of Issuance Account of the Project Fund shall be transferred to the PID Improvements Account of the Project Fund and used to pay interest on the Series 2019 Bonds, as directed by the City in a City Certificate filed with the Trustee, and the PID Costs of Issuance Account of the Project Fund shall be closed.

In making any determination described above, the City Representative may conclusively rely upon a report issued by the City Engineer or a certificate of an Independent Financial Consultant.

The Trustee shall disburse and deplete the funds on deposit in the PID Improvements Account of the Project Fund prior to disbursing funds from the Reimbursement Fund.

In providing any disbursement from the PID Improvements Account of the Project Fund, the Trustee may conclusively rely as to the completeness and accuracy of all statements in a Certification for Payment if such certificate is signed by a City Representative, and the Trustee shall not be required to make any independent investigation in connection therewith. The execution of any Certification for Payment by a City Representative shall constitute, unto the Trustee, an irrevocable determination that all conditions precedent to the payments requested have been completed.

Reserve Account of the Reserve Fund

Pursuant to the Indenture, a Reserve Account will be created within the Reserve Fund for the benefit of the Series 2019 Bonds and any other Bonds and will held by the Trustee and funded with proceeds of the Series 2019 Bonds in the amount of the Reserve Account Requirement. Pursuant to the Indenture, the "Reserve Account

Requirement" for the Bonds shall be an amount equal to the least of (i) Maximum Annual Debt Service on the Bonds as of their date of issuance, (ii) 125% of average Annual Debt Service on the Bonds as of their date of issuance, and (iii) 10% of the par amount of the Bonds; provided, however, that such amount shall be reduced by the amount of any transfers made to the Redemption Fund as a result of Prepayments; and provided further that as a result of an optional redemption, the Reserve Account Requirement shall be reduced by a percentage equal to the pro rata principal of Bonds redeemed by such redemption divided by the total principal amount of the Outstanding Bonds prior to such redemption. As of the date of delivery of the Series 2019 Bonds, the Reserve Fund Requirement is $_____, which is an amount equal to [the Maximum Annual Debt Service on the Series 2019 Bonds as of the date of issuance].

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

Whenever Bonds are to be redeemed with the proceeds of Prepayments pursuant to the Indenture, the Trustee, pursuant to written directions from the City, shall transfer from the Reserve Account of the Reserve Fund to the Redemption Fund the amount specified in such directions, which shall be an amount equal to an amount representing the difference between (i) the lesser of (A) the Reserve Account Requirement prior to redemption and (B) the amount actually on deposit in the Reserve Account prior to redemption, and (ii) the Reserve Account Requirement after such redemption; provided, however, no such transfer from the Reserve Account shall cause the amount on deposit therein to be less than the Reserve Account Requirement to be in effect after such redemption. If after such transfer, and after applying investment earnings on the Prepayment toward payment of accrued and unpaid interest, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall from the Additional Interest Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

Additional Interest Reserve Account of the Reserve Fund

Pursuant to the Indenture, an Additional Interest Reserve Account will be created within the Reserve Fund and held by the Trustee for the benefit of the Bonds. The Trustee will transfer from the Pledged Revenue Fund to the Additional Interest Reserve Account, to the extent that the Reserve Account contains the Reserve Account Requirement and funds are available after application of the deposit priority described in "— Pledged Revenue Fund" above, an amount equal to the Additional Interest in the Additional Interest Reserve Account until an amount equal to an amount equal to 5.5% of the principal amount of the Outstanding Bonds (the "Additional Interest Reserve Requirement") has been accumulated in the Additional Interest Reserve Account; provided, however, that at any time the amount on deposit in the Additional Interest Reserve Account is less than Additional Interest Reserve Requirement, the Trustee shall resume depositing the Additional Interest into the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has accumulated in the Additional Interest Reserve Account. See "APPENDIX B — Form of Indenture" and "APPENDIX C — Form of Amended and Restated Service and Assessment Plan."

Administrative Fund

The City has created under the Indenture an Administrative Fund to be held by the Trustee. Immediately upon receipt thereof, the City shall deposit or cause to be deposited to the Administrative Fund the portion of the Assessments and Annual Installments allocated to the payment of Annual Collection Costs and Delinquent Collection Costs, as set forth in the Service and Assessment Plan.

Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered under the Indenture and used as directed by a City Certificate solely for the purposes set forth in the Service and Assessment Plan, including payment of resulting from Prepayments, Delinquent Collection Costs, and Annual Collection Costs.

THE ADMINISTRATIVE FUND SHALL NOT BE PART OF THE TRUST ESTATE AND SHALL NOT BE SECURITY FOR THE SERIES 2019 BONDS.

Reimbursement Fund

Money on deposit in the Reimbursement Fund shall be used to reimburse the Landowner for Actual Costs paid for Improvement Area #1 Projects in accordance with the Acquisition and Reimbursement Agreement and as specified in a City Certificate. When all amounts due to the Landowner under the Acquisition and Reimbursement Agreement have been paid to the Landowner, whether through Assessments received and applied in accordance with the Service and Assessment Plan or an Annual Service Plan Update or through the proceeds of additional bonds, no further deposits shall be made to the Reimbursement Fund and the Reimbursement Fund shall be closed.

The Trustee shall disburse and deplete the funds on deposit in the PID Improvements Account of the Project Fund prior to disbursing funds from the Reimbursement Fund.

THE REIMBURSEMENT FUND SHALL NOT BE PART OF THE TRUST ESTATE AND SHALL NOT BE SECURITY FOR THE SERIES 2019 BONDS.

Defeasance

All Outstanding Bonds shall prior to the Stated Maturity or redemption date thereof be deemed to have been paid and to no longer be deemed Outstanding if (i) in case any such Bonds are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption on said date as provided in the Indenture, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with any moneys deposited with the Trustee at the same time, shall be sufficient to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant selected by the City verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iv) if the Bonds are then rated, the Trustee shall have received written confirmation from each Rating Agency that such deposit will not result in the reduction or withdrawal of the rating on the Bonds, and (v) the Trustee shall have received an opinion of Bond Counsel to the effect that (A) any Bond having been deemed to have been paid as provided in the Indenture is no longer Outstanding under the Indenture and is no longer secured by or entitled to the benefits of the Indenture, (B) such defeasance is in accordance with the terms of the Indenture and (C) such defeasance will not adversely affect the exclusion of interest on such Bond from gross income for purposes of federal income taxation. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to the Indenture nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall be reinvested in Defeasance Securities as directed in writing by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

"Defeasance Securities" means Investment Securities then authorized by applicable law for the investment of funds to defease public securities. "Investment Securities" means those authorized investments described in the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended; and provided further investments and are, at the time made, included in and authorized by the City's official investment policy as approved by the City Council from time to time. Under current State law, Investment Securities that are authorized for the investment of funds to defease public securities are (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America; (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality, and that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a

nationally recognized investment rating firm not less than "AAA" or its equivalent; and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent.

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

Events of Default

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

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

(ii) the failure of the City to enforce the collection of the Assessments including the prosecution of foreclosure proceedings in accordance with the Indenture;

(iii) default in the performance or observance of any other covenant, agreement or obligation of the City under the Indenture and the continuation thereof for a period of ninety (90) days after written notice to the City by the Trustee, or by the Owners of a Quarter in Interest of the Bonds with a copy to the Trustee, specifying such default by the Owners of a Quarter in Interest of the Bonds requesting that the failure be remedied; and

(iv) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable.

Remedies in Event of Default

Upon the happening and continuance of any one or more of the Events of Default, the Trustee may, and at the written direction of the Owners of a Quarter in Interest of the Bonds and its receipt of indemnity satisfactory to it shall, proceed against the City for the purpose of protecting and enforcing the rights of the Owners under the Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by the Indenture or by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that any action for money damages against the City shall be limited in recovery to the assets of the Trust Estate, including the Pledged Revenues. The Trustee retains the right to obtain the advice of counsel in its exercise of remedies for default.

THE PRINCIPAL OF THE SERIES 2019 BONDS SHALL NOT BE SUBJECT TO ACCELERATION UNDER ANY CIRCUMSTANCES.

If the assets of the Trust Estate are sufficient to pay all amounts due with respect to all Outstanding Bonds, in the selection of Trust Estate assets to be used in the payment of Bonds due under the Indenture, the City shall determine, in its absolute discretion, and shall instruct the Trustee by City Certificate, which Trust Estate assets shall be applied to such payment and shall not be liable to any Owner or other Person by reason of such selection and application. In the event that the City shall fail to deliver to the Trustee such City Certificate, the Trustee shall select and liquidate or sell Trust Estate assets as provided in the following paragraph, and shall not be liable to any Owner, or other Person, or the City by reason of such selection, liquidation or sale. The Trustee shall have no liability for its selection of Trust Estate assets to liquidate or sell.

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

Restriction on Owner's Actions

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

Subject to provisions of the Indenture with respect to certain liabilities of the City, nothing in the Indenture shall affect or impair the right of any Bond Owner to enforce, by action at law, payment of any Bond at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond issued thereunder to the respective Bond Owners thereof at the time and place, from the source and in the manner expressed therein and in the Bonds.

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

Application of Revenues and Other Moneys After Event of Default

All moneys, securities, funds and Pledged Revenues or other assets of the Trust Estate and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel fees, costs, and expenses), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out the Indenture, during the continuance of an Event of Default, shall be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds, as follows:

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

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

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

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

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

Investment or Deposit of Funds

Money in any Fund established pursuant to the Indenture shall be invested by the Trustee only as directed by the City pursuant to a City Certificate filed with the Trustee at least two (2) days in advance of the making of such investment (or as directed below) in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, or any successor law, as in effect from time to time; the City Certificate shall direct investment in such deposits and investments (which may include repurchase agreements for such investment with any primary dealer of such agreements) so that the money required to be expended from any Fund will be available at the proper time or times. Such investments shall be valued each year in terms of current market value as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds may be invested in common investments of the kind described above, or in a common pool of such investments which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund are held by or on behalf of each such Fund. If necessary, such investments shall be promptly sold in order to make the disbursements required or permitted by the Indenture or to prevent any default. In the event the City does not provide written investment directions, the Trustee has been instructed to invest funds into the Federated Treasury Obligations Fund.

Obligations purchased as an investment of moneys in any Fund or Account shall be deemed to be part of such Fund or Account, subject, however, to the requirements of the Indenture for transfer of interest earnings and profits resulting from investment of amounts in Funds and Accounts. Whenever in the Indenture any moneys are required to be transferred by the City to the Trustee, such transfer shall be accomplished by transferring a like amount of Investment Securities unless the City instructs the Trustee otherwise by written direction.

Against Encumbrances

Other than the Additional Improvement Area #1 Bonds and Refunding Bonds, the City shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance or charge upon the

Pledged Revenues, the Trust Estate, or any other property pledged under the Indenture, except any pledge created for the equal and ratable security of the Bonds.

So long as Bonds are Outstanding, the City shall not issue any bonds, notes or other evidences of indebtedness secured by any pledge of or other lien or charge on any portion of the Pledged Revenues, the Trust Estate or other property pledged under the Indenture, except that the City may issue Additional Improvement Area #1 Bonds and Refunding Bonds in accordance with the terms of the Indenture.

Other Obligations; Refunding Bonds; Additional Improvement Area #1 Bonds

The City reserves the right, subject to the provisions contained in in the Indenture, to issue Additional Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from Pledged Revenues.

Other than Additional Improvement Area #1 Bonds and Refunding Bonds issued to refund all or a portion of the Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on any portion of the Trust Estate, and will not cause or allow any matter or things whereby the lien of the Indenture or the priority hereof might or could be lost or impaired; and further covenants that it will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence over or any equality with the Indenture as a lien or charge upon the Pledged Revenues or Pledged Funds; provided, however, that nothing in the Indenture shall require the City to apply, discharge, or make provision for any such lien, charge, claim, or demand so long as the validity thereof shall be contested by it in good faith, unless thereby, in the opinion of Bond Counsel or counsel to the Trustee, the same would endanger the security for the Bonds.

Notwithstanding any contrary provision of the Indenture, the City shall not issue additional bonds, notes or other obligations under the Indenture, secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under the Indenture, other than Additional Improvement Area #1 Bonds (as described below) and Refunding Bonds, each as described below.

The City reserves the right to issue Additional Improvement Area #1 Bonds, but shall be under no obligation to issue Additional Improvement Area #1 Bonds, to finance the Actual Costs of the Improvement Area #1 Projects, including payment of the Improvement Area #1 Reimbursement Obligation, but only in accordance with the conditions set forth below:

i. The City Representative shall provide the Trustee a certificate certifying that (A) the City is not in default in the performance and observance of any of the terms, provisions and conditions applicable to the City contained in the Indenture and (B) the Landowner is not delinquent with respect to fees or any other funds or commitments to be paid to the City in accordance with the Development Agreement or Financing Agreement;

ii. The Landowner shall provide the Trustee a certificate, through an authorized representative, certifying that the Landowner is not in default beyond any applicable notice and cure period in the performance and observance of any of the terms, provisions and conditions applicable to the Landowner contained in the Financing Agreement, the Acquisition and Reimbursement Agreement or the Development Agreement;

iii. The Administrator shall provide the Trustee a certificate certifying that the Landowner is not delinquent with respect to the payment of Assessments or any ad valorem taxes (other than any ad valorem taxes being contested in good faith);

iv. The City and the Trustee shall receive a certificate or report from an independent certified appraiser, appraisal firm or financial consultant, assuming completion of the Improvement Area #1 Projects, demonstrating that the ratio of the aggregate appraised value of all Assessed Properties within Improvement Area #1 to the aggregate principal amount of the Outstanding Bonds and the Additional

Improvement Area #1 Bonds to be issued (the "Value to Lien Ratio") is at least 5:1. In calculating the Value to Lien Ratio, the independent certified appraiser, appraisal firm or financial consultant may rely on builder contracts, a certificate from the Administrator identifying lots for which home construction has commenced or the Hays County Tax Assessor/Collector's estimated assessed valuation for completed homes (home and lot assessed valuation) and estimated lot valuation for lots on which homes are under construction;

v. The Landowner shall provide the City and the Trustee a certificate, through an authorized representative, certifying that no less than 162 single-family lots located within Improvement Area #1 (A) contain completed single-family homes or (B) have been issued a construction permit by the City;

vi. The principal (including sinking fund installments) of the Additional Improvement Area #1 Bonds must be scheduled to mature on September 1 of the years in which principal is scheduled to mature;

vii. The interest on the Additional Improvement Area #1 Bonds must be scheduled to be paid on March 1 and September 1 of the years in which interest is scheduled to be paid;

viii. The Reserve Account Requirement shall be increased by an amount equal to no less than 25% of the Maximum Annual Debt Service on the proposed Additional Improvement Area #1 Bonds to be issued as of the Closing Date therefor and such amount shall be deposited as of the same;

ix. The issuance of such Additional Improvement Area #1 Bonds shall not cause the amount of the Annual Installments to be collected in any year after the issuance of such Additional Improvement Area #1 Bonds to exceed the amount of the Annual Installments collected in the year of the issuance of such Additional Improvement Area #1 Bonds; and

x. The maximum principal amount of Additional Improvement Area #1 Bonds that may be issued, subject to the approval of the City, in total, is the lesser of (i) the then outstanding balance of the Improvement Area #1 Reimbursement Obligation and (ii) the then outstanding Assessments, less the Assessments required to pay the principal of the Series 2019 Bonds.

The City also reserves the right to issue Refunding Bonds, the proceeds of which would be utilized to refund all or any portion of the Outstanding Bonds and to pay all costs incident to the Refunding Bonds, as authorized by the laws of the State. The issuance of such Refunding Bonds will not be subject to the requirements above, but the issuance of Refunding Bonds and Additional Improvement Area #1 Bonds will require compliance with the following:

i. Provision of certain transaction documents, including an original executed counterpart of the Supplemental Indenture for such Series of Bonds to the Trustee that establishes, among other things, the date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of such Bonds, which such terms shall include a deposit into the Reserve Account of the Reserve Fund of an amount equal to the Reserve Account Requirement taking into account the then Outstanding Bonds and the Bonds then proposed to be issued;

ii. Provision of a City Certificate to the Trustee to the effect that the issuance of such Series of Bonds complies with the requirements contained in the Indenture and in each Supplemental Indenture;

iii. Provision to the Trustee of a copy of an opinion of Bond Counsel to the effect that the Supplemental Indenture authorizing the issuance of such Bonds will not adversely affect the: (i) interests of the Owners in any respect, and (ii) exclusion of interest on any Bond from gross income for purposes of federal income taxation;

iv. The City Representative shall certify to the Trustee that the City is not in default in the performance and observance of any of the terms, provisions and conditions applicable to the City contained in the Indenture or in any Supplemental Indenture;

v. The principal (including sinking fund installments) of such Bonds must be scheduled to mature on September 1 of the years in which principal is scheduled to mature; and

vi. The interest on such Bonds must be scheduled to be paid on March 1 and September 1 of the years in which interest is scheduled to be paid.

SOURCES AND USES OF FUNDS[*]

The table that follows summarizes the expected sources and uses of proceeds of the Series 2019 Bonds and additional funds of the Landowner:

Sources of Funds:	
Principal Amount	$7,495,000
Funds provided by Landowner	
Landowner Advance[(1)(2)]	
Landowner Contribution[(2)(3)]	$
TOTAL SOURCES	$
Use of Funds:	
Deposit to PID Improvements Account of the Project Fund	$
Deposit to Capitalized Interest Account of the Bond Fund	
Deposit to Reserve Account of the Reserve Fund	
Deposit to the Administrative Fund	
Landowner Advance and Contribution (Retained by Landowner)	
Costs of Issuance	
Underwriter Discount[(4)]	$
TOTAL USES	$

(1) Represents amounts to be advanced by the Landowner to fund a portion of the Actual Costs of the Improvement Area #1 Projects that exceed the net proceeds of the Series 2019 Bonds and are eligible for reimbursement. See "THE IMPROVEMENTS – The Financing Agreement."

(2) The Landowner is not obligated to escrow such funds with the Trustee or any other third-party. However, the Landowner is required under the Financing Agreement to demonstrate committed capital (including by proof of bank financing) for the difference between the budgeted cost to complete the Improvement Area #1 Projects assumed to be complete in the Appraisal (as defined herein) and the net proceeds of the Series 2019 Bonds. See "THE IMPROVEMENTS – The Financing Agreement."

(3) The Landowner contribution is not eligible for reimbursement.

(4) Includes Underwriter's Counsel's fee.

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK)

[*] Preliminary, subject to change.

DEBT SERVICE REQUIREMENTS*

The following table sets forth the debt service requirements for the Series 2019 Bonds:

Year Ending (September 30)	Principal	Interest(1)	Total
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
Total	**$7,495,000**		

(1) Assumes an interest rate for the Series 2019 Bonds of approximately ___% per annum for illustration purposes only. Assumes capitalized interest for payments on September 1, 2019, March 1, 2020, and September 1, 2020.

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK)

* Preliminary, subject to change.

OVERLAPPING TAXES AND DEBT

The land within Improvement Area #1 of the District has been, and is expected to continue to be, subject to taxes and assessments imposed by taxing entities. Such taxes are payable in addition to the Assessments.

In addition to the Assessments described above, the Landowner anticipates that each lot owner in Improvement Area #1 of the District will pay a maintenance and operation fee and/or a property owner's association fee to a homeowner's association (the "HOA"), which was formed by the Landowner in December of 2018. Hays County, Austin Community College District, Hays County Emergency Services District No. 5, Hays County Emergency Services District No. 9, and the Hays Consolidated Independent School District, may each levy ad valorem taxes upon land in Improvement Area #1 of the District for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The City has no control over the level of ad valorem taxes or assessments levied by such other taxing authorities. The following table reflects the overlapping ad valorem tax rates currently levied on property located in Improvement Area #1 of the District. Improvement Area #1 is located entirely within the extraterritorial jurisdiction of the City and within Hays County, Austin Community College District, Hays County Emergency Services District No. 5, Hays County Emergency Services District No. 9, and the Hays Consolidated Independent School District.

Pursuant to the terms of the Development Agreement (as defined herein) and unless the Development Agreement is amended to provide otherwise, the City has agreed not to annex any portion of the District until all of the Bonds and Future Improvement Area Bonds have been repaid in full, and there are no further assessments against property within the District outstanding.

Taxing Entity	Tax Year 2018 Ad Valorem Tax Rate[(1)]
Hays County	$0.3899
Hays County (Special Road District Tax)	0.0438
Austin Community College District	0.1048
Hays County Emergency Services District No. 5	0.1000
Hays County Emergency Services District No. 9	0.0600
Hays Consolidated Independent School District	1.5377
Total Current Tax Rate	$2.2362
Estimated Average Annual Assessment in Improvement Area #1 as a Tax Rate Equivalent	$0.8398[(2)]
Estimated Total Tax Rate and Average Annual Assessment in Improvement Area #1 as a Tax Rate Equivalent	**$3.0760**[(2)]

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

(2) Assumes completion of homes at values estimated by the Landowner. Includes assessments levied for payment of the Series 2019 Bonds and the Improvement Area #1 Reimbursement Obligation. Excluding the assessments levied for payment of the Improvement Area #1 Reimbursement Obligation, the estimated average annual assessment in Improvement Area #1 of the District as tax rate equivalent is $0.5335 per $100 in assessed value and the estimated total tax rate and average annual assessment in Improvement Area #1 as a tax rate equivalent is $2.7697 per $100 in assessed value. For estimated average annual assessment in Improvement Area #1 as a tax rate equivalent without assuming completion of homes, see "Expected Assessment Reallocation in Improvement Area #1 (Including Improvement Area #1 Reimbursement Obligation)" and "Expected Assessment Reallocation in Improvement Area #1 (Excluding Improvement Area #1 Reimbursement Obligation)" below.

Source: Municipal Advisory Council of Texas.

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

Taxing or Assessing Entity	Gross Outstanding Debt as of 03/31/19	Estimated Percentage Applicable[1]	Direct and Estimated Overlapping Debt[1]
The City (Assessments – The Series 2019 Bonds)	$ 7,495,000[2]	100.00%	$ 7,495,000[2]
The City (Assessments – Improvement Area #1 Reimbursement Obligation)	4,420,000[3]	100.00	4,420,000[3]
Hays County Emergency Services District No. 5	2,245,060[4]	0.63	14,204
Hays County Emergency Services District No. 9	-	-	-
Hays County	409,195,000	0.11	437,236
Austin Community College District	418,335,000	0.01	42,803
Hays Consolidated Independent School District	480,995,000	0.29	1,385,911
	$1,341,365,000		**$13,795,154**

(1) Based on the Appraisal for Improvement Area #1 and on certified valuations for Tax Year 2018 for the taxing entities. The Appraisal assumes the completion of the Improvement Area #1 Projects.

(2) Preliminary, subject to change. Does not include any Additional Improvement Area #1 Bonds, which may be issued in the future.

(3) Preliminary, subject to change.

(4) Per Hays County Emergency Services District No. 5's website.

Sources: Hays Central Appraisal District, Municipal Advisory Council of Texas and Hays County Emergency Services District No. 5.

If land is devoted principally to agricultural use, a landowner can apply for an agricultural valuation on the property and pay ad valorem taxes based on the land's agricultural use valuation with respect to its ad valorem taxes. The Landowner has represented that, as of tax year 2019, none of the property in Improvement Area #1 will be subject to an agricultural use valuation with respect to its ad valorem taxes. Agricultural use includes production of crops or livestock. It also can include leaving the land idle for a government program or for normal crop or livestock rotation.

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

If the land use changes to a non-agricultural use on only a portion of a larger tract, the land owner can fence off the remaining land and maintain the agricultural valuation on the remaining land. In this scenario, the land owner would only be responsible for rollback taxes on that portion of the land where use changed and not the entire tract. It is expected that rollback taxes will be paid by the Landowner or purchasers from the Landowner during development of Improvement Area #1 of the District and prior to the purchase of parcels of lots by homeowners.

ASSESSMENT PROCEDURES

General

Capitalized terms under this caption and not otherwise defined in the Limited Offering Memorandum shall have the meaning given to such terms in the Service and Assessment Plan. As required by the PID Act, when the City determines to defray a portion of the costs of the Improvement Area #1 Projects through Assessments, it must adopt a resolution generally describing the Improvement Area #1 Projects and the land within Improvement Area #1 of the District to be subject to Assessments to pay the costs therefor. The City has caused an assessment roll to be prepared (the "Assessment Roll"), which Assessment Roll shows the land within Improvement Area #1 to be assessed, the amount of the benefit to and the Assessment against each lot or parcel of land and the number of Annual Installments in which the Assessment is divided. The Assessment Roll was filed with the City Secretary and made available for public inspection. Statutory notice was given to the owners of the property to be assessed and a public hearing was conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Improvement Area #1 Projects and funding the same with Assessments. The City levied the Assessments and adopted the Assessment Ordinance on September 18, 2018. After adoption of the Assessment Ordinance, the Assessments became legal, valid and binding liens upon the property against which the Assessments were made.

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

Assessment Methodology

The Service and Assessment Plan describes the special benefit to be received by each parcel of assessable property as a result of the Improvement Area #1 Projects, provides the basis and justification for the determination that such special benefit exceeds the Assessments being levied, and establishes the methodology by which the City allocates the special benefit of the Improvement Area #1 Projects to parcels in a manner that results in equal shares of costs being apportioned to parcels similarly benefited. As described in the Service and Assessment Plan, a portion of the costs of the Improvement Area #1 Projects are being funded with proceeds of the Series 2019 Bonds, which are payable from and secured by Pledged Revenues, including the Assessments.

Method of Apportionment of Assessments. As set forth in the Service and Assessment Plan, the City Council has determined to allocate the cost of Major Improvements between Improvement Area #1 and certain of the Future Improvements Areas based on the total number of lots in each area expected to be served by each Major Improvement. Certain Major Improvements benefit Improvement Area #1 and only a portion of the Future Improvement Areas, while other Major Improvements benefit the entire District. See Exhibit E, Allocation of Authorized Improvement Costs to Improvement Area #1, to "APPENDIX C – Form of Amended and Restated Service and Assessment Plan." The Major Improvements described in the current form of the Service and Assessment Plan do not include all of the major infrastructure that will benefit multiple Future Improvement Areas, and the Major Improvements may be expanded or modified as development in the District progresses.

Method of Allocation of Assessments. As set forth in the Service and Assessment Plan, the City Council initially allocated the Assessment to the initial parcel in the Improvement Area #1 (the "Improvement Area #1 Initial Parcel"). See Exhibit E, Allocation of Authorized Improvement Costs to Improvement Area #1, and Exhibit H, Assessment Roll, to "APPENDIX C – Form of Amended and Restated Service and Assessment Plan."

Method of Reallocation of Assessments. Upon division, the Assessment allocated to the Improvement Area #1 Initial Parcel shall be allocated to the newly created Improvement Area #1 Assessed Property based on the ratio of estimated build out value of each Improvement Area #1 Assessed Parcel or Lot (upon recorded subdivision plat

— estimated average build out value of all newly subdivided Lots with same Lot Type) to the estimated build out value for all Parcels or Lots within the prior Parcel.

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

If, as a result of any replat, the sum of the Assessments against the replatted Lot(s) exceeds the sum of the Assessments before the replat, then prior to recording the replat the person(s) requesting the replat must prepay the amount by which the Assessment for the replatted Lot(s) exceeds the sum of the Assessments before the replat. The replat shall not be recorded without a letter from the PID Administrator confirming that the payment has been made.

The reallocation of an Assessment against a Lot after the Lot has been designated as a homestead under Texas law may not exceed the Assessment against the homestead Lot prior to the reallocation.

The City shall send written notice of the reallocation of an Assessment to any owner representing at least twenty percent (20%) of the Assessments.

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

Reduction of Assessments. If as a result of cost savings or an Authorized Improvement not being constructed, the Actual Costs of completed Authorized Improvements are less than the Assessments, the City Council shall reduce each Assessment on a pro rata basis such that the sum of the resulting reduced Assessments for all Assessed Properties equals the reduced Actual Costs. Excess bond proceeds shall be applied to redeem outstanding PID Bonds. The Assessments shall not, however, be reduced to an amount less than the outstanding PID Bonds. The PID Administrator shall update (and submit to the City Council for review and approval as part of the next Annual Service Plan Update) the Assessment Roll and corresponding Annual Installments to reflect the reduced Assessments.

See "APPENDIX C — Form of Amended and Restated Service and Assessment Plan."

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK)

The following table provides the initial allocation of Assessments of the Improvement Area #1 Initial Parcel.

Initial Assessment Allocation

Initial Parcel	Assessment
Improvement Area #1	$ 11,915,000

The following table provides the expected allocation of Assessments based on Lot Type.

Expected Assessment Reallocation in Improvement Area #1 (Excluding Improvement Area #1 Reimbursement Obligation)[1]

Planned Lot Type (ft.)	Planned Number of Units	Est. Finished Lot Value per Unit[2]	Projected Home Value per Unit[3]	Estimated Assessment per Lot[4]	Total Assessment per Lot Type[4]	Estimated Average Annual Installments per Lot	Tax Rate Equivalent per $100/AV (Completed Homes)[5]	Tax Rate Equivalent per $100/AV (Finished Lots)[5]
50 x 120	162	$61,250	$300,000	$19,561.53	$3,168,968	$1,600.37	$0.5335	$2.6128
55 x 120	49	68,750	330,000	21,517.68	1,054,366	1,760.40	0.5335	2.5606
60 x 120	69	73,500	375,000	24,451.91	1,687,182	2,000.46	0.5335	2.7217
70 x 120	54	87,500	450,000	29,342.29	1,584,484	2,400.55	0.5335	2.7435
Total/Avg.	**334**	**$67,335**	**$344,147**	**$22,440.12**	**$7,495,000**	**$1,835.87**	**$0.5335**	**$2.6488**

(1) Estimates based on information available as of the date of this Limited Offering Memorandum. Actual unit counts and estimated unimproved land value may vary from the estimates shown above. The above estimates of value assume completion of the Improvement Area #1 Projects. The above estimate assumes an average of 5.15% interest rate and a 25-year term for the Series 2019 Bonds and Annual Collection Costs of $30,000 increasing 2% per year.

(2) Based on value contained in the Appraisal.

(3) Estimate provided by the Landowner.

(4) Obtained from the Service and Assessment Plan; based upon projected home values provided by the Landowner.

(5) Beginning in 2021, the first full payment year after amounts deposited for capitalized interest have been used for the payment of interest on the Series 2019 Bonds. Includes Assessments securing the Series 2019 Bonds and the interest thereon, Additional Interest related to the Assessments securing the Series 2019 Bonds, and Annual Collection Costs. Preliminary, subject to change.

Expected Assessment Reallocation in Improvement Area #1 (Including Improvement Area #1 Reimbursement Obligation)[1]

Planned Lot Type (ft.)	Planned Number of Units	Est. Finished Lot Value per Unit[2]	Projected Home Value per Unit[3]	Estimated Assessment per Lot[4]	Total Assessment per Lot Type[4]	Estimated Average Annual Installments per Lot	Tax Rate Equivalent per $100/AV (Completed Homes)[5]	Tax Rate Equivalent per $100/AV (Finished Lots)[5]
50 x 120	162	$61,250	$300,000	$31,097.48	$5,037,792	$2,519.54	$0.8398	$4.1135
55 x 120	49	68,750	330,000	34,207.23	1,676,154	2,771.49	0.8398	4.0313
60 x 120	69	73,500	375,000	38,871.85	2,682,158	3,149.43	0.8398	4.2849
70 x 120	54	87,500	450,000	46,646.22	2,518,896	3,779.31	0.8398	4.3192
Total/Avg.	**334**	**$67,335**	**$344,147**	**$35,673.65**	**$11,915,000**	**$2,890.31**	**$0.8398**	**$4.1701**

(1) Estimates based on information available as of the date of this Limited Offering Memorandum. Actual unit counts and estimated unimproved land value may vary from the estimates shown above. The above estimates of value assume completion of the Improvement Area #1 Projects. The above estimate assumes an average of 5.15% interest rate and a 25-year term for the Series 2019 Bonds and Annual Collection Costs of $30,000 increasing 2% per year.

(2) Based on value contained in the Appraisal.

(3) Estimate provided by the Landowner.

(4) Estimate derived from projected home values provided by the Landowner.

(5) Beginning in 2021, the first full payment year after amounts deposited for capitalized interest have been used for the payment of interest on the Series 2019 Bonds. Includes Assessments securing the Series 2019 Bonds and the Improvement Area #1 Reimbursement Obligation and the interest thereon, Additional Interest related to the Assessments securing the Series 2019 Bonds, and Annual Collection Costs. Preliminary, subject to change.

Collection and Enforcement of Assessment Amounts

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

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

The City will covenant, agree and warrant in the Indenture that, for so long as any Bonds are Outstanding, that it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Assessments.

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

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

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

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

Annual Installments will be paid to the City or its agent. Annual Installments are billed in each year, and become delinquent on February 1 of the following year. In the event Assessments are not timely paid, there are penalties and interest as set forth below:

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

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

Assessment Amounts

Assessment Amounts. The maximum amounts of the Assessments have been established by the methodology described in the Service and Assessment Plan. The Assessment Roll sets forth for each year the Annual Installment for each Parcel consisting of payment of (i) principal, (ii) interest, (iii) Annual Collection Costs, and (iv) Additional Interest (relating to Assessments securing the Series 2019 Bonds). The Annual Installments for Improvement Area #1 may not exceed the amounts shown on the Assessment Roll. The Assessments will be levied against the parcels comprising the Assessed Property in Improvement Area #1 as indicated on the Assessment Roll. See "APPENDIX C — Form of Amended and Restated Service and Assessment Plan."

The Annual Installments shown on the Assessment Roll will be reduced to equal the actual costs of repaying the Series 2019 Bonds and the Improvement Area #1 Reimbursement Obligation, the Additional Interest and actual Annual Collection Costs (as provided for in the definition of such term), taking into consideration any other available funds for these costs, such as interest income on account balances.

The Series 2019 Bonds are secured by a first lien on and pledge of the Trust Estate, including the Assessments. See "SECURITY FOR THE BONDS" and "APPENDIX C — Form of Amended and Restated Service and Assessment Plan."

Prepayment of Assessments

Pursuant to the PID Act and the Indenture, the owner of any property assessed may voluntarily prepay (a "Prepayment") all or part of any Assessment levied against any lot or parcel, together with accrued interest to the date of payment, at any time. Upon receipt of such Prepayment, such amounts will be applied towards the redemption or payment of the Series 2019 Bonds. Amounts received at the time of a Prepayment which represent a payment of principal, interest, or penalties on a delinquent installment of an Assessment are not to be considered a Prepayment, but rather are to be treated as payment of the regularly scheduled installment of the Assessments.

Priority of Lien

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

Foreclosure Proceedings

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

Any sale of property for nonpayment of an installment or installments of an Assessment will be subject to the lien established for remaining unpaid installments of the Assessment against such property and such property may again be sold at a judicial foreclosure sale if the purchaser thereof fails to make timely payment of the non-delinquent installments of the Assessments against such property as they become due and payable. Judicial foreclosure proceedings are not mandatory. In the event a foreclosure is necessary, there could be a delay in payments to owners of the Bonds pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale. It is possible that no bid would be received at the foreclosure sale, and in such event there could be an additional delay in payment of the principal of and interest on Bonds or such payment may not be made in full. The City is not required under any circumstance to purchase or make payment for the purchase of the delinquent Assessment on the corresponding Assessed Property.

The City will covenant in the Indenture to take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and to cause no reduction, abatement or exemption in the Assessments, provided that the City is not required to expend any funds for collection and enforcement of Assessments other than funds on deposit in the Administrative Fund. Pursuant to the Indenture, Foreclosure Proceeds (excluding Delinquent Collection Costs) constitute Pledged Revenues to be deposited into the Pledged Revenue Fund upon receipt by the City and distributed in accordance with the Indenture. See "APPENDIX B — Form of Indenture. See also "APPENDIX E-1 — Form of Disclosure Agreement of the Issuer" for a description of the expected timing of certain events with respect to collection of the delinquent Assessments.

THE CITY

Background

The City is located in Hays County, and is located along Interstate Highway 35. It is located approximately eight (8) miles north of the City of San Marcos, twenty (20) miles south of the City of Austin and sixty (60) miles north of the City of San Antonio. The City covers approximately 18.86 square miles. The City's 2010 census population was 28,016, and the City has estimated that its 2018 population was 43,417.

City Government

The City is a political subdivision formed in 1880 and is a home rule municipality of the State of Texas, duly organized and existing under the laws of the State. City Council consists of the Mayor and six Council members who are elected for staggered three-year terms. The City Council formulates operating policy for the City while the City Manager is the chief administration officer.

The current members of the City Council and their respective expiration of terms of office are as follows:

Council Member	Term Expires (November)
Travis Mitchell (Mayor)	2020
Dex Ellison (Mayor Pro Tem)	2019
Tracy Scheel	2020
Vacant	2019*
Alex Villalobos	2020
Rick Koch	2021
Daphne Tenorio	2021

The principal administrators of the City include the following:

Name	Position
Scott Sellers	City Manager
James R. Earp, CPM	Assistant City Manager
Jennifer Vetrano	City Secretary

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

THE DISTRICT

General

The PID Act authorizes municipalities, such as the City, to create public improvement districts within their boundaries or extraterritorial jurisdiction, and to impose assessments within the public improvement district to pay for certain improvements. The District was created by Resolution No. 1065 of the City adopted on June 6, 2017 in accordance with the PID Act (the "Creation Resolution") for the purpose of undertaking and financing, in phases, the costs of certain public improvements within the District, including the Improvement Area #1 Projects, authorized by the PID Act and approved by the City Council that confer a special benefit on the portion of the District property being developed. The District is not a separate political subdivision of the State and is governed by the City Council. A map of the property within the District is included on page iv hereof.

Name Change

The Creation Resolution originally designated the name of the District as the Blanco River Ranch Public Improvement District. The City Council, by resolution adopted on September 18, 2018, renamed the District to 6 Creeks Public Improvement District.

Powers and Authority of the City

Pursuant to the PID Act, the City may establish and create the District and undertake, or reimburse a developer for the costs of, improvement projects that confer a special benefit on property located within the District, whether located within the City limits or the City's extraterritorial jurisdiction. The PID Act provides that the City may levy and collect the Assessments on property in the District, or portions thereof, payable in periodic installments based on the benefit conferred by an improvement project to pay all or part of its cost.

Pursuant to the PID Act and the Creation Resolution, the City has the power to undertake, or reimburse a developer for the costs of, the financing, acquisition, construction or improvement of the Improvement Area #1 Projects. See "THE IMPROVEMENTS." Pursuant to the authority granted by the PID Act and the Creation Resolution, the City has determined to undertake the construction, acquisition or purchase of certain improvements within the District, including Improvement Area #1 of the District, and outside of the District, acquisition,

* The City has called a special election for May 4, 2019 to fill the District 3 Council Member position.

construction and improvement of sidewalks, streets, other roadways, and rights-of-way; (ii) acquisition, construction, and improvement of water, wastewater and drainage facilities; (iii) landscaping; (iv) establishment of parks and open space; (v) acquisition, construction, and improvement of off-street parking facilities; (vi) other projects similar to those listed in subsections (i) - (v) above authorized by the Act; (vii) other improvement projects not listed in subsections (i) - (vi) above but are authorized by the Act; and (viii) payment of costs associated with developing and financing the public improvements listed in subparagraphs (i) - (vii) above, including costs of establishing, administering and operation of the District. The City has determined to finance a portion of the costs thereof through the issuance of the Series 2019 Bonds, and to provide for the payment of debt service on the Series 2019 Bonds from the Trust Estate. See "ASSESSMENT PROCEDURES" herein and "APPENDIX C — Form of Amended and Restated Service and Assessment Plan."

THE IMPROVEMENTS

General

The current development plan for the District begins with the concurrent development of (i) certain Major Improvements, which are Authorized Improvements that benefit both Improvement Area #1 and Future Improvement Areas, and (ii) the Improvement Area #1 Projects that only benefit Improvement Area #1. Following the completion of the Improvement Area #1 Projects, construction of the internal improvements to serve each Future Improvement Area will continue throughout the anticipated approximately sixteen (16) year period required to complete the Development. The Improvement Area #1 Projects will be designed and constructed in accordance with City standards and specifications, as modified by the Development Agreement. The roadway and storm drainage Improvement Area #1 Projects will be owned and operated by the County, and the detention/water quality pond Improvement Area #1 Projects will be owned by the City, but the HOA is expected to be responsible for the costs of maintenance and operation of such pond pursuant to the M&O Agreement (as defined below). The remainder of the Improvement Area #1 Projects will be owned and operated by the City. See "APPENDIX C — Form of Amended and Restated Service and Assessment Plan."

Per the Landowner, the water, wastewater, drainage and roadway Improvement Area #1 Projects necessary to serve the first 101 Lots (Section 1) within Improvement Area #1 were substantially completed on February 1, 2019. The water, wastewater, drainage and roadway Improvement Area #1 Projects necessary to serve an additional 103 Lots (Section 3) of Improvement Area #1 are under construction, and are expected to be completed on or about July 31, 2019. The Landowner has begun design on the water, wastewater, drainage and roadway Improvement Area #1 Projects necessary to serve the final 121 Lots (Section 2) within Improvement Area #1, and estimates that such improvements will begin construction in the third quarter of 2019 and be substantially completed on or about December 15, 2019.

The Improvement Area #1 Projects

The Improvement Area #1 Projects consist of the Improvement Area #1's proportionate share of the costs of the Major Improvements that will benefit Improvement Area #1 and the Authorized Improvements that only benefit Improvement Area #1. A portion of the Improvement Area #1 Projects will be funded with the proceeds of the Series 2019 Bonds. The roadway and storm drainage Improvement Area #1 Projects will be owned and operated by the County. The detention/water quality pond Improvement Area #1 Projects will be owned by the City, but the HOA is expected to be responsible for the costs of maintenance and operation of such pond pursuant to the M&O Agreement. The remainder of the Improvement Area #1 Projects will be owned and operated by the City. The Landowner is responsible for the completion of the construction, acquisition or purchase of the Improvement Area #1 Projects, and the Landowner or its designee will act as construction manager. From the proceeds of the Series 2019 Bonds, the City will either pay directly or will reimburse the Landowner for a portion of the project costs actually incurred in developing and constructing the Improvement Area #1 Projects within the District.

The Appraisal (as defined below) estimates that the value of the property within Improvement Area #1 of the District under the conditions described in the Appraisal is $22,490,000. See "APPRAISAL OF PROPERTY WITHIN IMPROVEMENT AREA #1 OF THE DISTRICT." The cost of the Improvement Area #1 Projects is estimated to be $13,264,318. The cost of the Improvement Area #1 Projects are expected to be financed as follows:

(i) proceeds of the Series 2019 Bonds in the amount of $7,495,000*; (ii) a Landowner advance in the approximate amount of $4,420,000*; and (iii) a Landowner contribution in the approximate amount of $1,349,319. See "SOURCES AND USES OF FUNDS" and "APPENDIX C – Form of Amended and Restated Service and Assessment Plan."

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK)

* Preliminary, subject to change.

The following table reflects the total expected costs of the Authorized Improvements and their allocation between Improvement Area #1 and the Future Improvement Areas. See "APPENDIX C – Form of Amended and Restated Service and Assessment Plan." As of March 1, 2019, the Landowner has spent approximately $500,000 towards the costs of the Future Improvement Area Improvements and $4,000,000 toward the costs of the Improvement Area #1 Projects. See "APPENDIX C – Form of Amended and Restated Service and Assessment Plan."

Authorized Improvement Costs*

Improvement	Total Estimated Cost	Improvement Area #1[4]	Future Improvement Areas[4]
Major Improvements			
Wastewater Treatment Plant Capacity[1]	$1,200,000	$ 33,028	$ 1,166,972
Lift Station and Force Main[1]	3,380,000	93,028	3,286,972
Offsite Water Improvements[2]	2,080,000	342,227	1,737,773
Old Stagecoach Road Improvements[2]	1,560,000	256,670	1,303,330
Park and Trail Improvements[3]	702,000	323,404	378,596
Entry, Walls, and Landscaping[3]	1,742,000	802,521	939,479
Subtotal	$10,664,000	$1,850,877	$8,813,123
Authorized Improvements Benefitting Only Improvement Area #1			
Internal Roadway and Grading	$ 2,853,778	$ 2,853,778	$ 0
Internal Water Improvements	1,446,469	1,446,469	0
Internal Wastewater Improvements	1,871,035	1,871,035	0
Internal Drainage Improvements	1,389,142	1,389,142	0
Detention/Water Quality Pond	2,109,226	2,109,226	$ 0
Subtotal	$ 9,669,650	$ 9,669,650	$ 0
Total	$20,333,650	$11,520,527	0
PID Formation and Bond Issuance Costs			
Reserve Account Requirement	$ 553,513	$ 553,513	$ 0
Capitalized Interest	515,729	515,729	0
Underwriter Discount	224,850	224,850	0
Costs of Issuance	449,700	449,700	0
Subtotal	$ 1,743,791	$ 1,743,791	$ 0
TOTAL	**$22,077,442**	**$13,264,318**	**$8,813,123**

* Preliminary, subject to change.

(1) Per the Development Agreement, the City has agreed to provide wastewater capacity for the first 286 lots within Improvement Area #1. The Development Agreement obligates the Landowner to construct only the internal wastewater improvements to receive service to such lots. Costs represent a pro rata allocation to the remaining 46 lots in Improvement Area #1 and the lots within the Future Improvement Areas.

(2) These Major Improvements benefit Improvement Area #1 and all of the lots within the Future Improvement Areas. Costs represent a pro rata allocation to all of the lots within the District.

(3) These Major Improvements benefit the Lots within Improvement Area #1 and an additional 391 lots in Future Improvement Areas. Costs represent a pro rata allocation amongst these 725 lots only.

(4) Only certain of the Authorized Improvements benefiting multiple phases of development are being constructed concurrently with the Improvement Area #1 Projects. As development progresses, the Service and Assessment Plan is expected to be updated to include additional Major Improvements that benefit multiple phases of the Future Improvement Areas.

The expected costs of the Authorized Improvements are based on information provided by the Landowner and its engineer and reviewed by the City staff and by third-party consultants retained by the City, and were approved by the City Council as part of the Service and Assessment Plan. See "APPENDIX C – Form of Amended and Restated Service and Assessment Plan."

Authorized Improvements. The Major Improvements benefit the assessed property within multiple phases of the District and consist of the following:

Wastewater Treatment Plant Capacity The first 286 Lots in Improvement Area #1 can be served by the existing wastewater treatment plant. A wastewater treatment plant capacity payment of $1,200,000 to provide capacity for the remainder of the Lots in Improvement Area #1 and the Lots in the Future Improvement Areas.

Lift Station and Force Main Improvements include a lift station to serve 1814 LUE's, approximately 7,000 linear feet of 12" force main and approximately 7,500 linear feet of 10" and 12" gravity interceptors. The improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City. The first 286 Lots in Improvement Area #1 can be served without the lift station and force main improvements.

Offsite Water Improvements include approximately 7,000 linear feet of 16" water line along FM 150 and participation in a 500,000-gallon ground storage tank and a 2,000,000 gallon elevated storage tank located on a site within the Anthem Project. Offsite water improvements will be designed by a third-party engineering firm in accordance with City standards and specifications and will be constructed, owned and operated by the City.

Old Stagecoach Road Improvements include excavation, embankment, subgrade stabilization, flexible base, asphalt, curbs, 8' concrete trail/sidewalk, signage, and re-vegetation of disturbed areas within the right of way. Old Stagecoach Road will be approximately 2,000 linear feet of an undivided 60' ROW roadway with 2 – 12' lanes and 6' bike lanes. The roadway will be designed and constructed in accordance with City standards and specifications, and cross-section will be designed per the exhibit in the approved Development Agreement and roadway will be owned and operated by the City.

Park and Trail Improvements include over 3 miles of 8' and 10' concrete trails built along Old Stagecoach Road, Six Creeks Boulevard and unnamed collector street west of Six Creeks Boulevard. Additionally, there will be over 3 miles of 6' natural trails built within the drainage draws throughout the project and will ultimately extend to the Blanco River. Park and trail improvements for the first 725 Lots will be completed concurrently with Improvement Area #1.

Entry, Walls, and Landscaping Improvements include several miles of 6' masonry subdivision walls along 6 Creeks Boulevard, Old Stagecoach Road and main collector roads. Project entryway monuments to be located along 6 Creeks Boulevard at major intersections along with fully landscaped and irrigated right of way and medians. Entry, walls, and landscaping improvements for the first 725 Lots will be completed concurrently with Improvement Area #1.

The Improvement Area #1 Projects include Improvement Area #1's pro rata share of the Major Improvements described above and the following Authorized Improvements that benefit only the assessed property within Improvement Area #1:

Internal Roadway and Grading including subgrade stabilization (including lime treatment and compaction), concrete and reinforcing steel for roadways, handicapped ramps, and street lights. Intersections, signage, lighting, and revegetation of all disturbed areas within the right of way are included. These roadway improvements include streets that will provide street access to each Lot within Improvement Area #1. All roadway projects will be designed and constructed in accordance with City standards and specifications, as modified by the Development Agreement, and will be owned and operated by the County. These projects will provide access to community roadways and state highways.

Internal Water Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, and testing. These lines will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City. These lines will include the necessary appurtenances to be fully operational transmission lines extending water service to the limits of Improvement Area #1 and all Lots within Improvement Area #1.

Internal Wastewater Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, and testing. These lines will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City. These lines will include the necessary appurtenances to be fully operational extending wastewater service to the limits of Improvement Area #1 and all Lots within Improvement Area #1.

Internal Drainage Improvements including earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, and concrete outfalls necessary to provide storm drainage for the Lots in Improvement Area #1. These improvements will be designed and constructed in accordance with City standards and specifications, as modified by the Development Agreement, and will be owned and operated by the County.

Detention/Water Quality Pond improvements include construction of detention and water quality ponds required for the Lots in Improvement Area #1. This project will be designed and constructed in accordance with Texas Commission on Environmental Quality and City standards and specifications and will be owned by the City. By contract with the City, the HOA will be responsible for the costs of maintenance and operation of these improvements.

Ownership and Maintenance of Improvements

Improvement Area #1 Projects will be designed and constructed in accordance with City standards and specifications, as modified by the Development Agreement. The roadway and storm drainage Improvement Area #1 Projects will be owned and operated by the County, and the detention/water quality pond Improvement Area #1 Projects will be owned by the City, but the HOA will, by contract with the City, be responsible for the costs of maintenance and operation of such detention/water quality pond Improvement Area #1 Projects. The remainder of the Improvement Area #1 Projects will be owned and operated by the City. The City, County or HOA, as applicable, will provide for the ongoing operation, maintenance and repair of the Improvement Area #1 Projects constructed and conveyed, as outlined in the Service and Assessment Plan.

The Financing Agreement

On July 18, 2017, the City, the Landowner and the Landowner Affiliates entered into a Blanco River Ranch Public Improvement District Financing Agreement (the "Original Financing Agreement"), which is in the process of being amended by the First Amendment to the 6 Creeks Public Improvement District Financing Agreement (the "First Amendment to Financing Agreement" and together with the Original Financing Agreement, the "Financing Agreement"). The Original Financing Agreement and the form of the First Amendment to Financing Agreement are attached hereto as APPENDIX G.

The Financing Agreement establishes provisions for the apportionment and levying of Assessments, construction of the Authorized Improvements, and the advancing of funds. Pursuant to the Financing Agreement, if there are not sufficient funds in the Project Fund to complete a given Authorized Improvement, the Landowner will be required to demonstrate committed capital (including by proof of bank financing) to the City in an amount confirmed by an engineer's estimate of probable cost, which represents the difference between the budgeted cost to complete the Improvement Area #1 Projects assumed to be complete in the Appraisal and the net proceeds of the Series 2019 Bonds. The Landowner is not required to post fiscal security for the Improvement Area #1 Projects under the terms of the Financing Agreement unless and until subcontractors providing labor or materials for the Improvement Area #1 Projects file claims or otherwise give notice asserting failure to receive payment for such labor or materials.

Performance bonds are not required for the Authorized Improvements funded by PID Bonds. The Financing Agreement allows the City to fund the construction of Authorized Improvements through progress payments to the Landowner or by entering into a reimbursement agreement.

The Financing Agreement establishes certain requirements prior to the City issuing PID Bonds, which are more particularly described in "SECURITY FOR THE BONDS – Other Obligations; Refunding Bonds; Additional Improvement Area #1 Bonds." The Financing Agreement also provides that the total amount of PID Bonds may not exceed an amount sufficient to fund: (i) the Actual Costs of the Authorized Improvements, (ii) required reserves and capitalized interest during the period of construction and not more than 12 months after the completion of construction of the applicable Authorized Improvements funded by the PID Bond issue in question and in no event for a period greater than 24 months from the date of the initial delivery of the applicable PID Bonds and (iii) costs of issuance related to the PID Bonds. Each series of PID Bonds must also mature no later than 30 years from the date of issuance.

The First Amendment to Financing Agreement is being executed in connection with the issuance of the Series 2019 Bonds. The primary purpose of the First Amendment to Financing Agreement is to modify the requirements for the issuance of Additional Improvement Area #1 Bonds. See "SECURITY FOR THE BONDS – Other Obligations; Refunding Bonds; Additional Improvement Area #1 Bonds" for a discussion of the requirements contained in the Indenture and the First Amendment to Financing Agreement related to the issuance of Additional Improvement Area #1 Bonds. The First Amendment to Financing Agreement also provides that the City will enter into a maintenance and operations agreement (the "M&O Agreement") with the Landowner or the HOA related to the operations and maintenance of the detention and water quality pond improvements prior to the City's acceptance of same. Pursuant to the M&O Agreement, the Landowner or the HOA will be responsible for all operations and maintenance of such improvements.

The Financing Agreement may be amended, modified, revised or changed by written instrument executed by the Landowner and the City. Any such amendment, modification, revision or change could affect the security for the Series 2019 Bonds, particularly if same were to modify or remove the restrictions on the issuance of additional PID Bonds.

The Development Agreement

Blanco River Ranch Properties LP and the City entered into a Blanco River Ranch (Phase One Residential Area) De-Annexation and Development Agreement effective as of May 16, 2017 (the "Development Agreement"), to provide standards for developing of the Development, and to provide for the development of the Authorized Improvements, including the Improvement Area #1 Projects. In connection with the Landowner's and the Landowner Affiliates' (as defined below) acquisition of the land comprising the District, Blanco River Ranch Properties LP assigned its rights, duties and obligations under the Development Agreement related to the property within the District to the Landowner and the Landowner Affiliates on September 20, 2017.

The Development Agreement provides for the provision of housing, residential design standards, the construction of roads and utility infrastructure, parks and open spaces, amenities, environmental and waterway protection, impervious cover and other matters. See "THE DEVELOPMENT – Environmental" and "– Zoning/Permitting."

The Development Agreement requires the dedication of ten acres of land adjacent to the District (consisting of land that was retained by Blanco River Ranch Properties LP) for a river park amenity that will provide access to the Blanco River.

Under the Development Agreement and subject to the Landowner's obligation to construct required internal facilities and any connecting facilities, the City has committed to provide 500 LUEs of initial water service for the Development through the City's existing water main located on Old Stagecoach Road necessary to connect to such water main. Such commitment is sufficient to provide water service to the entirety of Improvement Area #1. In order to receive additional water capacity from the City necessary to serve the remainder of the District, the Landowner has agreed to advance and pay a pro-rata portion of the cost of a potable water storage tank, as well as the incremental cost of oversizing a water main, which another developer that is unaffiliated with the Landowner is

responsible for constructing. If the developer responsible for constructing such improvements has not: (i) commenced construction of the improvements at such time as 350 LUEs of water service have been connected within the District, or (ii) completed the construction on or before June 30, 2019, the Landowner has the right to construct certain alternative water facilities.

Pursuant to the Development Agreement and subject to the Landowner's obligation to construct required internal facilities and any connecting facilities, the City has also agreed to provide 286 LUEs of initial wastewater service for the Development through the City's existing 8-inch gravity main located in Old Stagecoach Road. In order to serve the additional 48 LUEs necessary for Improvement Area #1, the City has agreed to complete the construction of an appropriately sized gravity interceptor (the "Elliot Branch Interceptor") on or before June 30, 2019. In order to connect to the Elliot Branch Interceptor, the Landowner has agreed to construct a lift station sufficient to serve 1,814 LUEs (the "6 Creeks Lift Station") and a six-inch force main along Cypress Road from the 6 Creeks Lift Station to the Elliot Branch Interceptor. In addition, the Landowner has agreed to make a capacity payment to the City to fund an expansion of the City's wastewater treatment plant to serve all of the 2,030 lots within the District. If the Elliot Branch Interceptor is not complete and available to provide wastewater service to the Development on or before June 30, 2019, the City has agreed to provide pump-and-haul wastewater service as needed for connections within the Development until the Elliot Branch Interceptor is completed, accepted by the City, and placed into service.

Under the Development 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 incorporated limits will be applicable to facilities constructed, connections made, and services provided within the Development. Additionally, the Development Agreement requires payment of wastewater impact fees in the amount of $2,216 per LUE for the first 300 LUEs and payment of water impact fees in the amount of $2,826 per LUE for the first 400 LUEs. The Landowner has paid wastewater impact fees for 300 LUEs, and has not paid any potable water impact fees to date. Future impact fees will be paid at the standard City rate in effect at the time of City approval of each subsequent final plat out of the Development and will be payable by the homebuilders at the time of the City's issuance of each residential building permit for lots within those platted sections.

The Development Agreement may be amended or modified in writing signed by the City and the Landowner.

See "APPENDIX H – Development Agreement" for a complete copy of the Development Agreement.

THE DEVELOPMENT

Overview

The Development is an approximately 858.70-acre master planned project located entirely within the extraterritorial jurisdiction of the City, and is located approximately 2.5 miles northwest of the City center near Interstate Highway 35 and Farm to Market 150. The City is located in the southwest region of the Austin-Round Rock, TX Metropolitan Statistical Area (the "Austin MSA") in the Texas Hill Country, and is poised for significant growth as the overall Austin MSA continues its growth trajectory. Plans for the Development include a variety of parks, trails, open space areas and other amenities.

The Landowner and its affiliates, HMBRR, LP and HMBRR LP #2 (the "Landowner Affiliates"), acquired the approximately 858.70 acres comprising the District on September 20, 2017. See "THE LANDOWNER — History and Financing of the District." With the exception of Lots that have been sold to homebuilders, the Landowner currently owns all of the real property within Improvement Area #1. HMBRR, LP and HMBRR LP #2 are land holding entities that currently own all of the real property in the District outside of Improvement Area #1. The Landowner currently intends (but is not required) to acquire such real property from the Landowner Affiliates as development progress. See "THE LANDOWNER — History and Financing of the District."

The Landowner expects to complete the Development in approximately eight (8) phases with full buildout occurring over an approximately sixteen (16) year period. The Landowner's current expectations regarding estimated home prices in Improvement Area #1 are as follows:

Estimated Home Prices in Improvement Area #1 and Value to Lien Ratios

Lot Size (Typical)	Quantity	Base Lot Price[1]	Average Base Home Price[2]	Assessment per Lot[3]	Estimated Ratio of Value of[4] Base Lot Price to Bond Assessment	Estimated Ratio of Value of[4] Average Home Price to Bond Assessment	Estimated Ratio of Value of[4] Base Lot Price to Bond and Reimbursement Assessments	Estimated Ratio of Value of[4] Average Home Price to Bond and Reimbursement Assessments
50' x 120'	162	$61,250	$300,000	$31,097.48	3.13:1	15.34:1	1.97:1	9.65:1
55' x 120'	49	68,750	330,000	34,207.23	3.20:1	15.34:1	2.01:1	9.65:1
60' x 120'	69	73,500	375,000	38,871.85	3.01:1	15.34:1	1.89:1	9.65:1
70' x 120'	54	87,500	450,000	46,646.22	2.98:1	15.34:1	1.88:1	9.65:1
Total/Avg.	**334**	**$67,335**	**$344,147**	**$35,673.65**	**3.09:1**	**15.34:1**	**1.94:1**	**9.65:1**

[1] Estimate provided by Appraisal. Assumes completion of the Improvement Area #1 Projects.
[2] The values provided as the Average Base Home Prices are an average value over the life of the Series 2019 Bonds. Average Base Home Prices are estimates provided by Landowner.
[3] Preliminary, subject to change.
[4] Includes only the Assessments securing the Series 2019 Bonds.
[5] Includes Assessments securing the Series 2019 Bonds and assessments securing the Improvement Area #1 Reimbursement Obligation.

Status of Lot Purchase and Sale Agreements

Improvement Area #1 contains 334 existing and proposed Lots in total and is comprised of three (3) separate Sections. There are 110, 121 and 103 existing and proposed Lots in Sections 1, 2 and 3, respectively. On February 5, 2019, the Landowner closed on the sale of 51 Lots in Section 1 to M/I Homes of Austin, LLC, an Ohio limited liability company and an affiliate of M/I Homes, Inc. ("M/I Homes"). On February 7, 2019, the Landowner closed on the sale of 50 Lots in Section 1 to Trendmaker Homes, Inc., a Texas corporation ("Trendmaker Homes"). The remaining 9 Lots in Section 1 are holdback Lots, and will eventually be sold at a later date.

The Landowner is also under contract to sell all of the approximately 121 Lots within Section 2 of Improvement Area #1 to M/I Homes and Trendmaker Homes, with each homebuilder committing to purchase 60 Lots.

The Landowner is also under contract to sell all of the approximately 103 Lots within Section 3, with half of such Lots under contract to Highland Homes – Austin, LLC, a Texas limited liability company and affiliate of Highland Homes, LLC ("Highland"), and the remaining half to MHI Partnership Ltd., a Texas limited partnership and affiliate of McGuyer Homebuilders, Inc. ("MHI"). MHI is expected to construct homes in Improvement Area #1 under its Wilshire Homes brand. Highland and MHI each are obligated to take down 10 Lots upon substantial completion of Section 3, and will take down the remaining Lots in phases over a 375-day period following substantial completion of Section 3.

Pursuant to separate purchase and sale agreements with the Landowner, the homebuilders have deposited a total of $2,145,600 in earnest money, and such agreements are secured by earnest money deeds of trust in favor of the homebuilders on the applicable land within Improvement Area #1. Except as described below, such earnest money is generally not refundable to the homebuilders. The Landowner is obligated under the respective purchase and sale agreements to use commercially reasonable efforts to cause substantial completion of Section 3 by June 15, 2019 and substantial completion of Section 2 by December 31, 2019, but if necessary, each such deadline will automatically extend for an additional 120 days. If the Landowner fails to cause timely substantial completion of

the Section within which a homebuilder has purchased Lots, a homebuilder may terminate its purchase and sale agreement and the Landowner will be obligated to return the applicable earnest money. Further, if the Lots are incomplete or unsatisfactory upon inspection, the homebuilders may require the Landowner to cure such deficiency, and if the Landowner fails to do so, a homebuilder may terminate its purchase and sale agreement and the Landowner will be obligated to return the earnest money. The Landowner currently expects to achieve substantial completion of Section 3 by July 31, 2019 and substantial completion of Section 2 by December 15, 2019.

Additional Improvement Area #1 Bonds and Future Improvement Area Bonds

The City may issue Additional Improvement Area #1 Bonds to refund the City's obligation pursuant to the Acquisition and Reimbursement Agreement to reimburse the Landowner for a portion of the cost of the Improvement Area #1 Projects as the development proceeds. Such Additional Improvement Area #1 Bonds, as well as any Refunding Bonds issued to refund the Series 2019 Bonds or Additional Improvement Area #1 Bonds, will be secured by the Assessments on parity with the Series 2019 Bonds.

The City expects to issue Future Improvement Area Bonds to finance the cost of public improvements within individual phases of the Future Improvement Areas of the District as the development proceeds. Such Future Improvement Area Bonds will be secured by separate assessments levied pursuant to the PID Act on assessable property within such phase or phases of the Future Improvement Areas of the District that benefit from the future improvements being financed. The Landowner anticipates that Future Improvement Area Bonds will be issued over an approximately sixteen (16) year period.

The Series 2019 Bonds, Additional Improvement Area #1 Bonds, the Future Improvement Area Bonds, and any Refunding Bonds issued by the City are separate and distinct issues of securities. The City reserves the right to issue other obligations for any purpose permitted by the Act, including those described above, subject to the conditions discussed in "SECURITY FOR THE SERIES 2019 BONDS – Other Obligations; Refunding Bonds; Additional Improvement Area #1 Bonds" and to conditions agreed to by the City in the Financing Agreement. See "THE IMPROVEMENTS – The Financing Agreement."

Zoning/Permitting

Pursuant to the Development Agreement, an approximately 100-acre portion of the Development that was originally within the corporate limits of the City was de-annexed by the City. As the Development is now entirely located outside of the City's corporate limits, the City's zoning ordinances are not applicable to the Development.

Pursuant to the Development Agreement, the Development must comply with the land use and development standards and the design guidelines contained in the Development Agreement. Further, homebuilders within the Development are required to comply with the City's building code in effect as of May 6, 2016. Such building code includes certain requirements for parks and recreation, sign standards and permits, site development, streets, sidewalks and other public places, subdivisions and utilities, as well as imposing building regulations under the 2009 International Building Code, 2009 International Residential Code, 2009 International Plumbing Code, 2009 International Mechanical Code, 2000 International Electrical Code, 2009 International Fire Code, 2009 International Energy Conservation Code, and 2009 International Property Maintenance Code. The Landowner is also required under the Development Agreement to pay the City's standard building inspection fees. For more information, see "APPENDIX G – Development Agreement."

Among other restrictions and requirements contained in the Development Agreement, the Development is also subject to the following land use restrictions:

Use	Lot Width	Minimum Lot Size (SF)	Minimum Living Area (SF)	Total Lots/Units	Lots or Units	% of Total	Minimum / Maximum %
Single-Family	50’	5,500	1,200	540	Lots	26%	Max
Single-Family	55’	5,750	1,200	460	Lots	22%	Max
Single-Family	60’	7,200	1,500	600	Lots	29%	Max
Single-Family	70-80’	9,000	2,000	350	Lots	17%	Min
Garden Homes/Cluster	N/A	N/A	1,000	150	Units	7%	Max
Total				**2,100**		**100%[(a)]**	

[(a)]Amounts do not total due to rounding.

Amenities

In-District

Pursuant to the Development Agreement, the current park and open space plan for the Development provides for approximately 249.41 acres of open space areas, 22.12 acres of amenity areas, and 110.55 acres of parkland areas. The Development Agreement contemplates that over three miles of joint use 8-foot and 10-foot concrete trails within 10-foot to 20-foot Trail Corridor/ROW/Easement will be provided. Additional native trails (approximately 8,553 lateral feet) will be provided within open space and floodplain areas. 6-foot decorative masonry wall will also be built along the rear or sides of homes backing or siding to collector roads (roads without lots fronting on them) within a 25-foot landscaped parkway (10-feet of right-of-way with a 15-foot Wall and Landscape Easement/Lot).

The Landowner’s current plans provide for an amenity site where a community center and a swimming pool (collectively, the “Community Center”) will be constructed. The Landowner currently expects to begin design of the Community Center when the Development reaches approximately 100 residents and to complete construction of the Community Center when the Development reaches approximately 200 residents.

Adjacent to District

The Development Agreement required Blanco River Ranch Properties LP to dedicate approximately ten acres of land adjacent to the Development for a river park amenity that will provide access to the Blanco River. While such amenity is expected to open to the public and could be used by residents within the District, such amenity will not be within the boundaries of the District.

Schools

The Development is located entirely within the Hays Consolidated Independent School District (“Hays CISD”). Hays CISD operates 24 campuses that are located throughout northern Hays County and serves approximately 20,000 students. Such campuses include two 4-year high schools, six middle schools (6-8 grade), and 14 elementary schools. Hays CISD also operates an alternative high school of choice, a disciplinary center and a performing arts center. The Hays CISD schools nearest the Development are Negley Elementary School, Barton Middle School, and Hays High School. Each such school is less three miles from the Development.

The Development is also served by Austin Community College (“ACC”), which is a junior college district located in Central Texas with a total annual enrollment of approximately 70,000 students. It is accredited by the Southern Association of Colleges and Schools Commission on Colleges to award associate degrees and baccalaureate degrees. ACC’s Hays Campus is located approximately three miles from the Development. According to ACC’s website, ACC is currently constructing a First Responder Training Center at the Hays Campus

that will offer students emergency training. The Hays Campus also offers law enforcement, corrections, and peace officer tracks, as well as core curriculum designed to be transferred to four-year colleges and universities.

The Development is also located approximately ten miles from Texas State University ("Texas State"), a public research university located in the City of San Marcos, Texas. According to its website, Texas State currently has 38,661 enrolled students, and it offers 98 bachelor's, 93 master's and 14 doctoral degree programs from the following colleges: Applied Arts, McCoy College of Business Administration, Education, Fine Arts and Communication, Health Professions, Liberal Arts, Science and Engineering, University College and The Graduate College.

The Landowner has set aside a site for a potential school within the Future Improvement Areas of the District. At this time, the Landowner's plans are preliminary and are subject to change as development progresses.

Environmental

A Phase I Environmental Site Assessment (a "Phase I ESA") of approximately 2,165 acres, including the entirety of the District's boundaries and certain real property adjacent to the District, was completed in May of 2015. Based on the information presented in the Phase I ESA, there was no evidence that the Development was under environmental regulatory review or enforcement action. The site reconnaissance, regulatory database review, historical source review and testing identified in the Phase I ESA revealed no evidence of recognized environmental conditions involving the property comprising the District. The Phase I ESA did not recommend that a Phase II environmental site assessment be performed.

Development of the property is subject to a variety of environmental rules, including the Edwards Aquifer Rules (Title 30, Chapter 213 of the Texas Administrative Code) of the Texas Commission on Environmental Quality ("TCEQ"), the City's Water Quality Protection Ordinance, the City's Conservation Design Ordinance, and the federal Endangered Species Act.

A portion of the District lies within the Edwards Aquifer Contributing Zone within the Transition Zone. Where applicable, Contributing Zone Plans meeting all applicable TCEQ requirements have been completed and approved prior to construction.

According to the website for the United States Fish and Wildlife Service, the Texas blind salamander, Barton Springs salamander, whooping crane, golden-cheeked warbler, fountain darter, San Marcos gambusia, Texas wild-rice, Comal Springs riffle beetle, Comal Springs dryopid beetle are endangered species in Hays County, and the San Marcos salamander and the red knot are threatened species in Hays County.

Utilities

Water and Wastewater Service. Pursuant to the Development Agreement and subject to the Landowner's obligation to construct certain Authorized Improvements necessary to serve the Development, the City has committed and agreed to provide retail water and wastewater capacity and service in the Development for up to 2,100 times the average daily amount of water and wastewater required for a single-family residence (each, an "LUE"). Water and wastewater service provided to the customers within the Development by the City will be nondiscriminatory and consistent with City's policies, tariffs and regulations applicable to customers of the City's water and wastewater systems located within the City's corporate limits, as such policies, regulations and tariffs may be amended from time to time in accordance with applicable law. See "THE IMPROVEMENTS – The Development Agreement" for a discussion of various provisions of the Development Agreement related to the City's provision of utility service within the District.

Other Utilities. Landowner expects additional utilities to be provided by: (1) Phone/Data – AT&T/Verizon; (2) Electric – Pedernales Electric Cooperative; (3) Cable – Time Warner/Spectrum; and (4) Natural Gas – Centerpoint.

Preliminary Geotechnical Exploration

A preliminary geotechnical exploration (a "Preliminary Geotech") was performed by MLA Geotechnical, a division of MLA Labs, Inc., in May 2018. The Preliminary Geotech was undertaken for the purpose of making certain recommendations concerning pavement thickness for the property within Improvement Area #1. The Landowner has adhered to the recommendations made within the Preliminary Geotech report in connection with its construction of the Improvement Area #1 Projects.

Existing Mineral and Groundwater Rights

There are certain mineral rights reservations of one or more prior owners of real property within the District, including the Texas General Land Office (collectively, the "Mineral Owner"), pursuant to one or more deeds in the chain of title for the property in the District. Some of these reservations of mineral rights include a partial waiver by the Mineral Owner of its right to enter onto the surface of the property to explore, develop, drill, produce or extract minerals within the District. However, the Mineral Owner has reserved the right to continue to use the surface of three two-acre sites within the District (the "Designated Drill Sites") for purposes incident to the development or production of oil and gas and certain other minerals. Further, in the event that Mineral Owner or its lessees explore for or produce minerals from within the District, the owners of real property are required to grant and convey an access easement providing ingress and egress to the Designated Drill Sites in a manner that does not materially impair the development of the land within the District.

The Mineral Owner also has groundwater and groundwater leasing rights in the land comprising the District. The Mineral Owner has waived its right to enter onto the surface of the land within the District with respect to such rights, but is permitted to develop its groundwater and groundwater leasing rights on land adjacent to the District.

All of the Designated Drill Sites are located outside of Improvement Area #1. Per the Landowner, the Designated Drill Sites were selected because of their location within the 100-year floodplain. Due to their location within the floodplain, the Designated Drill Sites are not intended to be developed in connection with the development of the Future Improvement Areas.

The Landowner is not aware of any ongoing mineral or groundwater rights development or exploration on or adjacent to the property within the District. However, per the Landowner, the Seller (as defined herein) owns approximately 1,300 acres of real property adjacent to the District, which is also subject to the Mineral Owner's reserved mineral and groundwater rights described above. Certain rules and regulations of the Texas Railroad Commission may also restrict the ability of the Mineral Owner to explore or develop the property due to well density, acreage, pooling regulations or location issues.

Although the Landowner does not expect the above-described mineral and groundwater rights, or the exercise of such rights or any other mineral or groundwater rights or related real property rights in or around the District, to have a material adverse effect on the Development, the property within the District, or the ability of landowners within the District to pay Assessments, the Landowner makes no guarantee as to such expectation. See "BONDHOLDERS' RISKS — Exercise of Mineral and Groundwater Rights."

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK)

THE LANDOWNER

General

In general, the activities of a developer in a development such as the District include purchasing the land, designing the subdivision, including the utilities and streets to be installed and any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, sewer, and drainage facilities, as well as telephone and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. The relative success or failure of a developer to perform such activities within a development may have a material effect on the security of the revenue bonds, such as the Series 2019 Bonds, issued by a municipality for a public improvement district. A developer is generally under no obligation to develop the property which it owns in a development. Furthermore, there is no restriction on the developer's right to sell any or all of the land which the developer owns within a development. In addition, a developer is ordinarily the major tax and assessment payer within a district during its development. See "BONDHOLDERS' RISKS – Dependence Upon Landowner."

Description of the Landowner

The Landowner is an affiliate of Hanna/Magee LP ("Hanna/Magee") and was created by Hanna/Magee for the purpose of acquiring and developing the property in the District. The Landowner is a nominally capitalized Texas corporation, the primary asset of which is unsold property within the District. The Landowner will have no source of funds with which to pay Assessments or taxes levied by the City or any other taxing entity other than funds resulting from the sale of property within the District or funds advanced to the Landowner by an affiliated party or from funds drawn from the Development Loan (defined below). The Landowner's ability to make full and timely payments of Assessments or taxes will directly affect the City's ability to meet its obligation to make payments on the Series 2019 Bonds. See "BONDHOLDERS' RISKS — Dependence Upon Landowner."

Landowner was created for the sole purpose of owning, managing, developing and ultimately conveying property in the District to third parties, as described under the caption "THE DEVELOPMENT." The Landowner is a Texas corporation, the primary assets of which are: (1) unsold property within the District, and (2) proceeds from the sale of Lots within the District. Landowner will have no source of funds with which to pay Assessments or taxes levied by the City or any other taxing entity other than funds resulting from the sale of property within the District, capital contributions from its shareholders and third-party banking sources. Landowner's ability to make full and timely payments of Assessments or taxes will directly affect the City's ability to meet its obligation to make payments on the Series 2019 Bonds.

For additional information, see "BONDHOLDERS' RISKS — Dependence Upon Landowner" herein.

Executive Biography of Principals of Landowner

Blake Magee, President: Blake Magee is the President of the Landowner. He is also a Principal with the Blake Magee Company, a Central Texas land development company he started in 1994, and has joined with partner Jay Hanna, a 31 year land development veteran, to form Hanna/Magee. Blake has been involved in land development in Central Texas for the past 36 years. Prior to starting the Blake Magee Company, he was Vice President of Mellon Properties Company (a subsidiary of Mellon Bank) and Director of Planning and Feasibility of Land Development for Nash Phillips Copus (NPC).

Blake has developed over 16,000 single family lots in the Austin Metropolitan Area and San Antonio in quality communities like Scofield Farms, Stone Canyon, Quest Village, Sunset Valley Meadows, Forest Oaks, Silver Oak, Mayfield Ranch, Meridian, The Ridge at Lantana, Brodie Springs, Loma Vista, The Preserve at River Place, The Villas at Treemont, Retreat at Travis Country, and Spicewood at Bullcreek to name a few. He is currently developing 10 new communities in Austin, Round Rock, Dripping Springs, Williamson County, Pflugerville and San Antonio. Over the past ten years, he has created and is developing lots in seven Municipal Utility Districts (MUD's) containing over 7,000 single-family lots.

Jay Hanna: Jay Hanna is a Principal with the J.A. Hanna Company, a Central Texas land development company that was started in 1996. In addition to J.A. Hanna Company, Jay and colleague Blake Magee created Hanna/Magee in 1998 that also focuses on land development opportunities in Austin and San Antonio. Jay has been involved in land brokerage and development in Central Texas for the past 31 years. Prior to starting J.A. Hanna Company, he was Vice President with Texas Commerce Bank, Vice President with Citadel Investments and Neiman Hanks Puryear Real Estate Company in Austin.

Jay, along with Hanna/Magee, has developed over 6,000 single family lots in the Austin Metropolitan Area and San Antonio in quality communities such as Quest Village, Meridian, The Preserve at Alamo Ranch, The Villas at Treemont, Stonewall Ranch and Stonewall Estates, to name a few. He is currently developing six new communities in Austin, Round Rock, Dripping Springs and San Antonio.

Development Manager

Blake Magee, President of the Landowner, is expected to have primary responsibility over the development management functions with respect to the District, including entitlement, project management, construction management, and local oversight. Through Blake Magee Company, Hanna/Magee and other affiliates, Blake Magee has been involved in the following notable developments in Central Texas:

Avalon in Pflugerville, Texas, is an approximately 580-acre master-planned community with approximately 1,500 residential lots, and has been in development since 2005. In addition to homes and recreational features, this community is located near Blackhawk Golf Course and Stone Hill Town Center, a 196-acre master planned development with approximately 1,000,000 square feet of retail and 9 anchor tenants.

Paloma Lake in Round Rock, Texas, is a 726-acre master-planned community expected to contain approximately 1,850 residential lots, and has been in development since 2006. The development includes various public amenities, including two amenity centers, a "fish camp", a pool, and hiking and walking trails.

Parkside at Mayfield Ranch in Round Rock, Texas, is a 370-acre master-planned community expected to contain approximately 1,128 residential lots that has been in development since 2006. The development includes a swim and community center, amenity center, and greenbelts and open space amenities.

Palmera Ridge & Palmera Bluff in Leander, Texas, is a 426-acre mixed-use master-planned community expected to contain approximately 1,100 lots and a 12-acre commercial/retail center. It has been under development since Fall of 2015, and is located at the former Kitty Hill Airport in Williamson County. Palmera Ridge rests just off Ronald Regan Boulevard north of Hero Way and minutes from 183-A and FM 1431. Upon completion, Palmera Ridge will house approximately 1,000 homes and will feature an amenity center, community pool, parks and wet ponds.

Balcones Creek in San Antonio, Texas, is a 233-acre master-planned community expected to contain approximately 571 residential lots that has been in development since 2012. The development includes amenities such as a swim and community center and a community garden. It is located in close proximity to The Shops at La Cantera retail development and the Fiesta Texas amusement park.

Fronterra at Westpointe in San Antonio, Texas, is a 300-acre master-planned community expected to contain approximately 1,000 residential lots that has been in development since 2014. This development features various amenities, including an amenity center and significant open space. It is located in close proximity to The Shops at La Cantera and Alamo Ranch Center retail developments and the Fiesta Texas amusement park.

See "BONDHOLDERS' RISK — Dependence Upon Landowner."

History and Financing of the District

The Property Acquisition. The Landowner was formed, for the purpose, among other things, of acquiring and developing property within the District. On September 20, 2017, the Landowner and its affiliate HMBRR LP

purchased approximately 250 acres within the District from Blanco River Ranch Properties LP (the "Seller"). Simultaneously, another affiliate of the Landowner, HMBRR LP #2, purchased approximately 608 acres within the District from the Seller subject to a Seller financed note back to the Seller (the "Seller Note"). The sole asset of each of HMBRR LP and HMBRR LP #2 is their respective land purchased from the Seller, and their sole liability is their respective acquisition note. While the Landowner expects to purchase the land owned by HMBRR LP and HMBRR LP #2 in the future, it is under no obligation to do so.

The Acquisition Financing. The original acquisition of property within the District by the Landowner was funded with equity by means of contributions made to Landowner by its shareholders and proceeds of the Development Loan (defined below).

The original acquisition of property within the District by HMBRR LP was funded by an acquisition loan from American Bank (the "Development Lender") in the amount of $5,000,000 (the "Acquisition Loan" and together with the Development Loan and the Seller Note, the "Development Financings"). The Acquisition Loan is secured by a Deed of Trust in favor of the Development Lender, which covers approximately 188.51 acres within the District (approximately 34 acres of which are in Section 3 of Improvement Area #1). The Acquisition Loan matures on September 21, 2022, and does not provide HMBRR LP an option to renew or extend the maturity date.

The original acquisition of property within the District by HMBRR LP #2 was funded by means of the Seller Note. The Seller Note is secured by a Deed of Trust in favor of the Seller on the property purchased by HMBRR LP #2.

The Development Financing. The Landowner obtained a $8,000,000 revolving line of credit, effective September 20, 2017, in part to provide refinancing of certain acquisition costs and other project related costs (the "Development Loan") from the Development Lender, for the purpose, among other things, of paying taxes, insurance and certain of the costs associated with the acquisition and development of Improvement Area #1 and the Future Improvement Areas. The Development Loan was initially secured by a Deed of Trust in favor of the Development Lender covering approximately 61.49 acres of property, which property was substantially comprised of Sections 1 and 2 of Improvement Area #1. With the exception of the 9 holdback Lots that have been retained by the Landowner for potential use as model home Lots, Section 1 of Improvement Area #1 has been released from such Deed of Trust.

The Development Loan matures on September 21, 2022, and the Development Loan does not provide the Landowner an option to renew or extend the maturity date. Interest accrues on the Development Loan at the prime rate plus 0.5%. The Landowner recently used the proceeds of the sale of Lots in Improvement Area #1 to pay down the Development Loan. As of February 20, 2019, the Landowner owed approximately $1,500,000 on the Development Loan.

The Landowner intends to repay the Development Financings from, among other things, the revenue generated from the sale to various third-party homebuilders of the single family lots developed in Improvement Area #1 of the District. The Development Financings are secured by a first lien on the applicable real and personal property covered by the applicable Deed of Trust as described above. The Development Loan and the Acquisition Loan are further secured by an assignment of all of Landowner's rights to payment, including rights under the Acquisition and Reimbursement Agreement. In the event of a default under the Development Financings by the Landowner, HMBRR LP or HMBRR LP #2, the Development Lender or the Seller, as applicable, will have the right to various remedies, including foreclosure of the applicable Deed of Trust.

The PID Act provides that the Assessment Lien is a first and prior lien against the assessed property within Improvement Area #1 of the District and is superior to all other liens and claims except liens or claims for State, county, school district, or municipality ad valorem taxes. Additionally, at or prior to delivery of the Series 2019 Bonds, the Development Lender will consent to and acknowledge the creation of the District, the levy of the Assessments and the subordination of the liens securing the Development Loan and the Acquisition Loan to the assessment liens on property within the District securing payment of the Assessments. As a result, the lien on the property within Improvement Area #1 securing the Assessments will have priority over the liens on the property within Improvement Area #1 securing the Development Loan, the Acquisition Loan and any other loans that may be obtained by the Landowner or its affiliates.

THE PID ADMINISTRATOR

The following information has been provided by P3Works, LLC, as the PID Administrator. Certain of the following information is beyond the direct knowledge of the City and the Underwriter, and neither the City nor the Underwriter have any way of guaranteeing the accuracy of such information.

The City has selected P3Works, LLC as the initial PID Administrator. The City has entered into an agreement for administration of the District with the PID Administrator to provide specialized services related to the administration of the District needed to support the issuance of the Series 2019 Bonds. The PID Administrator will primarily be responsible for preparing the annual update to the Service and Assessment Plan. The PID Administrator is a consulting firm focused on providing special taxing district services relating to the formation and administration of public improvement districts, and is based in Austin, Texas and Keller, Texas.

The PID Administrator's duties will include:

- Preparation of the annual update to the Service and Assessment Plan
- Preparation of assessment rolls for County billing and collection
- Establishing and maintaining a database of all County Parcel IDs within the District
- Trust account analysis and reconciliation
- Property owner inquires
- Determination of prepayment amounts
- Preparation and review of disclosure notices with Dissemination Agent
- Review of developer draw requests for reimbursement of authorized improvement costs.

APPRAISAL OF PROPERTY WITHIN IMPROVEMENT AREA #1 OF THE DISTRICT

The Appraisal

General. Barletta & Associates, Inc. (the "Appraiser"), prepared an appraisal report for the City dated February 27, 2019, based upon a physical inspection of the District conducted on February 15, 2019 (the "Appraisal"). The Appraisal was prepared at the request of the City and is addressed solely to the Underwriter for use in preparing an estimated value of property in connection with the issuance of the Series 2019 Bonds. The estimates of value presented in the Appraisal are no indication of the appraised property's actual market value. Investors should not assume that the disposition of the Lots in Improvement Area #1 in the event of default would provide sufficient funds to pay the principal of Series 2019 Bonds outstanding at that time. The Appraisal does not constitute a recommendation to any person to purchase or sell the Series 2019 Bonds. The description herein of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to Improvement Area #1 of the District. The Appraisal is attached hereto as APPENDIX F and should be read in its entirety. The conclusions reached in the Appraisal are subject to certain assumptions, hypothetical conditions and qualifications, which are set forth therein. See "APPENDIX F — Appraisal of Improvement Area #1."

Value Estimates. The Appraiser estimated the market value of the fee simple interest in the land comprising Improvement Area #1 (described as "Phase 1" in the Appraisal) of the District by gathering comparable market data and conducting a study of the market area for the purpose of providing the Appraiser's opinion of the "as is" market value in bulk of the 110 existing Lots in Section 1 of Phase 1, as well as the "upon completion" market values in bulk of the 121 proposed Lots in Section 2 of Phase 1 and the 103 proposed Lots in Section 3 of Phase 1. The sales comparison approach was used to conclude the market values of the bulk and retail revenue of the existing and proposed residential Lots. An income approach retail sell-out technique was then employed to derive the indicated "upon completion" bulk market values of the proposed Lots in Sections 2 and 3 of Phase 1. The Appraisal contains a number of assumptions, including that the marketing plan for Improvement Area #1 is for new homes with a price-point range of approximately $260,000 to $450,000, and M/I Homes, Trendmaker Homes,

Highland Homes and MHI, or comparable homebuilders, are the new homebuilders. See "APPENDIX F — Appraisal of Improvement Area #1."

The value estimate for the assessable property within Improvement Area #1 of the District using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal, as of its date, is $22,490,000.

None of the City, the Landowner nor the Underwriter makes any representation as to the accuracy, completeness, assumptions or information contained in the Appraisal. The assumptions or qualifications with respect to the Appraisal are contained therein. There can be no assurance that any such assumptions will be realized, and the City, the Landowner and the Underwriter make no representation as to the reasonableness of such assumptions.

In connection with the preparation of the Appraisal, the Appraiser may have reviewed the information supplied or otherwise made available to it by the City for reasonableness, has assumed and relied upon the accuracy and completeness of all such information and of all information supplied or otherwise made available to it by any other party, and did not undertake any duty or responsibility to verify independently any of such information. The Appraiser has not made or obtained, nor will it make or obtain, an independent valuation or appraisal of any other assets or liabilities (contingent or otherwise) other than the property in the District. With respect to operating or financial forecasts and other information and data provided to or otherwise reviewed by or discussed with the Appraiser, the Appraiser has assumed that such forecasts and other information and data were reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of the City's employees, representatives and advisors, as well as any corrections or updates to such forecasts and other information and data.

In performing its analyses, the Appraiser has made numerous other assumptions with respect to general business, economic and regulatory conditions and other matters, many of which are beyond the Appraiser's control and the City's control, as well as certain factual matters. For example, the Appraiser assumed that the owners of property in the District have clear and marketable title to the properties in the District, that no title defects exist unless the Appraiser was specifically informed to the contrary, that improvements were made in accordance with law, that no hazardous materials are present or were present previously, that no deed restrictions exist, and that no changes to zoning ordinances or regulations governing use, density or shape are pending or being considered. Furthermore, the Appraiser's analysis, opinions and conclusions are necessarily based upon market, economic, financial and other circumstances and conditions existing prior to the valuation. The foregoing is a summary of the standard assumptions, qualifications and limitations that generally apply to the Appraiser's appraisal reports.

The Appraiser confirms that the valuations included in the Appraisal were prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

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

The Series 2019 Bonds will not necessarily trade at values determined solely by reference to the underlying value of the properties in the District.

The intended use and user of the Appraisal are specifically identified in the Appraisal as agreed upon in the contract for services and/or reliance language found in the Appraisal. Barletta & Associates, Inc. has consented to the use of the Appraisal in this Limited Offering Memorandum in connection with the issuance of the Series 2019 Bonds. No other use or user of the Appraisal is permitted by any other party for any other purpose.

BONDHOLDERS' RISKS

Before purchasing any of the Series 2019 Bonds, prospective investors and their professional advisors should carefully consider all of the risk factors described below which may create possibilities wherein interest may not be paid when due or that the Series 2019 Bonds may not be paid at maturity or otherwise as scheduled, or, if paid, without premium, if applicable. The following risk factors (which are not intended to be an exhaustive listing of all possible risks associated with an investment in the Series 2019 Bonds) should be carefully considered prior to purchasing any of the Series 2019 Bonds. Moreover, the order of presentation of the risks summarized below does not necessarily reflect the significance of such investment risks.

THE SERIES 2019 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE SERIES 2019 BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE SERIES 2019 BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE SERIES 2019 BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY'S TAXING POWER TO PAY THE PRINCIPAL OF THE SERIES 2019 BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE SERIES 2019 BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE.

General

The ability of the City to pay debt service on the Series 2019 Bonds as due is subject to various factors that are beyond the City's control. These factors include, among others, (a) the ability or willingness of property owners within the District to pay Assessments levied by the City, (b) cash flow delays associated with the institution of foreclosure and enforcement proceedings against property within Improvement Area #1 of the District, (c) general and local economic conditions that may impact real property values, the ability to liquidate real property holdings and the overall value of real property development projects, and (d) general economic conditions which may impact the general ability to market and sell the lots within the District, it being understood that poor economic conditions within the City, State and region may slow the assumed pace of sales of such lots.

The rate of development of the property in the District is directly related to the vitality of the residential housing industry. In the event that the sale of the lands within the District should proceed more slowly than expected and the Landowner is unable to pay the Assessments, only the value of the lands, with improvements, will be available for payment of the debt service on the Series 2019 Bonds, and such value can only be realized through the foreclosure or expeditious liquidation of the lands within Improvement Area #1 of the District. There is no assurance that the value of such lands will be sufficient for that purpose and the expeditious liquidation of real property through foreclosure or similar means is generally considered to yield sales proceeds in a lesser sum than might otherwise be received through the orderly marketing of such real property.

The Underwriter is not obligated to make a market in or repurchase any of the Series 2019 Bonds, and no representation is made by the Underwriter, the City or the City's Financial Advisor that a market for the Series 2019 Bonds will develop and be maintained in the future. If a market does develop, no assurance can be given regarding future price maintenance of the Series 2019 Bonds.

The City has not applied for or received a rating on the Series 2019 Bonds. The absence of a rating could affect the future marketability of the Series 2019 Bonds. There is no assurance that a secondary market for the Series 2019 Bonds will develop or that holders who desire to sell their Series 2019 Bonds prior to the stated maturity will be able to do so.

Failure or Inability to Complete Proposed Development

Proposed development within the District (including the foregoing) may be affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, changes in the income tax treatment of real property ownership, unexpected increases in development costs and other similar factors as well as availability of utilities and the development or existence of environmental concerns with such land. See "Availability of Utilities" and "Hazardous Substances" below. Land development within the District could also be affected adversely by changes in governmental policies, including, but not limited to, governmental policies to restrict or control development. (Any approvals needed in the future for the Development must come from the City.) There can be no assurances that other similar projects will not be developed in the future or that existing projects will not be upgraded or otherwise able to compete with the Development. A slowdown of the development process and the related absorption rate within the Development because of any or all of the foregoing could affect adversely land values. THE TIMELY PAYMENT OF THE SERIES 2019 BONDS DEPENDS UPON THE WILLINGNESS AND ABILITY OF THE LANDOWNER AND ANY SUBSEQUENT OWNERS TO PAY THE ASSESSMENTS WHEN DUE. ANY OR ALL OF THE FOREGOING COULD REDUCE THE WILLINGNESS AND THE ABILITY OF SUCH OWNERS TO PAY THE ASSESSMENTS AND COULD GREATLY REDUCE THE VALUE OF PROPERTY WITHIN IMPROVEMENT AREA #1 IN THE EVENT SUCH PROPERTY HAS TO BE FORECLOSED. In that event, there could be a default in the payment of the Series 2019 Bonds.

Completion of the Improvement Area #1 Projects

The construction of some of the Improvement Area #1 Projects that are necessary for the successful development of the Development are not yet complete. The cost and time for completion of all of such improvements is uncertain and may be affected by changes in national, regional and local and economic conditions; changes in long and short term interest rates; changes in the climate for real estate purchases; changes in demand for or supply of competing properties; changes in local, regional and national market and economic conditions; unanticipated development costs, market preferences and architectural trends; unforeseen environmental risks and controls; the adverse use of adjacent and neighboring real estate; changes in interest rates and the availability of mortgage funds to buyers of the homes to be built in the Development, which may render the sale of such homes difficult or unattractive; acts of war, terrorism or other political instability; delays or inability to obtain governmental approvals; changes in laws; moratorium; force majeure (which may result in uninsured losses); strikes; labor shortages; energy shortages; material shortages; inflation; adverse weather conditions; subcontractor defaults; and other unknown contingencies and factors beyond the control of the Landowner or its affiliates. If cost overruns result in delay of construction, or if other delays are experienced, the Landowner may be unable to complete timely all of such necessary improvements.

Absorption Rate

There can be no assurance that the Landowner will be able to achieve its anticipated absorption rates. Failure to achieve the absorption rate estimates will adversely affect the estimated value of the Development, could impair the economic viability of the Development and could reduce the ability or desire of property owners to pay the Assessments.

Assessment Limitations

Annual Installments of Assessments are billed to property owners in Improvement Area #1 of the District. Annual Installments are due and payable, and bear the same penalties and interest for non-payment, as for ad valorem taxes as set forth under "ASSESSMENT PROCEDURES" herein. Additionally, Annual Installments established by the Service and Assessment Plan correspond in number and proportionate amount to the number of installments and principal amounts of Series 2019 Bonds maturing in each year, Annual Collection Costs, and the Additional Interest. See "ASSESSMENT PROCEDURES" herein. The unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Annual Installments of Assessment payments in the future.

In order to pay debt service on the Series 2019 Bonds, it is necessary that Annual Installments are paid in a timely manner. Due to the lack of predictability in the collection of Annual Installments in the District, the City has established a Reserve Account in the Reserve Fund, to be funded from the proceeds of the Series 2019 Bonds, to cover delinquencies. The Annual Installments are secured by the Assessment Lien. However, there can be no assurance that foreclosure proceedings will occur in a timely manner so as to avoid depletion of the Reserve Account and delay in payments of debt service on the Series 2019 Bonds. See "BONDHOLDERS' RISKS — Remedies and Bankruptcy" herein.

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

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

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

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

Failure by owners of the parcels to pay Annual Installments when due, depletion of the Reserve Fund, delay in foreclosure proceedings, or the inability of the City to sell parcels which have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent installments of Assessments levied against such parcels may result in the inability of the City to make full or punctual payments of debt service on the Series 2019 Bonds.

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

Risks Related to the Current Real Estate Market

In the past, the real estate market has experienced significant slowing of new home sales and new home closings due in part to the subprime mortgage crisis involving adjustable rate mortgages and other creative mortgage financing tools that allowed persons with higher credit risk to buy homes. The economic crisis that resulted from

higher interest rates, at a time when many subprime mortgages were due to reset their interest rates, has served to reduce the availability of mortgages to many potential home buyers, making entry into the real estate market difficult. These downturns in the real estate market and other factors beyond the control of the Landowner, including general economic conditions, may impact the timing of lot and home sales within the District.

Competition

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

Competitive projects in the area include, but are not limited to:

Project Name	Development Manager	Prices ($1,000s)[4]	Approximate Distance in miles to Development
Crosswinds	Siepiela Interests, LLC[1]	$210 - $340	7
Cypress Forest	Unknown	$285 - $456	1-2
Stonefield	Unknown	$230 - $324	8
Sunfield/Creekview	Unknown	$282 - $425	9
Sunfield	Scarborough Lane Development[2]	$206 - $410	9
White Oak Preserve	M/I Homes[3]	$281 - $351	8

[1] Per Official Statement of Crosswinds Municipal Utility District dated October 11, 2018.
[2] Per Official Statement of Sunfield Municipal Utility District No. 1 dated November 8, 2018.
[3] Per M/I Homes' website.
[4] Per the Appraisal.

Loss of Tax Exemption

The Indenture contains covenants by the City intended to preserve the exclusion from gross income of interest on the Series 2019 Bonds for federal income tax purposes. As discussed under the caption "TAX MATTERS" herein, interest on the Series 2019 Bonds could become includable in gross income for purposes of federal income taxation, retroactive to the date the Series 2019 Bonds were issued, as a result of future acts or omissions of the City in violation of its covenants in the Indenture.

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or State level, may adversely affect the tax-exempt status of interest on the Series 2019 Bonds under federal or State law and could affect the market price or marketability of the Series 2019 Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Series 2019 Bonds should consult their own tax advisors regarding the foregoing matters.

Bankruptcy

The payment of Assessments and the ability of the City to foreclose on the lien of a delinquent unpaid Assessment may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. Although bankruptcy proceedings would not cause the Assessments to become extinguished, bankruptcy of a property owner in all likelihood would result in a delay in prosecuting foreclosure proceedings. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the Series 2019 Bonds, and the possibility that delinquent Assessments might not be paid in full.

Direct and Overlapping Indebtedness, Assessments and Taxes

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

Depletion of Reserve Fund

Failure of the owners of property within the District to pay the Assessments when due could result in the rapid, total depletion of the accounts in the Reserve Fund prior to replenishment from the resale of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of and interest on the Series 2019 Bonds if sufficient amounts are not available in the Reserve Fund. The Indenture provides that if, after a withdrawal from the Reserve Fund, the amount in the Reserve Fund is less than the Reserve Account Requirement, the Trustee shall transfer an amount from the Pledged Revenue Fund to the Reserve Account of the Reserve Fund sufficient to cure such deficiency, as described under "SECURITY FOR THE SERIES 2019 BONDS — Reserve Account of the Reserve Fund" herein.

Hazardous Substances

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

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

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

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

Regulation

Development within the District may be subject to future federal, State and local regulations. Approval may be required from various agencies from time to time in connection with the layout and design of development in the District, the nature and extent of public improvements, land use, zoning and other matters. Failure to meet

any such regulations or obtain any such approvals in a timely manner could delay or adversely affect development in the District and property values.

Effects of Future Legislation

In October 2017, the Texas House and the Texas Senate issued interim charges to the Committee on Special Purpose Districts and the Intergovernmental Relations Committee (collectively, the "Interim Committees"), respectively, requesting the study of special purpose districts and public improvement districts and potential bond issuance reforms. The charges to the Interim Committees included review, hearings and testimony related to changes to and oversight of bonds secured by special assessments. Prior to the 2019 Texas legislative session, the Interim Committees made recommendations to the Legislature on how to regulate special assessment revenue bonds, and possibly establish parameters on the use of public improvement districts as financing vehicles.

The 2019 Texas legislative session convened on January 8, 2019 and will end on May 29, 2019. It is impossible to predict what bills may be introduced during the 2019 Texas legislative session or any other upcoming legislative sessions, whether such new proposals or any previous proposals will be recommended by the Interim Committees or new bills regarding the same will be passed by the Texas Senate and House of Representatives and signed by the Governor, and, if enacted, the form thereof. It is impossible to predict with certainty the impact that any such future legislation will or may have on the City's ability to operate and maintain the District or to issue Additional Improvement Area #1 Bonds or Future Area Improvement Bonds.

100-Year Flood Plain

As shown on the current Federal Emergency Management Agency's Flood Insurance Rate Map Panel 48209C0270F, none of Improvement Area #1 is located within an official FEMA 100-year flood plain. Certain portions of the Future Improvement Areas are currently located within an official FEMA 100-year flood plain. Per the Landowner, each lot within the Future Improvement Areas is intended to be removed from such flood plain by a Conditional Letter of Map Revision or Letter of Map Revision as the Development progresses. However, the District is located within five miles of the Blanco River, which experienced severe flooding in 2015. The City cannot predict whether or when another such flooding event will occur, and if so, whether the Development would be negatively impacted by such an event.

Exercise of Mineral and Groundwater Rights

As described herein under "THE DEVELOPMENT – Existing Mineral and Groundwater Rights," there are certain mineral and groundwater rights reservations located within the District and not owned by the Landowner. There may also be additional mineral and groundwater rights and related real property rights reflected in the chain of title for the real property within the District recorded in the real property records of Hays County.

The Landowner does not expect the existence or exercise of any mineral or and groundwater rights or related real property rights in or around the District to have a material adverse effect on the Development, the property within the District, or the ability of landowners within the District to pay Assessments. However, none of the City, the Financial Advisor or the Underwriter, provide any assurances as to such Landowner expectations.

Bondholders' Remedies and Bankruptcy

Upon the happening and continuance of any one or more of the Events of Default under the Indenture, the Trustee may, and at the written direction of the Owners of a Quarter in Interest of the Bonds shall, proceed against the City for the purpose of protecting and enforcing the rights of the Owners under the Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by the Indenture or by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that any action for money damages against the City shall be limited in recovery to the assets of the Trust Estate, including the Pledged Revenues. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the City's obligations under the Bonds or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of

the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The owners of the Bonds cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the owners of the Bonds further may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. In this regard, should the City file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the City to seek judicial foreclosure of its Assessment Lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "BONDHOLDERS' RISKS — Bankruptcy Limitation to Bondholders' Rights" herein.

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

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

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

The City is not aware of any Texas court construing the Local Government Immunity Waiver Act in the context of whether contractual undertakings of local governments that relate to their borrowing powers are contracts covered by such act. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages in the absence of City action, the Trustee or the owners of the Series 2019 Bonds may not be able to bring such a suit against the City for breach of the Series 2019 Bonds or the Indenture covenants. As noted above, the Indenture provides that owners of the Series 2019 Bonds may exercise the remedy of mandamus to enforce the obligations of the City under the Indenture. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally-imposed ministerial duties necessary for the performance of a valid contract to

which the State or a political subdivision of the State is a party (including the payment of moneys due under a contract).

Judicial Foreclosures

Judicial foreclosure proceedings are not mandatory; however, the City has covenanted to order and cause such actions to be commenced. In the event a foreclosure is necessary, there could be a delay in payments to owners of the Series 2019 Bonds pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale. It is possible that no bid would be received at the foreclosure sale, and, in such event, there could be an additional delay in payment of the principal of and interest on the Series 2019 Bonds or such payment may not be made in full. Moreover, in filing a suit to foreclose, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property; the proceeds of any sale of property within the District available to pay debt service on the Series 2019 Bonds may be limited by the existence of other tax liens on the property. (See "OVERLAPPING TAXES AND DEBT" herein.) Collection of delinquent taxes, assessments and the Assessments may be adversely affected by the effects of market conditions on the foreclose sale price, and by other factors, including taxpayers' right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property, and by a time-consuming and expensive collection procedure.

No Acceleration

The Indenture does not contain a provision allowing for the acceleration of the Series 2019 Bonds in the event of a payment default or other default under the terms of the Series 2019 Bonds or the Indenture.

Bankruptcy Limitation to Bondholders' Rights

The enforceability of the rights and remedies of the owners of the Series 2019 Bonds may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. The City is authorized under Texas law to voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. 901-946. The City may proceed under Chapter 9 if it (1) is generally not paying its debts, or unable to meet its debts, as they become due, (2) desires to effect a plan to adjust such debts, and (3) has either obtained the agreement of or negotiated in good faith with its creditors, is unable to negotiate with its creditors because negotiation is impracticable, or reasonably believes that a creditor may attempt to obtain a preferential transfer.

If the City decides in the future to proceed voluntarily under the Federal Bankruptcy Code, the City would develop and file a plan for the adjustment of its debts, and the Bankruptcy Court would confirm the plan if (1) the plan complies with the applicable provisions of the Federal Bankruptcy Code, (2) all payments to be made in connection with the plan are fully disclosed and reasonable, (3) the City is not prohibited by law from taking any action necessary to carry out the plan, (4) administrative expenses are paid in full, (5) all regulatory or electoral approvals required under Texas law are obtained and (6) the plan is in the best interests of creditors and is feasible. The rights and remedies of the owners of the Series 2019 Bonds would be adjusted in accordance with the confirmed plan of adjustment of the City's debt.

Management and Ownership

The management and ownership of the Landowner and related property owners could change in the future. Purchasers of the Series 2019 Bonds should not rely on the management experience of such entities. There are no assurances that such entities will not sell the subject property or that officers will not resign or be replaced. In such circumstances, a new developer or new officers in management positions may not have comparable experience in projects comparable to the Development.

General Risks of Real Estate Investment and Development

Investments in undeveloped or developing real estate are generally considered to be speculative in nature and to involve a high degree of risk. The Development will be subject to the risks generally incident to real estate

investments and development. Many factors that may affect the Development, as well as the operating revenues of the Landowner, including those derived from the Development, are not within the control of the Landowner. Such factors include changes in national, regional and local economic conditions; changes in long and short term interest rates; changes in the climate for real estate purchases; changes in demand for or supply of competing properties; changes in local, regional and national market and economic conditions; unanticipated development costs, market preferences and architectural trends; unforeseen environmental risks and controls; the adverse use of adjacent and neighboring real estate; changes in interest rates and the availability of mortgage funds to buyers of the homes to be built in the Development, which may render the sale of such homes difficult or unattractive; acts of war, terrorism or other political instability; delays or inability to obtain governmental approvals; changes in laws; moratorium; acts of God (which may result in uninsured losses); strikes; labor shortages; energy shortages; material shortages; inflation; adverse weather conditions; contractor or subcontractor defaults; and other unknown contingencies and factors beyond the control of the Landowner. Furthermore, the operating revenues of the Landowner may be materially adversely affected if specific conditions in the lot purchase contracts are not met. Failure to meet the lot purchase contract's conditions allows the applicable lot purchaser to terminate its obligation to purchase lots from the Landowner and obtain its earnest money deposit back.

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

Availability of Utilities

The progress of development within the District is also dependent upon the City providing an adequate water and wastewater service to the Development. If the City fails to provide water and wastewater services to the property in the District, the Development cannot be substantially completed and the builders will not purchase lots to construct homes. See "THE DEVELOPMENT — Utilities."

Dependence Upon Landowner

Initial Liability for Assessments. The Landowner, as the owner of 233 of the 334 existing and proposed Lots within Improvement Area #1, currently has the obligation for the payment of approximately 71.62% of the total Assessments. With the exception of 9 Lots retained by the Landowner that may be used as model home Lots, the Landowner is under contract to sell all of the Lots within Improvement Area #1 to homebuilders, but until the Landowner closes on the sale of the remaining Lots to homebuilders or other third-parties, the ability of the Landowner to make full and timely payment of the Assessments will directly affect the ability of the City to meet its debt service obligations with respect to the Series 2019 Bonds. The sole assets of the Landowner are land within the District, the proceeds from the sale of prior Lots within the District, related permits and development rights and the operation/development fund account established as a part of the Development Loan.

The City will pay the Landowner, or the Landowner's designee, from proceeds of the Series 2019 Bonds for project costs actually incurred in developing and constructing the Improvement Area #1 Projects within the District. See "THE IMPROVEMENTS — General" and "— Improvement Area #1 Projects." There can be no assurances given as to the financial ability of the Landowner to complete such improvements.

The source of funding for future land development activities and infrastructure construction to develop the lots proposed for the District also consists of proceeds from Additional Improvement Area #1 Bonds and Future Improvement Area Bonds and proceeds of lot sales, as well as possible bank financing and equity contributions by the Landowner and its shareholders. There can be no assurances given as to the financial ability of the Landowner to advance any funds to the City to supplement revenues from the Assessments if necessary, or as to whether the Landowner will advance such funds.

TAX MATTERS

Tax Exemption

In the opinion of Bickerstaff Heath Delgado Acosta LLP, Bond Counsel to the City, assuming continuing compliance by the City with the tax covenants described below, under existing law, interest on the Series 2019 Bonds is excludable for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), and will not constitute a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals.

In rendering its opinion, Bond Counsel has relied on the City's covenants contained in the Indenture and the City's covenants contained in the Federal Tax Certificate, that each will comply with the applicable requirements of the Code, relating to, inter alia, the use and operation of the project and the use and investment of proceeds of the Series 2019 Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the City to comply with such covenants could result in the interest on the Series 2019 Bonds being subject to federal income tax from the date of issue of the Series 2019 Bonds. Bond Counsel has not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date of issuance of the Series 2019 Bonds that may affect the tax-exempt status of the interest.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Series 2019 Bonds.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Series 2019 Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Series 2019 Bonds could adversely affect the value and liquidity of the Series 2019 Bonds during the pendency of the audit regardless of the ultimate outcome of the audit.

Collateral Federal Income Tax Consequences

Prospective purchasers of the Series 2019 Bonds should be aware that the ownership of the Series 2019 Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, holders who may be deemed to have incurred or continued indebtedness to acquire or carry tax-exempt obligations, holders of certain interests in a financial asset securitization investment trust, controlled foreign corporations, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Series 2019 Bonds will constitute disqualified income for this purpose. The Code also provides that for years beginning after December 31, 2010, the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Series 2019 Bonds will be included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by the household income. Section 36B(d) of the Code provides that household income consists of the modified adjusted gross income of the taxpayer and certain other individuals. Modified adjusted gross income

means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Series 2019 Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Series 2019 Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Series 2019 Bonds, received or accrued during the year.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the Series 2019 Bonds received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the Series 2019 Bonds, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year, if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than designated "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code.

Tax Accounting Treatment of Discount and Premium on Certain Series 2019 Bonds

The initial public offering price of certain discount Series 2019 Bonds (the "Discount Series 2019 Bonds") may be less than the amount payable on such Series 2019 Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Series 2019 Bond (assuming that a substantial amount of the Discount Series 2019 Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Series 2019 Bond. A portion of such original issue discount allocable to the holding period of such Discount Series 2019 Bond by the initial purchaser will, upon the disposition of such Discount Series 2019 Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Series 2019 Bonds described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Series 2019 Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Series 2019 Bond and generally will be allocated to an original purchaser in a different amount from the amount of the payment denominated as interest actually received by the original purchaser during the tax year. However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation's alternative minimum tax imposed by Section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with "subchapter C" earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Series 2019 Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Series 2019 Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Series 2019 Bond was held) is includable in gross income. Owners of Discount Series 2019 Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Series 2019 Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Series 2019 Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Series 2019 Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Series 2019 Bonds (the "Premium Series 2019 Bonds") may be greater than the amount payable on such Series 2019 Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Series 2019 Bond (assuming that a substantial amount of the Premium Series 2019 Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Series 2019 Bonds. The basis for federal income tax purposes of a Premium Series 2019 Bond in the hands of such initial purchaser must be reduced each year by the amortizable Series 2019 Bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Series 2019 Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Series 2019 Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Series 2019 Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Series 2019 Bonds.

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Series 2019 Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the United States Congress and in the states that, if enacted, could alter or amend the Federal and State tax matters referred to above or adversely affect the market value or marketability of the Series 2019 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value or marketability of the Series 2019 Bonds.

Prospective purchasers of the Series 2019 Bonds should consult with their own tax advisors regarding any other federal income tax legislation, whether currently pending or proposed, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2019 Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

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

LEGAL MATTERS

Legal Proceedings

Delivery of the Series 2019 Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General to the effect that the Series 2019 Bonds are valid and legally binding obligations of the City under the Constitution and laws of the State, payable from the Trust Estate and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Series 2019 Bonds, the legal opinion of Bond Counsel, to a like effect.

Bickerstaff Heath Delgado Acosta LLP, serves as Bond Counsel to the City. Orrick, Herrington & Sutcliffe LLP serves as Underwriter's Counsel. The legal fees paid to Bond Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Series 2019 Bonds.

Legal Opinions

The City will furnish the Underwriter a transcript of certain certified proceedings incident to the authorization and issuance of the Series 2019 Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State, to the effect that the Series 2019 Bonds are valid and binding special, limited obligations of the City. The City will also furnish the legal opinion of Bond Counsel, to the effect that, based upon an examination of such transcript, the Series 2019 Bonds are valid and binding special, limited obligations of the City under the Constitution and laws of the State. The legal opinion of Bond Counsel will further state that the Series 2019 Bonds, including principal of and interest thereon, are payable from and secured by a pledge of and lien on the Trust Estate. Bond Counsel will also provide a legal opinion to the effect that interest on the Series 2019 Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described above under the caption "TAX MATTERS," including the alternative minimum tax consequences for corporations. A copy of the opinion of Bond Counsel is attached hereto as "APPENDIX D —Form of Opinion of Bond Counsel."

Except as noted below, Bond Counsel did not take part in the preparation of the Limited Offering Memorandum, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Series 2019 Bonds in the Limited Offering Memorandum under the captions or subcaptions "PLAN OF FINANCE — The Series 2019 Bonds" (except for the last paragraph thereof), "DESCRIPTION OF THE SERIES 2019 BONDS," "SECURITY FOR THE SERIES 2019 BONDS," "ASSESSMENT PROCEDURES" (except for the subcaptions "Assessment Methodology" and "Assessment Amounts"), "THE DISTRICT," "TAX MATTERS," "LEGAL MATTERS — Legal Proceedings," "LEGAL MATTERS — Legal Opinions," "CONTINUING DISCLOSURE — The City," "REGISTRATION AND QUALIFICATION OF SERIES 2019 BONDS FOR SALE," "LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS" and APPENDIX B and such firm is of the opinion that the information relating to the Series 2019 Bonds, the Bond Ordinance, the Assessment Ordinance and the Indenture contained therein fairly and accurately describes the laws and legal issues addressed therein and, with respect to the Series 2019 Bonds, such information conforms to the Bond Ordinance, the Assessment Ordinance and the Indenture.

The various legal opinions to be delivered concurrently with the delivery of the Series 2019 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Litigation — The City

At the time of delivery and payment for the Series 2019 Bonds, the City will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to its knowledge, overtly threatened against the City affecting the existence of the District, or seeking to restrain or to enjoin the sale or delivery of the Series 2019 Bonds, the application of the proceeds thereof, in accordance with the Indenture, or the collection or application of the Assessments securing the Series 2019 Bonds, or in any way contesting or affecting the validity or enforceability of the Series 2019 Bonds, the Assessment Ordinance, the Indenture, any action of the City contemplated by any of the said documents, or the collection or application of the Trust Estate, or in any way contesting the completeness or accuracy of this Limited Offering Memorandum or any amendment or supplement thereto, or contesting the powers of the City or its authority with respect to the Series 2019 Bonds or any action of the City contemplated by any documents relating to the Series 2019 Bonds.

Litigation — The Landowner

At the time of delivery and payment for the Series 2019 Bonds, Landowner will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory body, public board or body pending, or, to the best knowledge of Landowner, threatened against or affecting Landowner wherein an unfavorable decision, ruling or finding would have a material adverse effect on the

financial condition or operations of Landowner or its officers or would adversely affect (1) the transactions contemplated by, or the validity or enforceability of, the Series 2019 Bonds, the Indenture, the Bond Ordinance, the Service and Assessment Plan, the Acquisition and Reimbursement Agreement, the Development Agreement, the Financing Agreement, or the Bond Purchase Agreement, or otherwise described in this Limited Offering Memorandum, or (2) the tax-exempt status of interest on the Series 2019 Bonds.

SUITABILITY FOR INVESTMENT

Investment in the Series 2019 Bonds poses certain economic risks. See "BONDHOLDERS' RISKS". The Series 2019 Bonds are not, at this time, rated by any nationally recognized municipal securities rating service. No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or make any representations, other than those contained in this Limited Offering Memorandum, and, if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. Additional information will be made available to each prospective investor, including the benefit of a site visit to the City and the opportunity to ask questions of the Landowner, as such prospective investor deems necessary in order to make an informed decision with respect to the purchase of the Series 2019 Bonds.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Series 2019 Bonds upon an event of default under the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay. See "BONDHOLDERS' RISKS — Remedies and Bankruptcy." Under existing constitutional and statutory law and judicial decisions, including the federal bankruptcy code, the remedies specified by the Indenture and the Series 2019 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2019 Bonds will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors and enacted before or after such delivery.

NO RATING

No application for a rating on the Series 2019 Bonds has been made to any rating agency, nor is there any reason to believe that the City would have been successful in obtaining an investment grade rating for the Series 2019 Bonds had application been made.

CONTINUING DISCLOSURE

The City

Pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), the City and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc. (in such capacity, the "Dissemination Agent") have entered into a Continuing Disclosure Agreement (the "Disclosure Agreement of the Issuer") for the benefit of the Owners of the Series 2019 Bonds (including owners of beneficial interests in the Series 2019 Bonds), to provide, by certain dates prescribed in the Disclosure Agreement of the Issuer, certain financial information and operating data relating to the City (collectively, the "City Reports"). The specific nature of the information to be contained in the City Reports is set forth in "APPENDIX E-1 — Form of Disclosure Agreement of the Issuer." Under certain circumstances, the failure of the City to comply with its obligations under the Disclosure Agreement of the Issuer constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Disclosure Agreement of the Issuer would allow the Owners of the Bonds (including owners of beneficial interests in the Series 2019 Bonds) to bring an action for specific performance.

The City has agreed to update information and to provide notices of certain specified events only as provided in the Disclosure Agreement of the Issuer. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided in this Limited Offering Memorandum, except as provided in the Disclosure Agreement of the Issuer. The City makes no representation or warranty concerning such information or

concerning its usefulness to a decision to invest in or sell the Series 2019 Bonds at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of the Disclosure Agreement of the Issuer or from any statement made pursuant to the Disclosure Agreement of the Issuer.

The City's Compliance with Prior Undertakings

During the last five years, the City has complied in all material respects with all continuing disclosure agreements made by the City in accordance with the Rule, except as follows:

For its continuing disclosure annual filing for Fiscal Year 2010, the City, in part, intended to include certain information in its Official Statement dated October 1, 2010 which had been filed on EMMA. However, the City did not specifically incorporate by reference such information in its continuing disclosure filing for that fiscal year. On April 15, 2015 the City filed a notice specifically incorporating by reference such information in such filing, as well as a notice of late filing of such information.

The City entered into a continuing disclosure undertaking with the Guadalupe-Blanco River Authority (the "Authority") in connection with the Authority's issuance of its $15,660,000 Combination Contract Revenue, Subordinate Water Resources Division Revenue, and Surplus Water Project Revenue Bonds, Series 2004A (IH 35). In connection with that agreement, the City failed to make timely filings of certain financial information for fiscal years ended 2010-2013. All documents have since been filed along with notices of late filing, and the City has instituted procedures to ensure future compliance with that undertaking on a timely basis.

On March 11, 2014, S&P Global Ratings upgraded the City's underlying rating from "A+" to "AA-". On March 18, 2014, Standard & Poor's upgraded certain issues of the City's bonds insured by Assured Guaranty Municipal Corp. from "AA-" to "AA". Due to administrative oversight by the City's dissemination agent, notices of these upgrades were posted late on April 11, 2014 and June 9, 2014, respectively. The City has established procedures with its dissemination agent to monitor and timely report rating changes.

The Landowner

The Landowner, the PID Administrator, and the Dissemination Agent will, in connection with the issuance of the Series 2019 Bonds, enter into a Continuing Disclosure Agreement (the "Disclosure Agreement of the Landowner") for the benefit of the Owners of the Series 2019 Bonds (including owners of beneficial interests in the Series 2019 Bonds), to provide, by certain dates prescribed in the Disclosure Agreement of the Landowner, certain information regarding Improvement Area #1 and the Improvement Area #1 Projects (collectively, the "Landowner Reports"). The specific nature of the information to be contained in the Landowner Reports is set forth in "APPENDIX E-2 — Form of Disclosure Agreement of the Landowner." Under certain circumstances, the failure of the Landowner or the PID Administrator to comply with its obligations under the Disclosure Agreement of the Landowner constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Disclosure Agreement of the Landowner would allow the Owners of the Series 2019 Bonds (including owners of beneficial interests in the Series 2019 Bonds) to bring an action for specific performance.

The Landowner has agreed to provide (i) certain updated information to the PID Administrator, which consultant will prepare and provide such updated information in report form and (ii) notices of certain specified events, only as provided in the Disclosure Agreement of the Landowner. The Landowner has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided in this Limited Offering Memorandum, except as provided in the Disclosure Agreement of the Landowner. The Landowner makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Series 2019 Bonds at any future date. The Landowner disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of the Disclosure Agreement of the Landowner or from any statement made pursuant to the Disclosure Agreement of the Landowner.

The Landowner's Compliance with Prior Undertakings

The Landowner has not previously entered into any continuing disclosure agreements in accordance with the Rule.

UNDERWRITING

FMSbonds, Inc. (the "Underwriter") has agreed to purchase the Series 2019 Bonds from the City at a purchase price of $_____ (the par amount of the Series 2019 Bonds, less an underwriting discount of $_____, which includes Underwriter's Counsel's fee) and no accrued interest. The Underwriter's obligations are subject to certain conditions precedent and if obligated to purchase any of the Series 2019 Bonds the Underwriter will be obligated to purchase all of the Series 2019 Bonds. Subject to certain restrictions contained in the Bond Purchase Agreement, the Series 2019 Bonds may be offered and sold by the Underwriter at prices lower than the initial offering prices stated on the inside cover page hereof, and such initial offering prices may be changed from time to time by the Underwriter.

REGISTRATION AND QUALIFICATION OF SERIES 2019 BONDS FOR SALE

The sale of the Series 2019 Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Series 2019 Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Series 2019 Bonds been qualified under the securities acts of any other jurisdiction. The City assumes no responsibility for qualification of the Series 2019 Bonds under the securities laws of any jurisdiction in which the Series 2019 Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Series 2019 Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

The PID Act and Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code, as amended) provide that the Series 2019 Bonds are negotiable instruments and investment securities governed by Chapter 8, Texas Business and Commerce Code, as amended, and are legal and authorized investments for insurance companies, fiduciaries, trustees, or for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Series 2019 Bonds by municipalities or other political subdivisions or public agencies of the State, the Texas Public Funds Investment Act (the "PFIA") requires that the Series 2019 Bonds be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. See "NO RATING" above. In addition, the PID Act and various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Series 2019 Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Series 2019 Bonds are eligible to secure deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Series 2019 Bonds are legal investments for various institutions in those states. No representation is made that the Series 2019 Bonds will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes.

The City made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Series 2019 Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Series 2019 Bonds for such purposes.

INVESTMENTS

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

LEGAL INVESTMENTS … Under State law, the City is authorized to invest in obligations meeting the requirements of the Texas Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended (the "PFIA") which may include: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (the "FDIC") or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund (the "NCUSIF") or their respective successors; (8) interest-bearing banking deposits, other than those described in clause (7), that (i) are invested through a broker or institution with a main office or branch office in this state and selected by the City in compliance with the PFIA, (ii) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the City's account, (iii) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States, and (iv) the City appoints as its custodian of the banking deposits, in compliance with the PFIA, the institution in clause (8)(i) above, a bank, or a broker-dealer; (9) certificates of deposit and share certificates meeting the requirements of the PFIA (i) that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8), above, or secured in accordance with Chapter 2257, Texas Government Code, or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City through a broker or institution that has a main office or branch office in the State and selected by the City in compliance with the PFIA, (b) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the account of the City, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (d) the City appoints, in compliance with the PFIA, the institution in clause (9)(ii)(a) above, a bank, or broker-dealer as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described by clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with a stated maturity of 270 days or less, if the short-term obligations of the accepting bank, or of the holding company of which the bank is the largest subsidiary, are rated not less than "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1" or an equivalent by either (i) two nationally recognized credit rating agencies, or (ii) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission and complies with Securities and Exchange Commission Rule 2a-7; (14) no-load money market mutual funds that are registered and regulated by the Securities and Exchange Commission that have a weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations approved in this paragraph, or (ii) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset backed securities; (15) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (1), excluding obligations which the City is explicitly prohibited from investing in, and in an amount at least equal to the amount of bond proceeds invested under such contract; and (16) securities lending programs if (i) the securities loaned under the program are 100% collateralized, including accrued income, (ii) a loan made under the program allows for termination at any time, (iii) a loan made under the program is either secured by (a) obligations described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent, or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool, (iv) the terms of a loan made under the program require that the securities being held as collateral be pledged to the City, held in the City's name, and deposited at the time the investment is made with the

City or with a third party designated by the City, (v) a loan made under the program is government securities dealer or a financial institution doing business in the State, and (vi) the agreement to lend securities has a term of one year or less.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAA-m" or an equivalent by at least one nationally recognized rating service or no lower than investment grade by at least one nationally recognized rating service with a weighted average maturity no greater than 90 days. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution.

The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

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

Under Texas law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the City shall submit an investment report detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest City funds without express written authority from the City Council.

ADDITIONAL PROVISIONS . . . Under Texas law, the City is additionally required to: (1) annually review its adopted policies and strategies; (2) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (3) require the registered principal of firms seeking to sell securities to the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (4) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (5) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (6) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (7) restrict its investment in mutual funds in the aggregate to no more than 15 percent of its monthly average fund balance,

excluding bond proceeds and reserves and other funds held for debt service, and to invest no portion of bond proceeds, reserves and funds held for debt service, in mutual funds; (8) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; (9) adopt an order or resolution stating that it has reviewed its investment policy and investment strategies and record any changes made to either its investment policy or investment strategy in the said order or resolution, and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in the investment transactions with the City.

INFORMATION RELATING TO THE TRUSTEE

The City has appointed UMB Bank, N.A., a national banking association organized under the laws of the United States, to serve as Trustee. The Trustee is to carry out those duties assignable to it under the Indenture. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Limited Offering Memorandum and assumes no responsibility for the contents, accuracy, fairness or completeness of the information set forth in this Limited Offering Memorandum or for the recitals contained in the Indenture or the Series 2019 Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the City of any of the Series 2019 Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such Series 2019 Bonds by the City. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Series 2019 Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Series 2019 Bonds, the technical or financial feasibility of the project, or the investment quality of the Series 2019 Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

Additional information about the Trustee may be found at its website at https://www.umb.com/. Neither the information on the Trustee's website, nor any links from that website, is a part of this Limited Offering Memorandum, nor should any such information be relied upon to make investment decisions regarding the Series 2019 Bonds.

SOURCES OF INFORMATION

General

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

Source of Certain Information

The information contained in this Limited Offering Memorandum relating to the description of the Improvement Area #1 Projects generally and, in particular, the information included in the sections captioned "PLAN OF FINANCE — Development Plan," "THE IMPROVEMENTS," "THE DEVELOPMENT," "THE LANDOWNER," "BONDHOLDERS' RISKS" (only as it pertains to the Landowner, the Authorized Improvements

and the Development), "LEGAL MATTERS — Litigation — The Landowner," and "CONTINUING DISCLOSURE — The Landowner" and " – The Landowner's Compliance with Prior Undertakings" has been provided by the Landowner, and the Landowner warrants and represents that the information contained herein is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. At the time of delivery of the Series 2019 Bonds to the Underwriter, the Landowner will deliver a certificate to this effect to the City and the Underwriter.

Experts

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

The information regarding the Appraisal in this Limited Offering Memorandum, which is subject to the assumptions, hypothetical conditions and qualifications set forth therein, has been provided by Barletta & Associates, Inc., and has been included in reliance upon the authority of such firm as experts in the field of the appraisal of real property.

Updating of Limited Offering Memorandum

If, subsequent to the date of the Limited Offering Memorandum, the City learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Underwriter, of any adverse event which causes the Limited Offering Memorandum to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Series 2019 Bonds, the City will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the Limited Offering Memorandum satisfactory to the Underwriter; provided, however, that the obligation of the City to so amend or supplement the Limited Offering Memorandum will terminate when the City delivers the Series 2019 Bonds to the Underwriter, unless the Underwriter notifies the City on or before such date that less than all of the Series 2019 Bonds have been sold to ultimate customers; in which case the City's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the City delivers the Series 2019 Bonds) until all of the Series 2019 Bonds have been sold to ultimate customers.

FORWARD-LOOKING STATEMENTS

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

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

AUTHORIZATION AND APPROVAL

The Bond Ordinance approves the form and content of this Preliminary Limited Offering Memorandum and has authorized this Preliminary Limited Offering Memorandum to be used by the Underwriter in connection with the marketing and sale of the Series 2019 Bonds.

CITY OF KYLE, TEXAS

_____
Mayor

ATTEST:

_____
City Secretary

(THIS PAGE IS INTENTIONALLY LEFT BLANK.)

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

The City is a political subdivision and municipal corporation of the State of Texas (the "State"), duly organized and existing under the laws of the State including the City's Home Rule Charter, initially adopted by the qualified voters of the City in the year 2000. The City operates as a home rule municipality under a Council-Manager form of government with a City Council comprised of the Mayor and six Council Members. The City Manager is the chief executive officer for the City.

The City is located in Hays County, and is located along Interstate Highway 35. It is located approximately eight (8) miles north of the City of San Marcos, twenty (20) miles south of the City of Austin and sixty (60) miles north of the City of San Antonio. The City covers approximately 18.86 square miles. The City's 2010 census population was 28,016, and the City has estimated that its 2018 population was 43,417.

Historical Employment in Hays County

The following information has been provide for informational purposes only.

Historical Employment in Hays County and the City (Average Annual)

Hays County

	Average Annual				
	2018	2017	2016	2015	2014
Civilian Labor Force	114,387	110,838	104,929	98,543	94,149
Total Employed	111,002	107,344	101,434	95,171	90,132
Total Unemployed	3,385	3,494	3,495	3,372	4,017
Unemployment Rate	3.0%	3.2%	3.3%	3.4%	4.3%

Source: Texas Workforce Commission.

The City

	Average Annual				
	2018	2017	2016	2015	2014
Civilian Labor Force	23,392	22,643	20,217	18,078	16,697
Total Employed	22,717	21,968	19,561	17,629	16,170
Total Unemployed	675	675	656	449	527
Unemployment Rate	2.90%	3.00%	3.20%	2.50%	3.20%

Source: Texas Workforce Commission.

Major Employers in the City

The major employers in the City are set forth in the table below.

Employer	Employees	Percentage of Total City Employment
Hays County Independent School District	2,383	17.48%
Seton Medical Center Hays	610	4.47%
HEB Plus	208	1.53%
The City	198	1.45%
Legend Oaks Healthcare & Rehabilitation	116	0.85%
Lowes	108	0.79%
Warm Springs Rehab Hospital	100	0.73%
Home Depot	100	0.73%
Austin Community College at Hays	80	0.59%
RSI, Inc	58	0.43%
Construction Metal Products	40	0.29%
Southwestern Pneumatic	40	0.29%
Miscellaneous Steel Industries	30	0.22%
Total	**4,071**	29.86%

Source: The City's Comprehensive Annual Financial Report for the year ended September 30, 2018.

REGIONAL EMPLOYMENT

Surrounding Economic Activity

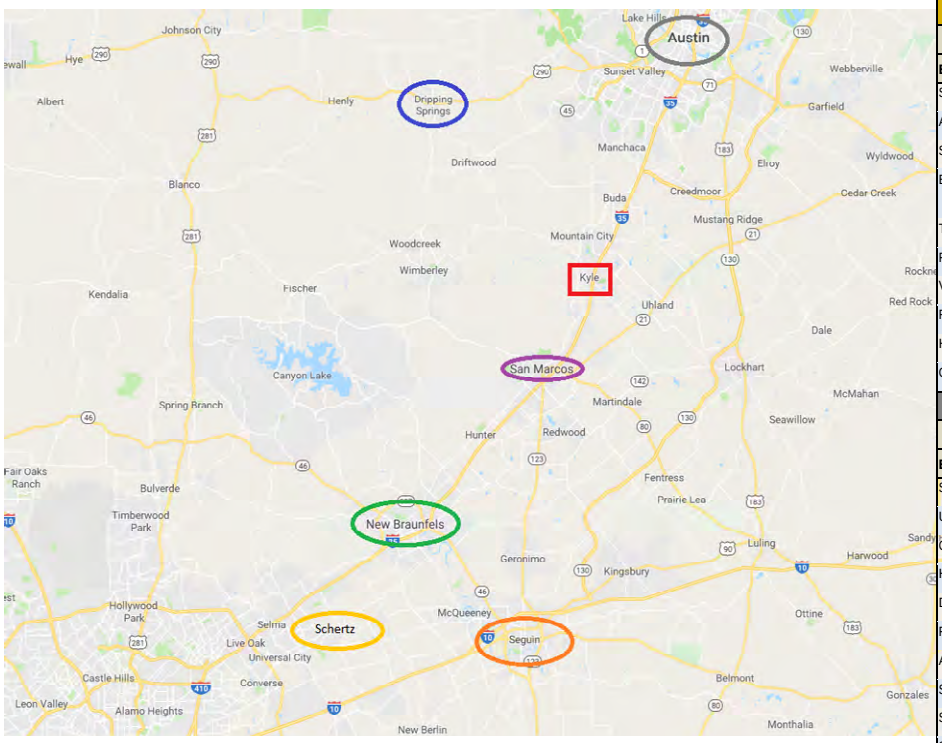
The major employers of municipalities surrounding the City are set forth in the table below.

City of San Marcos, TX	
Approximately 10 Miles from the City	
Employer	**Employees**
Amazon	3,650
Texas State University	3,100
San Marcos Premium Outlets	1,700
Tanger Factory Outlets	1,600
San Marcos CISD	1,300
Hays County	820
CFAN	810
Central Texas Medical Center	700
HEB Distribution Center	700
City of San Marcos	700

City of New Braunfels, TX	
Approximately 30 Miles from the City	
Employer	**Employees**
Comal ISD	2,895
Schlitterbahn Water Park	2,100
Wal-Mart Distribution Center	1,250
New Braunfels ISD	1,188
City of New Braunfels	812
Sysco	810
Hunter Industries-Colorado Materials	730
Comal County	683
HD Supply	538
CBE	435

City of Seguin, TX	
Approximately 30 Miles from the City	
Employer	**Employees**
Texas Power Systems/CAT	2,000
Continental AG (Motorola)	1,600
Seguin ISD	1,130
CMC Steel	835
Tyson Foods	745
Guadalupe Regional Medical Center	700
Guadalupe County	595
City of Seguin	380
HEB	340
Wal-Mart Supercenter	300

City of Dripping Springs, TX	
Approximately 20 Miles from the City	
Employer	**Employees**
Dripping Springs ISD	900
HEB	230
Patriot Erectors	211
Core Health Care	164
Home Depot	130
The Springs YMCA	78
Trudy's Four Star	75
Hill Country Care	50



City of Schertz, TX	
Approximately 45 Miles from the City	
Employer	**Employees**
Schertz/Cibolo/UC ISD	1,837
Amazon.com	900
Sysco Central Texas	807
Baker Hughes, a GE Company	500
The Brandt Companies, LLC	476
FedEx Ground	462
Visionworks	396
Republic Beverage Company	372
HEB Grocery Co.	350
City of Schertz	316

City of Austin, TX	
Approximately 20 Miles from the City	
Employer	**Employees**
State Government	37,890
University of Texas at Austin	23,925
City of Austin	14,038
HEB	13,756
Dell Computer Corporation	13,000
Federal Government	13,000
Austin ISD	11,379
St. David's Healthcare	10,309
Seton Healthcare Network	9,947
Samsung Austin Semiconductor	8,935

Source: Municipal Advisory Council of Texas

(THIS PAGE IS INTENTIONALLY LEFT BLANK.)

APPENDIX B

FORM OF INDENTURE

INDENTURE OF TRUST

By and Between

CITY OF KYLE, TEXAS

and

UMB BANK, N.A.,
as Trustee

DATED AS OF MAY 1, 2019

SECURING

CITY OF KYLE, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS
(6 CREEKS PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)

TABLE OF CONTENTS

Page

ARTICLE I DEFINITIONS, FINDINGS AND INTERPRETATION 4
Section 1.1. Definitions. 4
Section 1.2. Findings. 15
Section 1.3. Table of Contents, Titles and Headings. 15
Section 1.4. Interpretation. 15

ARTICLE II THE BONDS 15
Section 2.1. Security for the Bonds. 15
Section 2.2. Limited Obligations. 16
Section 2.3. Authorization for Indenture. 16
Section 2.4. Contract with Owners and Trustee. 16

ARTICLE III AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS 16
Section 3.1. Authorization. 16
Section 3.2. Date, Denomination, Maturities, Numbers and Interest. 17
Section 3.3. Conditions Precedent to Delivery of Bonds. 17
Section 3.4. Medium, Method and Place of Payment. 19
Section 3.5. Execution and Registration of Bonds. 20
Section 3.6. Refunding Bonds. 21
Section 3.7. Ownership. 21
Section 3.8. Registration, Transfer and Exchange. 21
Section 3.9. Cancellation. 23
Section 3.10. Temporary Bonds. 23
Section 3.11. Replacement Bonds. 23
Section 3.12. Book-Entry Only System. 24
Section 3.13. Successor Securities Depository: Transfer Outside Book-Entry-Only System. 25
Section 3.14. Payments to Cede & Co. 25
Section 3.15. Use of Book-Entry-Only System Not Required. 26

ARTICLE IV REDEMPTION OF BONDS BEFORE MATURITY 26
Section 4.1. Limitation on Redemption. 26
Section 4.2. Mandatory Sinking Fund Redemption. 26
Section 4.3. Optional Redemption. 27
Section 4.4. Extraordinary Optional Redemption. 27
Section 4.5. Partial Redemption. 27
Section 4.6. Notice of Redemption to Owners. 28
Section 4.7. Purchase Price for Series 2019 Bonds. 29
Section 4.8. Payment Upon Redemption. 29
Section 4.9. Effect of Redemption. 29

ARTICLE V FORM OF THE BONDS 29
Section 5.1. Form Generally. 29
Section 5.2. CUSIP Registration. 30
Section 5.3. Legal Opinion. 30

Section 5.4. Statement of Insurance. 30
ARTICLE VI FUNDS AND ACCOUNTS 31
Section 6.1. Establishment of Funds and Accounts. 31
Section 6.2. Initial Deposits to Funds and Accounts. 32
Section 6.3. Pledged Revenue Fund. 32
Section 6.4. Bond Fund. 33
Section 6.5. Project Fund. 34
Section 6.6. Redemption Fund. 35
Section 6.7. Reserve Fund. 36
Section 6.8. Rebate Fund; Rebate Amount. 37
Section 6.9. Administrative Fund. 38
Section 6.10. Investment of Funds. 38
Section 6.11. Advances from Available Funds. 39
Section 6.12. Reimbursement Fund. 40
Section 6.13. Security of Funds. 40
ARTICLE VII COVENANTS 40
Section 7.1. Confirmation of Assessments. 40
Section 7.2. Collection and Enforcement of Assessments. 40
Section 7.3. Against Encumbrances. 41
Section 7.4. Records, Accounts, Accounting Reports. 41
Section 7.5. Covenants to Maintain Tax-Exempt Status. 41
ARTICLE VIII LIABILITY OF CITY 45
ARTICLE IX THE TRUSTEE 47
Section 9.1. Trustee as Registrar and Paying Agent. 47
Section 9.2. Trustee Entitled to Indemnity. 47
Section 9.3. Responsibilities of the Trustee. 47
Section 9.4. Property Held in Trust. 49
Section 9.5. Trustee Protected in Relying on Certain Documents. 49
Section 9.6. Compensation. 50
Section 9.7. Permitted Acts. 50
Section 9.8. Resignation of Trustee. 51
Section 9.9. Removal of Trustee. 51
Section 9.10. Successor Trustee. 51
Section 9.11. Transfer of Rights and Property to Successor Trustee. 52
Section 9.12. Merger, Conversion or Consolidation of Trustee. 52
Section 9.13. Security Interest in Trust Estate. 53
Section 9.14. Offering Documentation. 53
Section 9.15. Expenditure of Funds and Risk. 53
Section 9.16. Environmental Hazards. 53
Section 9.17. Accounts, Periodic Reports and Certificates. 54
Section 9.18. Construction of Indenture. 54
ARTICLE X MODIFICATION OR AMENDMENT OF THIS INDENTURE 54
Section 10.1. Amendments Permitted. 54
Section 10.2. Owners' Meetings. 55
Section 10.3. Procedure for Amendment with Written Consent of Owners. 55

Section 10.4. Effect of Supplemental Indenture. 56
Section 10.5. Endorsement or Replacement of Bonds Issued After Amendments. 56
Section 10.6. Amendatory Endorsement of Bonds. 56
Section 10.7. Waiver of Default. 57
Section 10.8. Execution of Supplemental Indenture. 57
ARTICLE XI DEFAULT AND REMEDIES 57
Section 11.1. Events of Default. 57
Section 11.2. Immediate Remedies for Default. 58
Section 11.3. Restriction on Owner's Action. 59
Section 11.4. Application of Revenues and Other Moneys After Default. 59
Section 11.5. Effect of Waiver. 60
Section 11.6. Evidence of Ownership of Bonds. 60
Section 11.7. No Acceleration. 61
Section 11.8. Mailing of Notice. 61
Section 11.9. Exclusion of Bonds. 61
Section 11.10. Remedies Not Exclusive. 61
Section 11.11. Direction by Owners. 62
ARTICLE XII GENERAL COVENANTS AND REPRESENTATIONS 62
Section 12.1. Representations as to the Trust Estate. 62
Section 12.2. Accounts, Periodic Reports and Certificates. 62
Section 12.3. General. 63
Section 12.4. No Israel Boycott. 63
Section 12.5. No Terrorist Organization. 63
ARTICLE XIII SPECIAL COVENANTS 64
Section 13.1. Further Assurances; Due Performance. 64
Section 13.2. Additional Obligations or Other Liens; Additional Parity Bonds. 64
Section 13.3. Books of Record. 66
ARTICLE XIV PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE INDENTURE 67
Section 14.1. Trust Irrevocable. 67
Section 14.2. Satisfaction of Indenture. 67
Section 14.3. Bonds Deemed Paid. 67
ARTICLE XV MISCELLANEOUS 68
Section 15.1. Benefits of Indenture Limited to Parties. 68
Section 15.2. Successor is Deemed Included in All References to Predecessor. 68
Section 15.3. Execution of Documents and Proof of Ownership by Owners. 68
Section 15.4. Waiver of Personal Liability. 69
Section 15.5. Notices to and Demands on City and Trustee. 69
Section 15.6. Partial Invalidity. 70
Section 15.7. Applicable Laws. 70
Section 15.8. Counterparts. 70
EXHIBIT A Form of Bond A-1
EXHIBIT B FORM OF CITY CERTIFICATE B-1

INDENTURE OF TRUST

THIS INDENTURE OF TRUST, dated as of May 1, 2019 is by and between the CITY OF KYLE, TEXAS (the "*City*"), and UMB Bank, N.A., as trustee (together with its successors, the "*Trustee*"). Capitalized terms used in the preambles, recitals and granting clauses and not otherwise defined shall have the meanings assigned thereto in Article I.

WHEREAS, a petition (the "*Petition*") requesting the creation of a public improvement district located in the City to be known as the Blanco River Ranch Public Improvement District (the "*District*") was signed and submitted by Blanco River Ranch Properties, L.P. ("*BRRP*"), (i) the then owner of taxable real property representing more than 50% of the appraised value of taxable real property liable for assessment in the proposed District, and (ii) the then record owner of taxable real property that constituted more than 50% of the area of all taxable real property that was liable for assessment in the proposed District and filed with the City Secretary of the City (the "*City Secretary*") on April 4, 2017, pursuant to the Public Improvement District Assessment Act, Texas Local Government Code, Chapter 372, as amended (the "*PID Act*"); and

WHEREAS, on June 6, 2017, after due notice, the City Council of the City ("*City Council*") held a public hearing in the manner required by law on the advisability of the improvement projects and services described in the Petition as required by Section 372.009 of the PID Act; and

WHEREAS, the City Council made the findings required by Section 372.009(b) of the PID Act and, by Resolution No. 1065 adopted by a majority of the members of the City Council, authorized the creation of the District in accordance with its finding as to the advisability of the improvement projects and services; and

WHEREAS, on June 14, 2017, the City published notice of its authorization of the creation of the District in the *Hays Free Press*, a newspaper of general circulation in the City; and

WHEREAS, no written protests of the creation of the District from any owners of record of property within the District were filed with the City Secretary within 20 days after June 14, 2017; and

WHEREAS, on July 18, 2017, the City Council approved the Blanco River Ranch Public Improvement District Financing Agreement between HMBRR Development Inc., HMBRR, LP, and HMBRR, LP #2 (the "*HMBRR Entities*"), subsequently and severally the owners of tracts comprising all of the taxable real property that was liable for assessment in the District and the City, and adopted Resolution No. 1070; and

WHEREAS, the City Council, pursuant to Section 372.016 of the PID Act, filed a proposed assessment roll for the District with the City Secretary and made the proposed assessment roll subject to public inspection, and also directed and caused the City Secretary to publish notice of a public hearing, on September 5, 2018 in the *Hays Free Press*, a newspaper of general circulation in the City, for the consideration of the proposed assessments and the "Service and Assessment Plan" , and to, on the same date, mail notice of the public hearing to the last known address of each property owner liable for assessments; and

WHEREAS, on September 18, 2018, the City Council approved the renaming of the District to the 6 Creeks Public Improvement District and adopted Resolution No. 1118; and

WHEREAS, on September 18, 2018, the City Council convened the public hearing, and at such public hearing all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to make any objection to the proposed Assessment Roll and the Assessments; and

WHEREAS, at the September 18, 2018 public hearing referenced above, there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of Actual Costs, the Assessment Roll, or the levy of the Assessments; and

WHEREAS, after considering all written and documentary evidence presented at the hearing, including all written comments and statements filed with the City Secretary or the City, the City Council closed the hearing; and

WHEREAS, on October 1, 2018, after a second reading of the proposed ordinance, the City approved and accepted the Service and Assessment Plan in conformity with the requirements of the PID Act and adopted Ordinance No. 1018 (the "*Assessment Ordinance*") and therein levied the Assessments; and

WHEREAS, the City Council is authorized by the PID Act to issue its revenue bonds payable from the Assessments for the purposes of (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) paying interest on bonds during and after the period of acquisition and construction of the Improvement Area #1 Projects, (iii) funding a reserve account for payment of principal and interest on Bonds, (iv) paying a portion of the Actual Costs incidental to the organization and administration of the District, and (v) paying the costs of issuance of the Series 2019 Bonds; and

WHEREAS, the City Council now desires to issue revenue bonds, in accordance with the PID Act, such series of Bonds to be entitled "City of Kyle, Texas Special Assessment Revenue Bonds, Series 2019 (6 Creeks Public Improvement District Improvement Area #1 Project)" (the "*Series 2019 Bonds*"), such Series 2019 Bonds being payable solely from the Assessment Revenue and other funds pledged under this Indenture to the payment of Series 2019 Bonds and for the purposes set forth in the preamble of this Indenture; and

WHEREAS, the Trustee has agreed to accept the trusts herein created and to serve as Trustee upon the terms set forth in this Indenture.

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

FIRST GRANTING CLAUSE

The Pledged Revenues and all moneys and investments held in the Pledged Funds, including any contract or any evidence of indebtedness related thereto or other rights of the City to receive any of such moneys or investments, whether now existing or hereafter coming into existence, and whether now or hereafter acquired; and

SECOND GRANTING CLAUSE

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

THIRD GRANTING CLAUSE

Any and all proceeds and products of the foregoing property described in the above granting clauses;

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

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

PROVIDED, HOWEVER, if and to the extent that Assessments have been prepaid, the lien on the real property associated with such Prepayment shall be released, and the rights of the Trustee and Owners under this Indenture to proceed against the City for the purpose of protecting and enforcing the rights of the Owners with respect to such released real property shall terminate;

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

IN ADDITION, the Bonds are special obligations of the City payable solely from the Trust Estate, as and to the extent provided in this Indenture. The Bonds do not give rise to a charge against the general credit or taxing powers of the City and are not payable except as provided in this Indenture. Notwithstanding anything to the contrary herein, the Owners shall never have the right to demand payment thereof out of any funds of the City other than the Trust Estate. The City

shall have no legal or moral obligation to pay for the Bonds out of any funds of the City other than the Trust Estate.

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

ARTICLE I
DEFINITIONS, FINDINGS AND INTERPRETATION

Section 1.1. Definitions.

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

"*2019 Amended and Restated Service and Assessment Plan*" means the Service and Assessment Plan, as amended and restated by the Amended and Restated Service and Assessment Plan passed and approved by City Council on May 7, 2019 by Ordinance No. [ ], as same may be further amended, updated, supplemented or otherwise modified from time to time.

"*Account*" means any of the accounts established pursuant to Section 6.1 of this Indenture.

"*Actual Costs*" means, with respect to Improvement Area #1 Projects, the actual costs paid or incurred by or on behalf of the Landowner: (1) to plan, finance, design, acquire, construct, install, and dedicate such improvements to the City, including the acquisition of necessary easements and other right-of-way; (2) to prepare plans, specifications (including bid packages), contracts, and as-built drawings; (3) to obtain zoning, licenses, plan approvals, permits, inspections, and other governmental approvals; (4) for third-party professional consulting services including, but not limited to, engineering, surveying, geotechnical, land planning, architectural, landscaping, legal, accounting, and appraisals; (5) of labor, materials, equipment, fixtures, payment and performance bonds and other construction security, and insurance premiums; and (6) to implement, administer, and manage the above-described activities including, but not limited to, a construction management fee equal to four percent (4%). Actual Costs shall not include general contractor's fees in an amount that exceeds the percentage of work completed or construction management fees in an amount that exceeds the construction management fee amortized in approximately equal monthly installments over the term of the applicable construction management contract. Amounts expended for costs described in subsections (3), (4), and (6) above shall be excluded from the amount upon which the general contractor and construction management fees are calculated.

"Acquisition and Reimbursement Agreement" means that certain 6 Creeks Public Improvement District Improvement Area #1 Acquisition and Reimbursement Agreement, dated [ ], 2019, entered into between the City and the Landowner (herein defined) that provides for construction and dedication of an Improvement Area #1 Project to the City, whereby

all or a portion of the Actual Costs thereof not paid to the Landowner from the Series 2019 Bonds will be paid to the Landowner from Assessments to reimburse the Landowner for Actual Costs of the Improvement Area #1 Project paid by the Landowner, plus interest, that are eligible to be paid with Assessments.

"*Additional Improvement Area #1 Bonds*" means Bonds issued to fund Improvement Area #1 Projects or refund the Improvement Area #1 Reimbursement Obligation, in whole or in part, that are secured by the Assessments.

"*Additional Interest*" means the amount collected by application of the Additional Interest Rate.

"*Additional Interest Rate*" means the 0.50% additional interest charged on Assessments pursuant to Section 372.018 of the PID Act. The Additional Interest Rate is not charged on Assessments securing the Improvement Area #1 Reimbursement Obligation.

"*Additional Interest Reserve Account*" means the Account established pursuant to Section 6.1 hereof.

"*Additional Interest Reserve Requirement*" means, initially, an amount equal to 5.5% of the principal amount of the Outstanding Bonds which will be funded from the payment of the Additional Interest deposited to the Pledged Revenue Fund.

"*Additional Obligations*" means any bonds or obligations, including specifically, any installment contracts, reimbursement agreements, temporary note or time warrant secured in whole or in part by an assessment, other than the Assessments securing the Bonds and the Improvement Area #1 Reimbursement Obligation, levied against property within the District in accordance with the PID Act.

"*Administrative Fund*" means that Fund established by Section 6.1 and administered pursuant to Section 6.9 hereof.

"*Administrator*" means the City or the person or independent firm designated by the City who shall have the responsibility provided in the 2019 Amended and Restated Service and Assessment Plan, the Indenture, or any other agreement or document approved by the City related to the duties and responsibility of the administration of the District.

"*Annual Collection Costs*" means the actual or budgeted costs and expenses related to the creation and operation of the District, the issuance and sale of the Bonds, and the construction, operation, and maintenance of the Improvement Area #1 Improvements, including, but not limited to, costs and expenses for: (1) the Administrator; (2) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (3) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (4) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (5) issuing, paying, and redeeming the Bonds; (6) investing or depositing Assessments and Annual Installments; (7) complying with the 2019 Amended and Restated Service and Assessment Plan and the PID Act with respect to the issuance and sale of the Bonds, including continuing disclosure requirements; and (8) the paying agent/registrar and Trustee in connection with the Bonds,

including their respective legal counsel. Annual Collection Costs collected by not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

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

"*Annual Installment*" means, with respect to the Assessed Property, the annual installment payments of an Assessment calculated by the Administrator and approved by the City Council, including: (i) principal; (ii) interest; (iii) Annual Collection Costs; and (iv) the Additional Interest.

"*Annual Service Plan Update*" means an update to the 2019 Amended and Restated Service and Assessment Plan prepared no less frequently than annually by the Administrator and approved by the City Council.

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

"*Assessed Property*" means for any year, any Parcel within Improvement Area #1 of the District against which an Assessment is levied, other than Non-Benefited Property.

"*Assessment Ordinance*" means Ordinance No. 1018 adopted by the City Council on October 2, 2018, that levied the Assessments on the Assessed Properties in Improvement Area #1.

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

"*Assessment Roll*" means the Assessment Roll for the Assessed Properties within Improvement Area #1 of the District, included in the 2019 Amended and Restated Service and Assessment Plan as Exhibit F, or any other Assessment Roll in an amendment or supplement to the 2019 Amended and Restated Service and Assessment Plan or in an Annual Service Plan Update, showing the total amount of the Assessments, as updated, modified or amended from time to time in accordance with the procedures set forth in the 2019 Amended and Restated Service and Assessment Plan and in the PID Act, including updates prepared in connection with the issuance of PID Bonds or in connection with any Annual Service Plan Update.

"*Assessments*" mean the aggregate assessments shown on the Assessment Roll. The singular of such term means the assessment levied against an Assessed Property, as shown on the Assessment Roll, subject to reallocation upon the subdivision of an Assessed Property or reduction

according to the provisions of the 2019 Amended and Restated Service and Assessment Plan and the PID Act.

"*Authorized Denomination*" means, with respect to the Series 2019 Bonds, $100,000 and any integral multiple of $5,000 in excess thereof, or such smaller amount authorized by Section 4.5(c); *provided, however*, that upon receipt by the Paying Agent/Registrar of written evidence that the Series 2019 Bonds have received an Investment Grade Rating, Authorized Denomination shall mean $5,000 or any integral multiple thereof, notwithstanding any subsequent downgrade, suspension or withdrawal of such rating. With respect to Bonds other than the Series 2019 Bonds, such term shall have the meaning ascribed thereto in the Supplemental Indenture authorizing the issuance of such Bonds.

"*Authorized Improvements*" means those public improvements authorized by Section 372.003 of the PID Act including those listed in Section III and depicted in Exhibit H of the 2019 Amended and Restated Service and Assessment Plan.

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

"*Bond Date*" means the date designated as the initial date of the Series 2019 Bonds by Section 3.2(a) of this Indenture.

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

"*Bond Ordinance*" means Ordinance No. ___ adopted by the City Council on May 7, 2019 authorizing the issuance of the Series 2019 Bonds pursuant to this Indenture.

"*Bond Year*" means the one-year period beginning on September 1 in each year and ending on August 31 in the following year.

"*Bonds*" or "*Bond*" means all bonds or any bond authorized by a bond ordinance and issued in accordance with this Indenture, including the Series 2019 Bonds, Additional Improvement Area #1 Bonds, Refunding Bonds and any bonds issued in exchange or replacement thereof as permitted by this Indenture. For the avoidance of doubt, such term does not include the Future Improvement Area Bonds.

"*BRRP*" shall have the meaning ascribed to such term in the recitals hereof.

"*Business Day*" means any day other than a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close.

"*Certification for Payment*" means a certification for payment substantially in the forms of Exhibit E attached to the Financing Agreement executed by the Landowner and submitted to the City and approved by the City Representative, specifying the amount of work performed and the Actual Costs thereof, and requesting payment for such Actual Costs from money on deposit in

accounts of the Project Fund as further described in the Financing Agreement and Section 6.5 herein.

"*City*" means the City of Kyle, Texas.

"*City Certificate*" means a document signed by the City Representative and delivered to the Trustee, certifying that the Trustee is authorized to take the action specified in the City Certificate, and a form of City Certificate is included as *Exhibit B* to this Indenture.

"*City Council*" shall have the meaning ascribed to such term in the recitals hereof.

"*City Engineer*" means the civil engineer or firm of civil engineers selected by the City to perform the duties set forth herein and in the Financing Agreement.

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

"*Closing Date*" means the date of the initial delivery of and payment for the applicable Series of Bonds.

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

"*Continuing Disclosure Agreements" or "Continuing Disclosure Agreement"* means both, or either of, the Continuing Disclosure Agreements, with respect to the Series 2019 Bonds, by and between the City and the Dissemination Agent, and by and among HMBRR Development, Inc. (and its Designated Successors and Assigns), the Administrator, and the Dissemination Agent.

"*County*" means Hays County, Texas.

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

"*Delinquent Collection Costs*" mean the costs related to the foreclosure on an Assessed Property and the costs of collection of a delinquent Assessment, delinquent annual Installments, or any other delinquent amounts due under the 2019 Amended and Restated Service and Assessment Plan, including penalties and reasonable attorney's fees actually paid, but excluding amounts representing interest and penalty interest.

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

"*Designated Successors and Assigns*" means (i) an entity to which Landowner assigns (in writing) its rights and obligations contained in the Financing Agreement, (ii) any entity which is the successor by merger or otherwise to all or substantially all of Landowner's assets and liabilities

including, but not limited to, any merger or acquisition pursuant to any public offering or reorganization to obtain financing and/or growth capital; or (iii) any entity which may have acquired all of the outstanding stock or ownership of assets of Landowner.

"*Development Agreement*" means the agreement titled the "Blanco River Ranch (Phase One Residential Area) De-Annexation and Development Agreement," and which was entered into by and between the City and BRRP on May 16, 2017, and assigned by BRRP to the HMBRR Entities on September 20, 2017.

"*Dissemination Agent*" means HTS Continuing Disclosure Services, a division of Hilltop Securities Inc. and its successors.

"*District*" shall have the meaning set forth in the first recital.

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

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

"*Event of Default*" shall have the meaning, with respect to this Indenture, set forth in Section 11.1 hereof.

"*Excess Additional Interest Reserve Amount*" shall have the meaning set forth in Section 6.7(e) hereof.

"*Financing Agreement*" means the "*Blanco River Ranch Public Improvement District Financing Agreement*" between the City and HMBRR Entities, dated as of July 18, 2017, which provides, in part, for the deposit of proceeds from the issuance and sale of the Series 2019 Bonds and the payment of Actual Costs of Authorized Improvements within in the District, the issuance of bonds, the reimbursement of Actual Costs to the Landowner from the proceeds of the Series 2019 Bonds for funds advanced by the Landowner and used to pay Actual Costs of Improvement Area #1 Projects and other matters related thereto.

"*First Amendment to Financing Agreement*" means the first amendment to the Financing Agreement, dated as of April 16, 2019, which modifies the requirements for the issuance of Additional Improvement Area #1 Bonds and also provides for the City to entered into a maintenance and operations agreement with the Landowner or a homeowners' association related to the operations and maintenance of the detention and water quality pond improvements prior to the City's acceptance of same.

"*Foreclosure Proceeds*" means the proceeds, including interest and penalty interest, received by the City from the enforcement of the Assessments against any Assessed Property or Assessed Properties, whether by foreclosure of lien or otherwise, but excluding and net of all Delinquent Collection Costs.

"*Fund*" means any of the funds established pursuant to Section 6.1 of this Indenture.

"*Future Bonds Test*" means the additional investment and underwriting criteria which must be met prior to the issuance of Future Improvement Area Bonds, which are more particularly described in the First Amendment to the Financing Agreement and this Indenture.

"*Future Improvement Areas*" mean the property within the District, excluding Improvement Area #1. Future Improvement Areas may be developed in phases after Improvement Area #1.

"*Future Improvement Area Bonds*" mean bonds issued to fund Authorized Improvements (or a portion thereof) in a Future Improvement Area. In connection with the Future Improvement Area Bonds, assessments will be levied only on Parcels located within the Future Improvement Area in question.

"*HMBRR Entities*" shall have the meaning ascribed to such term in the recitals hereof.

"*Improvement Area #1*" means the initial area, consisting of approximately 96.829 acres, to be developed within the District as described by metes and bounds in Exhibit A-2 of the 2019 Amended and Restated Service and Assessment Plan and as generally depicted on the map in Exhibit B-2 to the 2019 Amended and Restated Service and Assessment Plan.

"*Improvement Area #1 Improvements*" means the Authorized Improvements that only benefit Improvement Area #1 and are described in Section III.B of the 2019 Amended and Restated Service and Assessment Plan.

"*Improvement Area #1 Projects*" means Improvement Area #1 Improvements and Improvement Area #1's allocable share of the Major Improvements, and which are to be financed with the Series 2019 Bonds and Additional Improvement Area #1 Bonds, if any.

"*Improvement Area #1 Reimbursement Obligation*" means an amount not to exceed $4,420,000 secured, on a subordinate basis to the Series 2019 Bonds, by the Assessments levied against Assessed Properties to be paid to the Landowner to reimburse the Landowner for advancing Actual Costs of the Improvement Area #1 Projects, pursuant to the Acquisition and Reimbursement Agreement.

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

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

"*Initial Bond*" means, with respect to the Series 2019 Bonds, the Initial Series 2019 Bond, and with respect to any other Series of Bonds, the initial bond set forth in the applicable Supplemental Indenture.

"*Initial Series 2019 Bond*" means the Initial Series 2019 Bond as set forth in *Exhibit A* to this Indenture.

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

"*Investment Grade Rating*" means a rating assigned by a Rating Agency in one of such Rating Agency's four highest categories for long-term debt instruments (without regard for gradation within a rating category and without regard for credit enhancement) or otherwise designated as investment grade by a Rating Agency.

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

"*Landowner*" means the HMBRR Entities, and their Designated Successors and Assigns.

"*Major Improvements*" means both onsite and offsite Authorized Improvements that benefit Improvement Area #1 as well as Future Improvement Areas and described in Section III.A of the 2019 Amended and Restated Service and Assessment Plan.

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

"*Non-Benefited Property"* means Parcels within the boundaries of the District that accrue no special benefit from the Authorized Improvements.

"*Outstanding*" means, as of any particular date when used with reference to Bonds, all Bonds authenticated and delivered under this Indenture except (i) any Bond that has been canceled by the Trustee (or has been delivered to the Trustee for cancellation) at or before such date, (ii) any Bond for which the payment of the principal or Redemption Price of and interest on such Bond shall have been made as provided in Article IV, and (iii) any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered pursuant to Section 3.11 herein.

"*Owner*" or "Holder" means the Person who is the registered owner of a Bond or Bonds, as shown in the Register, which shall be Cede & Co., as nominee for DTC, so long as the Bonds are in book-entry only form and held by DTC as securities depository in accordance with Section 3.13 herein.

"*Parcel"* means a property identified by either a tax map identification number assigned by the Hays Central Appraisal District for real property tax purposes, by metes and bounds

description, by lot and block number in a final subdivision plat recorded in the official public records of Hays County, or by any other means determined by the City.

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

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

"*PID Act*" means Texas Local Government Code, Chapter 372, Public Improvement Districts, as amended.

"*PID Bonds*" mean the Bonds and the Future Improvement Area Bonds, if any.

"*PID Costs of Issuance Account*" means the Account established pursuant to Section 6.1 hereof.

"*PID Improvements Account*" means the Account of such name established pursuant to Section 6.1 hereof.

"*Pledged Funds*" means the Pledged Revenue Fund, the Bond Fund, the Project Fund (but only with respect to such accounts of the Project Fund created pursuant to the terms of this Indenture), the Reserve Fund, and the Redemption Fund. Such term also includes each fund or account pledged to the repayment of Additional Improvement Area #1 Bonds or Refunding Bonds.

"*Pledged Revenue Fund*" means that fund established pursuant to Section 6.1 hereof and administered pursuant to Section 6.3 herein.

"*Pledged Revenues*" means the sum of (i) Assessment Revenue other than Delinquent Collection Costs; (ii) the moneys held in any of the Pledged Funds; and (iii) any additional revenues that the City may pledge to the payment of Bonds.

"*Prepayment*" means the payment of all or a portion of an Assessment, with interest that has accrued to the date of prepayment, before the due date thereof. Amounts received at the time of a Prepayment which represent a payment of principal, interest or penalties on a delinquent installment of an Assessment are not to be considered a Prepayment, but rather are to be treated as the payment of the regularly scheduled Assessment.

"*Principal and Interest Account*" means the Account of such name established pursuant to Section 6.1 hereof.

"*Project Fund*" means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.5 herein.

"*Purchaser*" means, with respect to a Series of Bonds, the initial underwriter of such Bonds.

"*Quarter in Interest*" means as of any particular date of calculation, the Owners of no less than twenty-five percent (25%) of the principal amount of the then Outstanding Bonds. In the event that two or more groups of Owners satisfy the percentage requirement set forth in the immediately preceding sentence and act (or direct the Trustee in writing to act) in a conflicting manner, only the group of Owners with the greatest percentage of Outstanding Bonds (as measured in accordance with the immediately preceding sentence) shall, to the extent of such conflict, be deemed to satisfy such requirement.

"*Rating Agency*" means each of Moody's Investors Service, Inc., S&P Global Ratings, Fitch Ratings Inc., Kroll Bond Rating Agency, Inc., and any other nationally recognized statistical rating organization recognized as such by the SEC.

"*Rebate Amount*" has the meaning ascribed to such term in section 1.148-1(b) of the Regulations.

"*Rebate Fund*" means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.8 herein.

"*Record Date*" means the close of business on the fifteenth (15^{th}) calendar day (whether or not a Business Day) of the month next preceding an Interest Payment Date.

"*Redemption Fund*" means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.6 herein.

"*Redemption Price*" means 100% of the principal amount of such Bonds, or portions thereof, to be redeemed plus accrued interest to the date of redemption.

"*Refunding Bonds*" means Bonds secured by a parity lien, with the Outstanding Bonds, on the Trust Estate issued pursuant to Section 3.6 hereof, as more specifically described in a Supplemental Indenture, authorizing the refunding of all or any portion of the Outstanding Bonds.

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

"*Regulations*" shall have the meaning set forth in Section 7.5(a) hereof.

"*Reserve Account*" means the Account of such name established pursuant to Section 6.1 hereof.

"*Reserve Account Requirement*" means the sum of the Series 2019 Reserve Account Requirement, plus the additional amounts, if any, required to be deposited to the Reserve Account pursuant to each Supplemental Indenture authorizing the issuance of a Series of Bonds.

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

"*SEC*" means the United States Securities and Exchange Commission.

"*Series*" means any designated series of Bonds issued under this Indenture.

"*Series 2019 Bonds*" means those certain "City of Kyle, Texas, Assessment Revenue Bonds, Series 2019 (6 Creeks Public Improvement District Improvement Area #1 Project) that are secured by actual revenues received by or on behalf of the City from the collection of Assessments levied against Assessed Property, or the Annual Installments thereof, for the Improvement Area #1 Projects.

"*Series 2019 Reserve Account Requirement*" means the least of: (i) Maximum Annual Debt Service on the Series 2019 Bonds as of the Closing Date therefor, (ii) 125% of average Annual Debt Service on the Series 2019 Bonds as of the Closing Date therefor, or (iii) 10% of the par amount of the Series 2019 Bonds; provided, however, that such amount shall be reduced by the amount of any transfers made pursuant to subsections (c) and (d) of Section 6.7; and provided further that as a result of an optional redemption pursuant to Section 4.3, the Series 2019 Reserve Account Requirement shall be reduced by a percentage equal to the pro rata principal amount of Series 2019 Bonds redeemed by such optional redemption divided by the total principal amount of the Outstanding Series 2019 Bonds prior to such redemption. As of the Closing Date for the Series 2019 Bonds, the Series 2019 Reserve Account Requirement is $[ ], which is an amount equal to Maximum Annual Debt Service on the Series 2019 Bonds as of the Closing Date therefor.

"*Service and Assessment Plan*" means the original Service and Assessment Plan approved by the City Council on September 18, 2018, and which is attached as Exhibit A to the Assessment Ordinance.

"*Sinking Fund Installment*" means the amount of money to redeem or pay at maturity the principal of Series 2019 Bonds payable from such installments at the times and in the amounts provided in Section 4.2 herein.

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

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

"*Tax Certificate*" means the Certificate as to Tax Exemption delivered by the City on the Closing Date for the Series 2019 Bonds setting forth the facts, estimates and circumstances in existence on the Closing Date for the Series 2019 Bonds which establish that it is not expected that the proceeds of the Series 2019 Bonds will be used in a manner that would cause the interest on such Series 2019 Bonds to be included in the gross income of the Owners thereof for Federal income tax purposes.

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

"*Trustee*" means UMB Bank, N.A., Austin, Texas, a national banking association duly organized and validly existing under the laws of the United States of America, in its capacity as trustee hereunder, and its successors, and any other corporation or association that may at any time

be substituted in its place, as provided in Article IX, such entity to serve as Trustee and Paying Agent/Registrar for the Bonds.

Section 1.2. Findings.

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

Section 1.3. Table of Contents, Titles and Headings.

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

Section 1.4. Interpretation.

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

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

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

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

ARTICLE II
THE BONDS

Section 2.1. Security for the Bonds.

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

The lien on and pledge of the Trust Estate shall be valid and binding and fully perfected from and after the Closing Date for the applicable Series of Bonds each issued under this Indenture, without physical delivery or transfer of control of the Trust Estate, the filing of this Indenture or any other act; all as provided in Texas Government Code, Chapter 1208, as amended, which applies to the issuance of the Bonds and the pledge of the Trust Estate granted by the City under this Indenture, and such pledge is therefore valid, effective and perfected. If Texas law is amended

at any time while the Bonds are Outstanding such that the pledge of the Trust Estate granted by the City under this Indenture is to be subject to the filing requirements of Texas Business and Commerce Code, Chapter 9, as amended, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Texas Business and Commerce Code, Chapter 9, as amended, and enable a filing to perfect the security interest in said pledge to occur.

Section 2.2. Limited Obligations.

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

Section 2.3. Authorization for Indenture.

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

Section 2.4. Contract with Owners and Trustee.

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

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

ARTICLE III
AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.1. Authorization.

The Series 2019 Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and general laws of the State of Texas, including particularly the PID Act, as amended. The Series 2019 Bonds shall be issued in the aggregate principal amount of $_____ for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) paying interest on the Series 2019 Bonds during and after the period of acquisition and construction of the Improvement Area #1 Projects, (iii) funding a reserve fund for payment of

principal and interest on the Series 2019 Bonds, (iv) paying a portion of the Actual Costs incidental to the organization and administration of the District, and (v) paying the costs of issuance of the Series 2019 Bonds.

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

(a) The Series 2019 Bonds shall be dated May 1, 2019 (the "*Bond Date*") and shall be issued in Authorized Denominations. Upon the receipt of an Investment Grade Rating on the Series 2019 Bonds, the City shall promptly notify the Dissemination Agent in writing of such rating change and shall provide written direction to the Dissemination Agent to file a notice of such occurrence with the Municipal Securities Rulemaking Board and to forward such notice to the Paying Agent/Registrar and to the Trustee. The Dissemination Agent shall file such notice and forward the same to the Paying Agent/Registrar and to the Trustee immediately following the day on which it receives written notice of such occurrence from the City. Any such notice is required to be filed within ten (10) Business Days of the occurrence of the receipt of the Investment Grade Rating on the Series 2019 Bonds. Upon receipt by the Paying Agent/Registrar of written evidence that the Series 2019 Bonds have received an Investment Grade Rating, beneficial ownership in the Series 2019 Bonds may be acquired in principal denominations of $5,000 or any integral multiple thereof, notwithstanding any subsequent downgrade, suspension or withdrawal of such rating. The Series 2019 Bonds shall be in fully registered form, without coupons, and shall be numbered separately from R-1 upward, except the Initial Series 2019 Bond, which shall be numbered T-1.

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

(c) The Series 2019 Bonds shall mature on September 1 in the years and in the principal amounts and shall bear interest as set forth below:

Year	Principal Amount	Interest Rate

[INSERT TABLE]

(d) The Series 2019 Bonds shall be subject to mandatory sinking fund redemption, optional redemption, and extraordinary optional redemption prior to maturity as provided in Article IV herein, and shall otherwise have the terms, tenor, denominations, details, and specifications as set forth in the form of Bond set forth in Exhibit A to this Indenture.

Section 3.3. Conditions Precedent to Delivery of Bonds.

(a) The Series 2019 Bonds shall be executed by the City and delivered to the Trustee, whereupon the Trustee shall authenticate the Series 2019 Bonds and, upon payment of

the purchase price of the Series 2019 Bonds, shall deliver the Series 2019 Bonds upon the order of the City, but only upon delivery to the Trustee of:

(1) a certified copy of the Assessment Ordinance;

(2) a certified copy of the Bond Ordinance;

(3) a copy of the executed Financing Agreement;

(4) a copy of the executed Acquisition and Reimbursement Agreement;

(5) a copy of this Indenture executed by the Trustee and the City;

(6) a City Certificate directing the authentication and delivery of the Series 2019 Bonds, describing the Series 2019 Bonds to be authenticated and delivered, designating the purchasers to whom the Series 2019 Bonds are to be delivered, stating the purchase price of the Series 2019 Bonds and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the City;

(7) a copy of the executed opinion of Bond Counsel; and

(8) the approving opinion of the Attorney General of the State and the State Comptroller's registration certificate.

(b) Each Series of Additional Improvement Area #1 Bonds and Refunding Bonds shall be executed by the City and delivered to the Trustee, whereupon the Trustee shall authenticate such Bonds and, upon payment of the purchase price of such Series of Bonds, shall deliver such Series of Bonds upon the order of the City, but only upon delivery to the Trustee of:

(1) the items described in Section 3.3(a)(1), (3), (4), (5) and (7), if any, above;

(2) a certified copy of the ordinance of the City Council authorizing the issuance of such Series of Bonds and all actions necessary therefor;

(3) an original executed counterpart of the Supplemental Indenture for such Series of Bonds that establishes, among other things, the date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of such Bonds, which such terms shall include a deposit into the Reserve Account of an amount equal to the Reserve Account Requirement taking into account the then Outstanding Bonds and the Bonds then proposed to be issued;

(4) a copy of the opinion of Bond Counsel required by Section 10.1 hereof;

(5) a City Certificate, including the requisite information as set forth in Section 3.3(a)(6) above, to the effect that the issuance of such Series of Bonds complies with the requirements contained herein and in each Supplemental Indenture, including, with respect to the Additional Improvement Area #1 Bonds, the requirements contained in Section 13.2 below; and

(6) the City Representative shall certify to the Trustee in writing that the City is not in default in the performance and observance of any of the terms, provisions and conditions applicable to the City contained herein or in any Supplemental Indenture.

Section 3.4. Medium, Method and Place of Payment.

(a) Principal of and interest on the Bonds shall be paid in lawful money of the United States of America, as provided in this Section.

(b) Interest on the Bonds shall be payable to the Owners thereof as shown in the Register at the close of business on the relevant Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date that continues for thirty (30) days or more thereafter, a new record date for such interest payment (a "*Special Record Date*") will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "*Special Payment Date*," which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner of a Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

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

(d) The principal of each Bond shall be paid to the Owner of such Bond on the due date thereof, whether at the maturity date or the date of prior redemption thereof, upon presentation and surrender of such Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar.

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

(f) Unclaimed payments of amounts due hereunder shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Bonds to which such unclaimed payments pertain. Subject to any escheat, abandoned property, or similar law of the State of Texas, any such payments remaining unclaimed by the Owners entitled thereto for two (2) years after the applicable payment or redemption date shall be applied to the next payment or payments on such Bonds thereafter coming due and, to the extent any such money remains after the retirement of all Outstanding Bonds, shall be paid to the City to be used for any lawful purpose. Thereafter, none of the City, the Paying Agent/Registrar, or any other Person shall be liable or responsible to any holders of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to any applicable escheat law or similar law of the State of Texas, including the provisions of Title 6 of the Texas Property Code, as amended.

Section 3.5. Execution and Registration of Bonds.

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

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

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Indenture unless and until there appears thereon the Certificate of Trustee substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Trustee. It shall not be required that the same officer or authorized signatory of the Trustee sign the Certificate of Trustee on all of the Bonds. In lieu of the executed Certificate of Trustee described above, each Initial Bond delivered at the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller of Public Accounts of the State of Texas, or by his duly authorized agent, which certificate shall be evidence that each Initial Bond has been duly approved by the Attorney General of the State of Texas, is a valid and binding obligation of the City, and has been registered by the Comptroller of Public Accounts of the State of Texas, including the provisions of Title 6 of the Texas Property Code, as amended.

(d) On each Closing Date, one Initial Bond representing the entire principal amount of all of the Bonds of such Series, payable in stated installments to the Purchaser, or its designee, executed with the manual or facsimile signatures of the Mayor or Mayor Pro Tem of the City and the City Secretary, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the Purchaser or its designee. Upon payment for such Initial Bond, the Trustee shall cancel the Initial Bond and upon City Certificate

deliver to DTC on behalf of the Purchaser one registered definitive Bond for each year of maturity of the applicable Series of Bonds, in the aggregate principal amount of all Bonds for such maturity, registered in the name of Cede & Co., as nominee of DTC.

Section 3.6. Refunding Bonds.

(a) Except in accordance with the provisions of this Indenture, including Section 13.2, the City shall not issue additional bonds, notes or other obligations payable from any portion of the Trust Estate, other than Additional Improvement Area #1 Bonds and Refunding Bonds. The City reserves the right to issue Refunding Bonds, the proceeds of which would be utilized to refund all or any portion of the Outstanding Bonds or Outstanding Refunding Bonds and to pay all costs incident to the Refunding Bonds, as authorized by the laws of the State of Texas. Except as limited by the terms of this Indenture, including Section 13.2, the City reserves the right to incur debt payable from sources other than the Trust Estate, including revenue derived from contracts with other entities, including private corporations, municipalities and political subdivisions issued particularly for the purchase, construction, improvement, extension, replacement, enlargement or repair of the facilities needed in performing any such contract.

(b) The principal of all Refunding Bonds must be scheduled to be paid, be subject to mandatory sinking fund redemption or mature on September 1 of the years in which such principal is scheduled to be paid. All Refunding Bonds must bear interest at a fixed rate and any interest payment dates for Refunding Bonds must be March 1 and September 1. The date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of Refunding Bonds shall be set forth in a Supplemental Indenture.

(c) Upon their authorization by the City, the Refunding Bonds of a Series issued under this Section 3.6 shall be issued and shall be delivered to the purchasers or owners thereof, but before, or concurrently with, the delivery of said Refunding Bonds to such purchasers or owners there shall have been filed with the Trustee the items required by Section 3.3(b) above.

Section 3.7. Ownership.

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

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

Section 3.8. Registration, Transfer and Exchange.

(a) So long as any Bond remains Outstanding, the City shall cause the Paying Agent/Registrar to keep at the Designated Payment/Transfer Office a Register in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the

registration and transfer of Bonds in accordance with this Indenture. The Paying Agent/Registrar represents and warrants that it will maintain a copy of the Register, and, upon written request from the City, file with the City, and shall cause the Register to be current with all registration and transfer information as from time to time may be applicable.

(b) A Bond shall be transferable only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar. No transfer of any Bond shall be effective until entered in the Register. If any Bond is not presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the City to the Owner thereof for the payment of such Bond shall forthwith cease and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the Owner of such Bond who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his part under this Indenture, or with respect to, said Bond.

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

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

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

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

(g) Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Bond or portion thereof called for redemption prior to maturity within

45 days prior to the date fixed for redemption; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Bond.

Section 3.9. Cancellation.

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

Section 3.10. Temporary Bonds.

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

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

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

Section 3.11. Replacement Bonds.

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

(b) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the City shall issue and the Trustee, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like tenor and principal amount bearing a

number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:

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

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

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

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

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

(d) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, in its discretion, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it becomes due and payable.

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

Section 3.12. Book-Entry Only System.

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

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any Person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without

limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other Person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other Person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Indenture to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the Person in whose name each Bond is registered in the Register as the absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners as shown in the Register, as provided in this Indenture, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Register, shall receive a Bond certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Indenture. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Indenture with respect to interest checks or drafts being mailed to the registered owner at the close of business on the relevant Record Date, the word "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

Section 3.13. Successor Securities Depository: Transfer Outside Book-Entry-Only System.

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

Section 3.14. Payments to Cede & Co.

Notwithstanding any other provision of this Indenture to the contrary, so long as Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds shall

be made and given, respectively, in the manner provided in the blanket letter of representations from the City to DTC.

Section 3.15. Use of Book-Entry-Only System Not Required.

Notwithstanding any provision of this Indenture to the contrary, any Supplemental Indenture may provide that a Series of Bonds will not be issued in book-entry-only form and that Sections 3.12 – 3.14 of this Indenture will not apply to such Series of Bonds.

ARTICLE IV
REDEMPTION OF BONDS BEFORE MATURITY

Section 4.1. Limitation on Redemption.

The Series 2019 Bonds shall be subject to redemption before their scheduled maturity only as provided in this Article IV. Each Series of Bonds other than the Series 2019 Bonds shall be subject to redemption as provided in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

Section 4.2. Mandatory Sinking Fund Redemption.

(a) The Series 2019 Bonds are subject to mandatory sinking fund redemption prior to their maturity and will be redeemed by the City in part at the Redemption Price from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article VI, on the dates and in the respective Sinking Fund Installments as set forth in the following schedule:

Term Series 2019 Bonds Maturing _ September 1, 20__[*]

[INSERT TABLE]

Term Series 2019 Bonds Maturing _ September 1, 20__[*]

[INSERT TABLE]

(b) At least 45 days prior to each sinking fund redemption date, the Trustee shall select, in accordance with Section 4.5, a principal amount of Series 2019 Bonds of such maturity equal to the Sinking Fund Installment amount of such Series 2019 Bonds to be redeemed, shall call such Series 2019 Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.6.

(c) The principal amount of Series 2019 Bonds of a Stated Maturity required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced, at the option of the City, by the principal amount of any Series 2019 Bonds of such maturity which, at least 45 days prior to the sinking fund redemption date, shall have been acquired

[*] Stated Maturity

by the City at a price not exceeding the principal amount of such Series 2019 Bonds plus accrued unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

(d) The principal amount of Series 2019 Bonds required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Series 2019 Bonds which, at least 45 days prior to the sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.3. Optional Redemption.

The City reserves the right and option to redeem the Series 2019 Bonds before their scheduled maturity dates, in whole or in part, in amounts equal to Authorized Denominations, on or after September 1, 20[ ], such redemption date or dates to be fixed by the City, at the Redemption Price.

Section 4.4. Extraordinary Optional Redemption.

(a) The City reserves the right and option to redeem the Series 2019 Bonds before their respective scheduled maturity dates, in whole or in part, on the first day of any month, at the Redemption Price from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund as provided in Section 6.7(c)), transfers to the Redemption Fund made pursuant to Section 6.3(d), 6.3(e), 6.7(a), 6.7(c), 6.7(e) or 6.7(i) hereof, or as a result of unexpended amounts transferred from the PID Improvements Account of the Project Fund as provided in Section 6.5(d).

Notwithstanding the foregoing, the Trustee will not be required to make an extraordinary optional redemption pursuant to this Section 4.4 unless it has at least $5,000 available in the Redemption Fund with which to redeem the Series 2019 Bonds.

(b) In lieu of redeeming the Series 2019 Bonds with the funds described in this Section, the City may purchase the Series 2019 Bonds in the open market of the maturity to be redeemed at the price not in excess of that provided in Section 4.7.

Section 4.5. Partial Redemption.

(a) Unless otherwise provided herein, if less than all of the Series 2019 Bonds are to be redeemed at any time pursuant to either Section 4.2, 4.3 or 4.4, the particular maturities and amounts of Series 2019 Bonds to be redeemed shall be selected by the City. If less than all of the Series 2019 Bonds of a particular maturity are to be redeemed, the Trustee shall select the Series 2019 Bonds of such maturity to be redeemed by lot. Each Series 2019 Bond shall be treated as representing the number of Series 2019 Bonds that is obtained by dividing the principal amount of such Series 2019 Bond by the smallest Authorized Denomination for such Series 2019 Bond.

(b) A portion of a single Series 2019 Bond may be redeemed, but only in a principal amount equal to: (i) for redemptions made pursuant to Section 4.3, an Authorized Denomination or any integral of $5,000 in excess thereof, or (ii) for redemptions made pursuant

to Section 4.2 or 4.4, $5,000 or any integral multiple thereof. The Trustee shall treat each $5,000 portion of such Series 2019 Bond as though it were a single bond for purposes of selection for redemption.

(c) Notwithstanding any provision of this Indenture to the contrary, including Section 4.5(b) above, if any Series 2019 Bonds are to be redeemed pursuant to Section 4.2, 4.3 or 4.4 above and such redemption results in the unredeemed portion of a single Series 2019 Bond in an amount less than the Authorized Denomination, a Series 2019 Bond in the principal amount equal to the unredeemed portion, but not less than $5,000, may be issued (unless the Owners of such Series 2019 Bond owns other Series 2019 Bonds of the same maturity which could be combined with such Series 2019 Bond to form an Authorized Denomination, as herein set forth).

(d) Upon surrender of any Series 2019 Bond for redemption in part, the Trustee in accordance with Section 3.8 of this Indenture, shall authenticate and deliver and exchange the Series 2019 Bond or Series 2019 Bonds in an aggregate principal amount equal to the unredeemed portion of the Series 2019 Bond so surrendered, which shall be an Authorized Denomination. A new Series 2019 Bond representing the unredeemed balance of such Series 2019 Bond shall be issued to the Owner thereof, such exchange being without charge.

Section 4.6. Notice of Redemption to Owners.

(a) The Trustee shall give notice of any redemption of Series 2019 Bonds by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Series 2019 Bond or portion thereof to be redeemed, at the address shown in the Register.

(b) The notice shall state the redemption date, the Redemption Price, the place at which the Series 2019 Bonds are to be surrendered for payment, and, if less than all the Series 2019 Bonds Outstanding are to be redeemed, and subject to Section 4.5 hereof, an identification of the Series 2019 Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Series 2019 Bond shall become due and payable.

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

(d) The City has the right to rescind any optional redemption or extraordinary optional redemption described in Section 4.3 or 4.4 by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Series 2019 Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

(e) With respect to any optional redemption of the Series 2019 Bonds, unless the Trustee has received funds sufficient to pay the Redemption Price of the Series 2019 Bonds to be redeemed before giving of a notice of redemption, the notice may state the City may condition redemption on the receipt of such funds by the Trustee on or before the date fixed for the

redemption, or on the satisfaction of any other prerequisites set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient funds are not received, the notice shall be of no force and effect, the City shall not redeem the Series 2019 Bonds and the Trustee shall give notice, in the manner in which the notice of redemption was given, that the Series 2019 Bonds have not been redeemed.

Section 4.7. Purchase Price for Series 2019 Bonds.

Upon receipt of written notice from the City specifying the Series 2019 Bonds to be purchased, the Trustee shall apply moneys available for redemption to the purchase of Series 2019 Bonds which were otherwise to be redeemed in such order or priority and subject to such restrictions as may be prescribed in this Indenture in the manner provided in this Section. The purchase price paid by the Trustee on behalf of the City (excluding accrued and unpaid interest but including any brokerage and other charges) for any Series 2019 Bond purchased by the City shall not exceed the principal amount of such Series 2019 Bond.

Section 4.8. Payment Upon Redemption.

(a) The Trustee shall make provision for the payment of the Series 2019 Bonds to be redeemed on such date by setting aside and holding in trust an amount from the Redemption Fund or otherwise received by the Trustee from the City and shall use such funds solely for the purpose of paying the Redemption Price on the Series 2019 Bonds being redeemed.

(b) Upon presentation and surrender of any Series 2019 Bond called for redemption at the designated corporate trust office of the Trustee (initially, Austin, Texas) on or after the date fixed for redemption, the Trustee shall pay the Redemption Price on such Series 2019 Bond to the date of redemption from the moneys set aside for such purpose.

Section 4.9. Effect of Redemption.

Notice of redemption having been given as provided in Section 4.6 of this Indenture, the Series 2019 Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the Redemption Price of such Series 2019 Bonds or the principal of and interest on such Series 2019 Bonds, as applicable, to the date fixed for redemption are on deposit with the Trustee; thereafter, such Series 2019 Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Series 2019 Bonds are presented and surrendered for payment on such date.

ARTICLE V
FORM OF THE BONDS

Section 5.1. Form Generally.

(a) The Series 2019 Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of Trustee, and the Assignment to appear on each of the Series 2019 Bonds, (i) shall be substantially in the form set forth in Exhibit A to this Indenture with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Indenture, and (ii) may have such letters,

numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the City or by the officers executing such Series 2019 Bonds, as evidenced by their execution thereof.

(b) Any portion of the text of any Series 2019 Bonds may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Series 2019 Bonds.

(c) The definitive Series 2019 Bonds shall be typewritten, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Series 2019 Bonds, as evidenced by their execution thereof.

(d) The Initial Series 2019 Bond submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

(e) The form of each Series of Bonds other than the Series 2019 Bonds shall be set forth in the applicable Supplemental Indenture authorizing the issuance of such Series of Bonds.

Section 5.2. CUSIP Registration.

The City may secure identification numbers through the CUSIP Service Bureau Division of S&P Global Market Intelligence on behalf of the American Bankers Association, New York, New York, and may authorize the printing of such numbers on the face of the Series 2019 Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Series 2019 Bonds shall be of no significance or effect as regards the legality thereof; and, none of the City, the Trustee, or the attorneys approving said Series 2019 Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Series 2019 Bonds. The Trustee may include in any redemption notice a statement to the effect that the CUSIP numbers on the Series 2019 Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners of the Series 2019 Bonds and that neither the City nor the Trustee shall be liable for any inaccuracies of such numbers.

Section 5.3. Legal Opinion.

The approving legal opinion of Bond Counsel may be printed on or attached to each Series 2019 Bond over the certification of the City Secretary of the City, which may be executed in facsimile.

Section 5.4. Statement of Insurance.

A statement relating to municipal bond insurance policy, if any, to be issued for the Series 2019 Bonds may be printed on or attached to each Series 2019 Bond.

ARTICLE VI
FUNDS AND ACCOUNTS

Section 6.1. Establishment of Funds and Accounts.

(a) Creation of Funds. The following Funds are hereby created and established under this Indenture:

(i) Pledged Revenue Fund;

(ii) Bond Fund;

(iii) Project Fund;

(iv) Redemption Fund;

(v) Reserve Fund;

(vi) Rebate Fund;

(vii) Reimbursement Fund; and

(viii) Administrative Fund.

(b) Creation of Accounts.

(i) The following Account(s) are hereby created and established under the Bond Fund:

(A) Capitalized Interest Account; and

(B) Principal and Interest Account.

(ii) The following Account(s) are hereby created and established under the Project Fund:

(A) PID Improvements Account; and

(B) PID Costs of Issuance Account.

(iii) The following Account(s) are hereby created and established under the Reserve Fund:

(A) Reserve Account; and

(B) Additional Interest Reserve Account.

(c) Each Fund (and each Account and each subaccount, if any) created within such Fund shall be maintained by the Trustee separate and apart from all other funds and accounts

of the City. The Pledged Funds shall constitute trust funds which shall be held in trust by the Trustee as part of the Trust Estate solely for the benefit of the Owners of the Bonds.

(d) Except as otherwise provided herein, interest earnings and profit on each respective Fund and Account established by this Indenture shall be applied or withdrawn for the purposes of such Fund or Account as specified below.

Section 6.2. Initial Deposits to Funds and Accounts.

The proceeds from the sale of the Series 2019 Bonds shall be paid to the Trustee and deposited or transferred by the Trustee as follows:

(i) to the Capitalized Interest Account of the Bond Fund: _____;

(ii) to the Reserve Account of the Reserve Fund: $_____ which is equal to the initial Series 2019 Reserve Account Requirement;

(iii) to the Administrative Fund: $_____;

(iv) to the PID Costs of Issuance Account of the Project Fund: $_____ (which includes underwriter's discount of $_____); and

(v) to the PID Improvements Account of the Project Fund: $_____.

Section 6.3. Pledged Revenue Fund.

(a) On or before February 15, 2020 and on or before the fifteenth (15th) day of each month thereafter, the City shall deposit or cause to be deposited with the Trustee all Pledged Revenues into the Pledged Revenue Fund. Specifically, the City shall deposit or cause to be deposited Assessment Revenues and other Pledged Revenues to be applied by the Trustee in the following order of priority:

(i) first, to the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds next coming due in such calendar year;

(ii) second, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement;

(iii) third, to the Additional Interest Reserve Account of the Reserve Fund in an amount equal to the Additional Interest;

(iv) fourth, to the Reimbursement Fund in the amount specified in a City Certificate prior to the date of such transfer to pay the Landowner the Improvement

Area #1 Reimbursement Obligation pursuant to the terms of the Acquisition and Reimbursement Agreement;

(v) fifth, to pay other Actual Costs of Improvement Area #1 Projects; and

(vi) sixth, to pay other costs permitted by the PID Act.

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

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

(d) Notwithstanding Section 6.3(a) hereof, the Trustee shall deposit Prepayments to the Pledged Revenue Fund and within two business days after such deposit shall transfer such Prepayments to the Redemption Fund.

(e) Notwithstanding Section 6.3(a) hereof, the Trustee shall deposit Foreclosure Proceeds to the Pledged Revenue Fund and within two business days after such deposit shall transfer Foreclosure Proceeds, as directed by the City pursuant to a City Certificate, first to the Reserve Fund to restore any transfers from the accounts within the Reserve Fund made with respect to the Assessed Property or Assessed Properties to which the Foreclosure Proceeds relate (*first*, to replenish the Reserve Account Requirement, and *second*, to replenish the Additional Interest Reserve Requirement), and second, to the Redemption Fund.

(f) After satisfaction of the requirement to provide for the payment of the principal and interest on the Bonds and to fund any deficiency that may exist in any Account of the Reserve Fund and transfer of funds pursuant to Section 6.3(a)(i) – (iv) above, the City may direct the Trustee by City Certificate to apply Assessments for any lawful purposes permitted by the PID Act for which Assessments may be paid. The Trustee may rely on such written direction of the City and shall have no obligation to determine the lawful purposes permitted under the PID Act.

Section 6.4. Bond Fund.

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

to be used to pay interest on the Bonds on such Interest Payment Date from the Capitalized Interest Account as provided below.

(b) If amounts in the Principal and Interest Account are insufficient for the purposes set forth in paragraph (a) above, the Trustee shall withdraw from the Reserve Fund amounts to cover the amount of such insufficiency in the order described in Section 6.7(f) hereof. Amounts so withdrawn from the Reserve Fund shall be deposited in the Principal and Interest Account and transferred to the Paying Agent/Registrar.

(c) Moneys in the Capitalized Interest Account shall be used for the payment of interest on the Series 2019 Bonds on the following dates and in the following amounts:

Date	**Amount**
September 1, 2019	
March 1, 2020	
September 1, 2020	

Any amounts on deposit to the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred to the PID Improvements Account of the Project Fund, or if the PID Improvements Account of the Project Fund has been closed as provided in Section 6.5(d) herein, such amounts shall be transferred to the Redemption Fund to be used to redeem the Series 2019 Bonds, and the Capitalized Interest Account shall be closed.

Section 6.5. Project Fund.

(a) Money on deposit in the PID Improvements Account and the PID Costs of Issuance Account of the Project Fund shall be used for the purposes specified in this Section.

(b) Disbursements from the PID Improvements Account of the Project Fund to pay Actual Costs of the Improvement Area #1 Projects shall be made by the Trustee upon receipt by the Trustee of one or more City Certificates containing a properly executed and completed Certification for Payment. See attached form of Certification for Payment as Exhibit E to the Financing Agreement. Such provisions and procedures related to such disbursement contained in the Acquisition and Reimbursement Agreement are herein incorporated by reference and deemed set forth herein in full.

(c) Disbursements from the PID Costs of Issuance Account of the Project Fund shall be made by the Trustee pursuant to and in accordance with a City Certificate providing for the application of such funds to be disbursed (with the exception of fees and expenses initially incurred by the Trustee, which may be withdrawn by the Trustee).

(d) If the City Representative reasonably determines that amounts then on deposit in the PID Improvements Account of the Project Fund are not expected to be expended for purposes of the PID Improvements Account due to the completion, abandonment, or constructive abandonment, of the Improvement Area #1 Projects, as the case may be, such that, in the opinion

of the City Representative, it is unlikely that the amounts in the PID Improvements Account of the Project Fund will ever be expended for the purposes of the PID Improvements Account, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the PID Improvements Account that are not expected to be used for purposes of the PID Improvements Account. If such City Certificate is so filed, the amounts on deposit in the PID Improvements Account shall be transferred to the Redemption Fund to redeem Bonds on the earliest practical date after notice of redemption has been provided in accordance with this Indenture, and the PID Improvements Account shall be closed.

(e) Upon the Trustee's receipt of a written determination by the City Representative that all costs of issuance of the Bonds have been paid and the appropriate portion of the costs incidental to the organization of the District have been paid, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the PID Costs of Issuance Account of the Project Fund that are not expected to be used for purposes of the PID Costs of Issuance Account. If such City Certificate is so filed, the amounts on deposit in the PID Costs of Issuance Account of the Project Fund shall be transferred to the PID Improvements Account of the Project Fund and used to pay interest on the Bonds, as directed by the City in a City Certificate filed with the Trustee, and the PID Costs of Issuance Account of the Project Fund shall be closed.

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

(g) The Trustee shall disburse and deplete the funds on deposit in the PID Improvements Account of the Project Fund prior to disbursing funds from the Reimbursement Fund.

In providing any disbursement from the PID Improvements Account of the Project Fund, the Trustee may conclusively rely as to the completeness and accuracy of all statements in such Certification for Payment if such certificate is signed by a City Representative, and the Trustee shall not be required to make any independent investigation in connection therewith. The execution of any Certification for Payment by a City Representative shall constitute, unto the Trustee, an irrevocable determination that all conditions precedent to the payments requested have been completed.

Section 6.6. Redemption Fund.

Subject to adequate amounts on deposit in the Pledged Revenue Fund, the Trustee, as directed by City Certificate, shall cause to be deposited to the Redemption Fund from the Pledged Revenue Fund an amount sufficient to redeem Series 2019 Bonds as provided in Sections 4.3 and 4.4 on the dates specified for redemption as provided in Sections 4.3 and 4.4. Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Series 2019 Bonds as provided in Article IV.

Section 6.7. Reserve Fund.

(a) The Reserve Account will be initially funded with a deposit of $_____ from the proceeds of the Series 2019 Bonds and the City agrees with the Owners of the Bonds to accumulate from the deposits outlined in Section 6.3(a) hereof, and when accumulated maintain in the Reserve Account, an amount equal to not less than the Reserve Account Requirement. All amounts deposited in the Reserve Account shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund as provided in this Indenture. The Trustee will transfer from the Pledged Revenue Fund to the Additional Interest Reserve Account, to the extent that the Reserve Account contains the Reserve Account Requirement and funds are available after application of the deposit priority in Section 6.3(a) hereof, an amount equal to the Additional Interest in the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account; provided, however, that at any time the amount on deposit in the Additional Interest Reserve Account is less than Additional Interest Reserve Requirement, the Trustee shall resume depositing the Additional Interest into the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has accumulated in the Additional Interest Reserve Account.

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

(c) Whenever Series 2019 Bonds are to be redeemed with the proceeds of Prepayments pursuant to Section 4.4, a proportionate amount in the Reserve Account of the Reserve Fund shall be transferred on the Business Day prior to the redemption date by the Trustee to the Redemption Fund to be applied to the redemption of the Series 2019 Bonds. The amount so transferred from the Reserve Account of the Reserve Fund shall be equal to an amount representing the difference between (i) the lesser of (A) the Reserve Account Requirement prior to redemption and (B) the amount actually on deposit in the Reserve Account prior to redemption, and (ii) the Reserve Account Requirement after such redemption; provided, however, no such transfer from the Reserve Account shall cause the amount on deposit therein to be less than the Reserve Account Requirement to be in effect after such redemption. If after such transfer, and after applying investment earnings on the Redemption Fund toward payment of accrued and unpaid interest to the date of redemption on the Series 2019 Bonds to be redeemed, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Series 2019 Bonds to the date fixed for redemption of the Series 2019 Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall from the Additional Interest Reserve Account to the Redemption Fund to be applied to the redemption of the Series 2019 Bonds.

(d) Whenever, on any Interest Payment Date, or on any other date at the written request of a City Representative, the amount in the Reserve Account exceeds the Reserve Account Requirement, the Trustee shall provide written notice to the City Representative of the amount of the excess. Such excess shall be transferred to the Principal and Interest Account to be used for the payment of interest on the Bonds on the next Interest Payment Date in accordance with Section 6.4 hereof, unless within 45 days of such notice to the City Representative, the Trustee receives a

City Certificate instructing the Trustee to apply such excess: (i) to pay amounts due under Section 6.8 hereof, (ii) to the Administrative Fund in an amount not more than the Annual Collection Costs for the Series 2019 Bonds, or (iii) to the PID Improvements Account of the Project Fund if such application and the expenditure of funds is expected to occur within three years of the date hereof.

(e) Whenever, on any Interest Payment Date, or on any other date at the written request of the City Representative, the amount on deposit in the Additional Interest Reserve Account exceeds the Additional Interest Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess (the "*Excess Additional Interest Reserve Amount*"). Such excess on deposit in the Additional Interest Reserve Account shall be transferred, at the direction of the City pursuant to a City Certificate, to the Administrative Fund for the payment of Annual Collection Costs or to the Redemption Fund in order to effect the redemption of Series 2019 Bonds pursuant to Section 4.4. In the event that the Trustee does not receive a City Certificate directing the transfer of the Excess Additional Interest Reserve Amount to the Administrative Fund within 45 days of providing notice to the City of such Excess Additional Interest Reserve Amount, the Trustee shall transfer the Excess Additional Interest Reserve Amount to the Redemption Fund and redeem Series 2019 Bonds pursuant to Section 4.4 hereof.

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

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

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

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

Section 6.8. Rebate Fund; Rebate Amount.

(a) There is hereby established a special fund of the City to be designated "City of Kyle, Texas Special Assessment Revenue Bonds, Series 2019 (6 Creeks Public Improvement District Improvement Area #1 Project) Rebate Fund" (the "Rebate Fund") to be held by the Trustee in accordance with the terms and provisions of this Indenture. Amounts on deposit in the Rebate Fund shall be used solely for the purpose of paying amounts due the United States Government in

accordance with the Code. The Trustee shall transfer from the Pledged Revenue Fund to the credit of the Rebate Fund each amount instructed by City Certificate to be transferred thereto.

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

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

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

Section 6.9. Administrative Fund.

(a) Notwithstanding Section 6.3(a) hereof, the City shall deposit or cause to be deposited to the Administrative Fund the amounts collected each year to pay Annual Collection Costs and Delinquent Collection Costs. Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered hereunder and used as directed by a City Certificate solely for the purposes set forth in the Service and Assessment Plan.

(b) The Administrative Fund is not a Pledged Fund.

Section 6.10. Investment of Funds.

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

thereof purchased with such money or owned by such Fund are held by or on behalf of each such Fund. If necessary, such investments shall be promptly sold in order to make the disbursements required or permitted by this Indenture or to prevent any default. In the event the City does not provide written investment directions, the Trustee is instructed to invest funds into the Federated Treasury Obligations Fund, Fidelity Treasury #2016 (CUSIP No. 31607A406).

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

(c) The Trustee and its affiliates may act as sponsor, depository, principal or agent in the acquisition or disposition of any investment. The Trustee shall not incur any liability for losses arising from any investments made pursuant to this Section. The Trustee shall not be required to determine the suitability or legality of any investments or whether investments comply with Section 6.10(a) above.

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

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

Section 6.11. Advances from Available Funds.

In the event of a delinquency in the payment of any installment of the Assessment levied upon any property for the payment of the principal portion of an Annual Installment, the City may, but is not obligated to, be the purchaser of the delinquent property upon which any of said Assessments are levied in like manner in which it may become the purchaser of property sold for the nonpayment of general ad valorem property taxes, and in the event the City does so become the purchaser of such property, shall pay and transfer and deposit into the Pledged Revenue Fund the amount of any remaining amount of unpaid Assessment, delinquent Assessment installments and interest thereon. The City may also pay and transfer from available funds and deposit into the Pledged Revenue Fund, but shall not be so obligated, the amount of any such Assessment pending redemption or sale. Any amounts so advanced by the City shall be recoverable upon sale or redemption of the property. The City shall not be obligated to advance available funds to cure any deficiency in the Pledged Revenue Fund, or any other Fund created hereunder, and has determined that it would not obligate itself to advance available funds from other funds of the City to cure any such deficiency.

Section 6.12. Reimbursement Fund.

(a) Money on deposit in the Reimbursement Fund shall be used to reimburse the Landowner for Actual Costs paid for Improvement Area #1 Projects in accordance with the Acquisition and Reimbursement Agreement and as specified in a City Certificate. Such provisions and procedures of the Acquisition and Reimbursement Agreement are herein incorporated by reference and deemed set forth in this Section 6.12 in full. When the City provides written notice to the Trustee that all amounts due to the Landowner under the Acquisition and Reimbursement Agreement have been paid to the Landowner, whether through Assessments received and applied in accordance with the Service and Assessment Plan or an Annual Service Plan Update or through the proceeds of additional bonds, no further deposits shall be made to the Reimbursement Fund and the Reimbursement Fund shall be closed.

(b) The Trustee shall disburse and deplete the funds on deposit in the PID Improvements Account of the Project Fund prior to disbursing funds from the Reimbursement Fund.

(c) The Reimbursement Fund is not a Pledged Fund.

Section 6.13. Security of Funds.

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

ARTICLE VII
COVENANTS

Section 7.1. Confirmation of Assessments.

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

Section 7.2. Collection and Enforcement of Assessments.

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

(b) The City will determine or cause to be determined, no later than February 15 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and

legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Assessed Property.

Section 7.3. Against Encumbrances.

(a) Other than the Additional Improvement Area #1 Bonds and Refunding Bonds, the City shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance or charge upon the Pledged Revenues, the Trust Estate, or any other property pledged under this Indenture, except any pledge created for the equal and ratable security of the Bonds.

(b) So long as Bonds are Outstanding hereunder, the City shall not issue any bonds, notes or other evidences of indebtedness secured by any pledge of or other lien or charge on any portion of the Pledged Revenues, the Trust Estate or other property pledged under this Indenture, except that the City may issue Additional Improvement Area #1 Bonds and Refunding Bonds in accordance with the terms of this Indenture.

Section 7.4. Records, Accounts, Accounting Reports.

The City hereby covenants and agrees that so long as any of the Bonds or Outstanding Bonds or any interest thereon remain outstanding and unpaid, and the obligation to the Landowner to reimburse it under the Acquisition and Reimbursement Agreement for funds it has contributed to pay Actual Costs of the Improvement Area #1 Projects remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the Assessments. The Trustee and holder or holders of any Bonds or any duly authorized agent or agents of such holders shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, upon written request to the City by the Trustee or duly authorized representative, as applicable. The City shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds during the City's regular business hours and on a mutually agreeable date not later than thirty days after the City receives such request.

Section 7.5. Covenants to Maintain Tax-Exempt Status.

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

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

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

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

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

"*Issue Date*" for the Bonds or other obligations of the City is the respective date on which such bonds or other obligations of the City is delivered against payment therefor.

"*Net Sale Proceeds*" has the meaning stated in section 1.148-1(b) of the Regulations.

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

"*Proceeds*" has the meaning stated in section 1.148-1(b) of the Regulations.

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

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

"*Yield*" of (1) any Investment has the meaning set forth in section 1.148-5 of the Regulations; and (2) the Bonds has the meaning set forth in section 1.148-4 of the Regulations.

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

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

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

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

(d) No Private Loan.

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

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

(e) Not to Invest at Higher Yield. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final Stated Maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested) if, as a result of such investment, the Yield

from the Issue Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of the Bonds.

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

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

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

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

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

(iii) As additional consideration for the purchase of the Bonds by the Purchaser and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall, pursuant to a City Certificate, pay to the United States the amount described in paragraph (ii) above at the times, in the installments, to the place, in the manner and accompanied by such forms or other information as is or may be required by section 148(f) of the Code and the regulations and rulings thereunder.

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

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

(j) *Not Hedge Bonds.* The City will not invest more than 50 percent of the Proceeds of each series of the Bonds in Nonpurpose Investments having a substantially guaranteed yield for four years or more. On the Issue Date of each series of the Bonds, the City reasonably expects that at least 85 percent of the Net Sale Proceeds of each series of the Bonds will be used to carry out the governmental purpose of such series within three years after the respective Issue Date of such series.

(k) *Elections*. The City hereby directs and authorizes the Mayor, Mayor Pro Tem, City Manager, Assistant City Manager, or City Secretary, individually or jointly, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Bonds, in the Tax Certificate or similar or other appropriate certificate, form or document.

ARTICLE VIII
LIABILITY OF CITY

Neither the full faith and credit nor the general taxing power of the City is pledged to the payment of the Bonds, and except for the Trust Estate, no City taxes, fee or revenues from any source are pledged to the payment of, or available to pay any portion of, the Bonds or any other obligations relating to the District. The City shall never be liable for any obligations relating to the Bonds or other obligations relating to the District, other than as specifically provided for in this Indenture.

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

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

No provision of this Indenture, the Bonds, the Assessment Ordinance, or any agreement, document, instrument, or certificate executed, delivered or approved in connection with the

issuance, sale, delivery, or administration of the Bonds (collectively, the "*Bond Documents*"), shall require the City to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Trust Estate and the Annual Collection Costs) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers, if in the judgment of the City there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it.

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

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

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

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

ARTICLE IX
THE TRUSTEE

Section 9.1. Trustee as Registrar and Paying Agent.

The Trustee is hereby designated and agrees to act as Registrar and Paying Agent for and in respect to the Bonds. The Trustee hereby accepts and agrees to execute the respective trusts imposed upon it by this Indenture, but only upon the express terms and conditions, and subject to the provisions of this Indenture to all of which the parties hereto and the Owners of the Bonds agree. No implied covenants or obligations shall be read into this Indenture against the Trustee.

Section 9.2. Trustee Entitled to Indemnity.

The Trustee shall be under no obligation to institute any suit, or to undertake any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays, and counsel fees and other reasonable disbursements, and against all liability except as a consequence of its own negligence or willful misconduct; provided, however, that absent an Event of Default, the Trustee shall not request or require indemnification as a condition to making any deposits, payments or transfers when required hereunder, or to delivering any notice when required hereunder. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as the Trustee, without indemnity, and in such case the Trustee may make transfers from the Pledged Revenue Fund or the Administrative Fund to pay all costs, fees, and expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall be entitled to a preference therefor over any Bonds Outstanding hereunder.

Section 9.3. Responsibilities of the Trustee.

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

(b) The duties and obligations of the Trustee shall be determined by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture. The Trustee will, prior to any Event of Default and after curing of any Event of Default, perform such duties and only such duties as are specifically set forth herein. The Trustee will, during the existence of an Event of Default, exercise such rights and powers vested in it by this Indenture and use the same degree of care and

skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for its own negligence or willful misconduct. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from this Indenture for the existence, furnishing or use of the Improvement Area #1 Projects.

(c) The Trustee, before the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. If any Event of Default occurred and continues, the Trustee shall exercise such rights and powers vested in it by this Indenture, and shall use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs in exercising any rights or remedies or performing any of its duties hereunder.

(d) The Trustee shall not be responsible for any recital herein (except with respect to the authentication certificate of the Trustee endorsed on the Bonds) or for the recording, filing, or refiling of this Indenture in connection therewith, or for the validity of the execution by the City of this Indenture or of any Supplemental Indentures or instruments of further assurance, or for the sufficiency or security of the Bonds.

(e) The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the validity or sufficiency of this Indenture or of the Bonds. The Trustee shall not be accountable for the use or application of any Bonds or the proceeds thereof or of any money paid to or upon the order of the City under any provision of this Indenture.

(f) The Trustee shall not be liable for any error of judgment made in good faith by any one of its officers, unless it is established that the Trustee was negligent in ascertaining the pertinent facts.

(g) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of at least a Quarter in Interest of the aggregate outstanding principal of the Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

(h) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default unless the Trustee is notified specifically of the default or Event of Default in a written instrument or document delivered to it by the City or by an Owner of the Bonds. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no Event of Default, except as noted above, unless Trustee has actual knowledge of an Event of Default.

(i) Before taking any action under this Indenture (other than making any deposits, payments or transfers when required hereunder), the Trustee may require that a satisfactory indemnity be furnished to it for the payment or reimbursement of all costs and

expenses (including, without limitation, attorney's fees and expenses) to which it may be put and to protect it against all liability which it may incur in or by reason of such action, except liability which it adjudicated to have resulted from its negligence or willful misconduct.

(j) The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Indenture shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and rights to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the discharge of this Indenture, and final payment of the Bonds.

(k) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or through agents, attorneys, or receivers, and the Trustee shall be entitled to rely and act upon the opinion or advice of its own counsel, concerning all matters of trust hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such agents, attorneys, and receivers as may reasonably be employed in connection with the trusts hereof. The Trustee shall not be responsible for any loss or damage resulting from any action or nonaction by it taken or omitted to be taken in good faith in reliance upon such opinion or advice of its own counsel.

Section 9.4. Property Held in Trust.

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

Section 9.5. Trustee Protected in Relying on Certain Documents.

The Trustee may conclusively rely upon any order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond, or other document provided to the Trustee in accordance with the terms of this Indenture that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or Person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, the Financing Agreement, and the Development Agreement, or upon the written opinion of any counsel, architect, engineer, insurance consultant, management consultant, or accountant believed by the Trustee to be qualified in relation to the subject matter, and the Trustee shall be under no duty to make any investigation or inquiry and shall not be deemed to have knowledge into any statements contained or matters referred to in any such instrument. The Trustee may consult with counsel, who may or may not be Bond Counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted to be taken by it in good faith and in accordance therewith. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who, at the time of making such request, or giving such authority or consent to the Owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor and upon transfer or in place thereof.

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

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

Section 9.6. Compensation.

Unless otherwise provided by contract with the Trustee, the Trustee shall transfer from the Administrative Fund, upon written direction of the City, compensation for all services rendered by it hereunder, including its services as Registrar and Paying Agent, together with all its reasonable expenses, charges, and other disbursements and those of its counsel, agents and employees, incurred in and about the administration and execution of the trusts hereby created and the exercise of its powers and the performance of its duties hereunder, upon delivery of an invoice therefor to the City, and the Trustee shall have a lien therefor on the Administrative Fund. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if in the judgment of the Trustee there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it. If the City fails to make any payment required by this Section, the Trustee may make such payment from any moneys in the Administrative Fund and shall have a first lien with right of payment before payment on account of principal of or interest on any Bond, upon all moneys in the Administrative Fund under any provisions hereof for the foregoing reasonable advances, fees, costs, and expenses incurred. The right of the Trustee to fees, expenses, and indemnification shall survive the release, discharge, and satisfaction of the Indenture.

Section 9.7. Permitted Acts.

The Trustee and its directors, officers, employees, or agents may become the owner of or may in good faith buy, sell, own, hold and deal in Bonds and may join in any action that any Owner of Bonds may be entitled to take as fully and with the same rights as if it were not the Trustee. The Trustee may act as depository, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, the City or any committee formed to protect the rights of holders of Bonds or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not such committee shall represent the holders of a majority in aggregate outstanding principal amount of the Bonds. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or willful misconduct.

Section 9.8. Resignation of Trustee.

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

Section 9.9. Removal of Trustee.

The Trustee may be removed at any time by the Owners of a Quarter in Interest of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or by their attorneys-in-fact, duly authorized and delivered to the City. Copies of each such instrument shall be delivered by the City to the Trustee and any successor thereof. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Owners of a Quarter in Interest of the aggregate outstanding principal of the Bonds.

Section 9.10. Successor Trustee.

If the Trustee resigns, is removed, is dissolved, or becomes incapable of acting, or is adjudged a bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Trustee or of its property is appointed, or if any public officer takes charge or control of the Trustee or of its property or affairs, the position of the Trustee hereunder shall thereupon become vacant.

If the position of Trustee becomes vacant for any of the foregoing reasons or for any other reason, a successor Trustee may be appointed after any such vacancy occurs by the Owners of a Quarter in Interest of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or their attorneys-in-fact, duly authorized and delivered to such successor Trustee, with notification thereof being given to the predecessor Trustee and the City.

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

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

association qualified to be a successor to such Trustee pursuant to the provisions set forth herein, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

If in a proper case no appointment of a successor Trustee is made within 45 days after the giving by any Trustee of any notice of resignation in accordance with Section 9.8 herein or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of Bonds may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor and the City shall be responsible for the costs of such appointment process. Any duties and obligations of such predecessor Trustee shall thereafter cease and terminate, and the payment of the fees and expenses owed to the predecessor Trustee shall be paid in full.

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

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

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

Any successor Trustee appointed under the provisions of Section 9.10 shall execute, acknowledge, and deliver to its predecessor and the City an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations, and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the City or of such successor , execute, acknowledge, and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights, immunities, powers, and trusts of such Trustee and all the right, title, and interest of such Trustee in and to the Trust Estate, and shall pay over, assign, and deliver to such successor any moneys or other properties subject to the trusts and conditions herein set forth. Should any deed, conveyance, or instrument in writing from the City be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties, or obligations, any and all such deeds, conveyances, and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged, and delivered by the City.

Section 9.12. Merger, Conversion or Consolidation of Trustee.

Any corporation or association into which the Trustee may be merged or with which it may be consolidated or any corporation or association resulting from any merger, conversion or consolidation to which it shall be a party or any corporation or association to which the Trustee

may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Trustee hereunder, without any further act, deed or conveyance, provided that such corporation or association shall be a commercial bank or trust company or national banking association qualified to be a successor to such Trustee under the provisions of Section 9.10, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

Section 9.13. Security Interest in Trust Estate.

Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Trust Estate provided for herein, and such pledge is, under current law, valid, effective and perfected. The City shall cause to be filed all appropriate initial financing statements, if any, to ensure that the Trustee (for the benefit of the Owners of the Bonds) is granted a valid and perfected first priority lien on the entire Trust Estate. Nothing herein shall obligate the Trustee to file any initial financing statements. Upon the City's timely delivery of a copy of such filed initial financing statement, if any, to the Trustee, the Trustee shall file continuation statements of such initial financing statement(s) in the same jurisdictions as the initial financing statement(s) previously provided to the Trustee.

Section 9.14. Offering Documentation.

The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum, or any other disclosure material prepared or distributed with respect to the Bonds and shall have no responsibility for compliance with any State or federal securities laws in connection with the Bonds.

Section 9.15. Expenditure of Funds and Risk.

None of the provisions of this Indenture shall require the Trustee to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of its rights or powers if the Trustee shall have reasonable grounds for believing that the repayment of such funds or indemnity against such risk or liability is not assured.

Section 9.16. Environmental Hazards.

The Trustee may inform any Holder of environmental hazards that the Trustee has reason to believe exist, and the Trustee has the right to take no further action and in such event, no fiduciary duty exists which imposes any obligation for further action with respect to the Trust Estate or any portion thereof if the Trustee, in its individual capacity, determines that any such action would materially and adversely subject the Trustee to environmental or other liability for which the Trustee has not been adequately indemnified.

The Trustee shall not be responsible or liable for the environmental condition related to the improvements to any real property or for diminution in value of the same, or for any claims by or on behalf of the owners thereof as the result of any contamination by a hazardous substance, hazardous material, pollutant, or contaminant. The Trustee assumes no duty or obligation to assess the environmental condition of any improvements or with respect to compliance thereof under State or federal laws pertaining to the transport, storage, treatment, or disposal of hazardous

substances, hazardous materials, pollutants, or contaminants or regulations, permits, or licenses issued under such laws.

Section 9.17. Accounts, Periodic Reports and Certificates.

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

Section 9.18. Construction of Indenture.

The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision hereof, and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the Owners of the Bonds.

ARTICLE X
MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 10.1. Amendments Permitted.

This Indenture and the rights and obligations of the City and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture, except as provided below, pursuant to the affirmative vote at a meeting of Owners of the Bonds, or with the written consent without a meeting, of the Owners of more than fifty percent (50%) of the aggregate principal amount of the Bonds then Outstanding. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the principal of or interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, (ii) permit the creation by the City of any pledge or lien upon the Trust Estate superior to the pledge and lien created for the benefit of the Bonds, (iii) except as otherwise permitted by this Indenture, permit the creation by the City of any pledge or lien upon the Trust Estate on a parity with the pledge and lien created for the benefit of the Bonds, or (iv) reduce the percentage of Bonds required for the amendment hereof. Any such amendment may not modify any of the rights or obligations of the Trustee without its written consent.

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

(i) to add to the covenants and agreements of the City in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the City;

(ii) to make modifications not adversely affecting any Outstanding Bonds in any respect;

(iii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in regard to questions arising under this Indenture, as the City may deem necessary or desirable and not inconsistent with this Indenture, and that shall not adversely affect the rights of the Owners of the Bonds;

(iv) to authorize a Series of Additional Improvement Area #1 Bonds or Refunding Bonds in accordance with the provisions of this Indenture; and

(v) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds.

Notwithstanding the above, no Supplemental Indenture under this Section shall be effective unless the City first delivers to the Trustee an opinion of Bond Counsel to the effect that such amendment will not adversely affect the: (i) interests of the Owners in any respect, and (ii) exclusion of interest on any Bond from gross income for purposes of federal income taxation.

Section 10.2. Owners' Meetings.

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

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

The City and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds or of this Indenture, to the extent that such amendment is permitted by Section 10.1 herein, to take effect when and as provided in this Section. A copy of such Supplemental Indenture, together with a request to Owners for their consent thereto, shall be mailed by first class mail, by the Trustee to each Owner of Bonds from whom consent is required under this Indenture, but failure to mail copies of such Supplemental Indenture and request shall not affect the validity of the Supplemental Indenture when assented to as in this Section provided.

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

After the Owners of the required percentage of Bonds have filed their consents to the Supplemental Indenture, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 10.3 to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Owners of all Bonds at the expiration of forty-five (45) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such forty-five day period; provided, however, that the Trustee during such forty-five day period and any such further period during which any such action or proceeding may be pending shall be entitled in its sole discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture as it may deem expedient.

Section 10.4. Effect of Supplemental Indenture.

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

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

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

Section 10.6. Amendatory Endorsement of Bonds.

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

Section 10.7. Waiver of Default.

Subject to the second and third sentences of Section 10.1, with the written consent of more than fifty percent (50%) in aggregate principal amount of the Bonds then Outstanding, the Owners may waive compliance by the City with certain past defaults under the Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners. For the avoidance of doubt, any waiver given pursuant to this Section shall be subject to Section 11.5 below.

Section 10.8. Execution of Supplemental Indenture.

In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall receive, and shall be fully protected in relying upon, an opinion of Bond Counsel addressed and delivered to the Trustee and the City stating that the execution of such Supplemental Indenture is permitted by and in compliance with this Indenture. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties and immunities under this Indenture or otherwise.

Any such amendment shall not modify any of the rights or obligations of the Trustee without its written consent. In executing or accepting any Supplemental Indenture, the Trustee shall be fully protected in relying upon an opinion of nationally recognized bond counsel engaged by the Trustee and addressed and delivered to the Trustee stating that (a) the execution of such Supplemental Indenture is permitted by and in compliance with this Indenture, (b) the execution and delivery of will not adversely affect the exclusion from federal gross income of the interest on the Bonds, and (c) such Supplemental Indenture will, upon the execution and delivery thereof, to be a valid and binding obligation of the City.

ARTICLE XI
DEFAULT AND REMEDIES

Section 11.1. Events of Default.

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

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

(ii) The failure of the City to enforce the collection of the Assessments including the prosecution of foreclosure proceedings;

(iii) The failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; and

(iv) Default in the performance or observance of any other covenant, agreement or obligation of the City under this Indenture and the continuation thereof for a period of ninety (90) days after written notice to the City by the

Trustee, or by the Owners of a Quarter in Interest of the Bonds with a copy to the Trustee, specifying such default by the Owners of a Quarter in Interest of the Bonds requesting that the failure be remedied.

Section 11.2. Immediate Remedies for Default.

(a) Subject to Article VIII, upon the happening and continuance of any one or more of the Events of Default described in Section 11.1, the Trustee may, and at the written direction of the Owners of a Quarter in Interest of the Bonds and its receipt of indemnity satisfactory to it shall, proceed against the City for the purpose of protecting and enforcing the rights of the Owners under this Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by this Indenture or by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that any action for money damages against the City shall be limited in recovery to the assets of the Trust Estate, including the Pledged Revenues. The Trustee retains the right to obtain the advice of counsel in its exercise of remedies for default.

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

(c) If the assets of the Trust Estate are sufficient to pay all amounts due with respect to all Outstanding Bonds, in the selection of Trust Estate assets to be used in the payment of Bonds due under this Article, the City shall determine, in its absolute discretion, and shall instruct the Trustee by City Certificate, which Trust Estate assets shall be applied to such payment and shall not be liable to any Owner or other Person by reason of such selection and application. In the event that the City shall fail to deliver to the Trustee such City Certificate, the Trustee shall select and liquidate or sell Trust Estate assets as provided in the following paragraph, and shall not be liable to any Owner, or other Person, or the City by reason of such selection, liquidation or sale. The Trustee shall have no liability for its selection of Trust Estate assets to liquidate or sell.

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

which may be designated in such request. The Trustee shall have no liability for its selection of Trust Estate assets to liquidate or sell.

Section 11.3. Restriction on Owner's Action.

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

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

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

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

(a) All moneys, securities, funds and Pledged Revenues or other assets of the Trust Estate and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel fees, costs, and expenses), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out this Indenture, during the continuance of an Event of Default, notwithstanding Section 11.2 hereof, shall be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds, as follows:

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

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

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

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

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

Section 11.5. Effect of Waiver.

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

The Trustee, if previously directed in writing by Owners of a Quarter in Interest of the Bonds, shall waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of and interest, if any, on Bonds.

Section 11.6. Evidence of Ownership of Bonds.

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

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

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

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

Section 11.7. No Acceleration.

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

Section 11.8. Mailing of Notice.

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

Section 11.9. Exclusion of Bonds.

Bonds owned or held by or for the account of the City shall be promptly delivered to the Trustee and cancelled. Such Bonds will not be deemed Outstanding for any purpose, including without limitation, the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Indenture, and the City shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Indenture.

Section 11.10. Remedies Not Exclusive.

No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity, by statute or by contract.

Section 11.11. Direction by Owners.

Anything herein to the contrary notwithstanding, the Owners of a Quarter in Interest of the Bonds shall have the right by an instrument in writing executed and delivered to the Trustee, to direct the choice of remedies and the time, method and place of conducting any proceeding for any remedy available to the Trustee hereunder, under each Supplemental Indenture or otherwise, or exercising any trust or power conferred upon the Trustee, including the power to direct or withhold directions with respect to any remedy available to the Trustee or the Owners, provided, (i) such direction shall not be otherwise than in accordance with law and the provisions hereof, (ii) that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and (iii) that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Owners not parties to such direction.

ARTICLE XII
GENERAL COVENANTS AND REPRESENTATIONS

Section 12.1. Representations as to the Trust Estate.

(a) The City represents and warrants that it is authorized by Applicable Laws to authorize and issue the Bonds, to execute and deliver this Indenture and to pledge the Trust Estate in the manner and to the extent provided in this Indenture, and that the Trust Estate are and will be and remain free and clear of any pledge, lien, charge, or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Indenture except as expressly provided herein.

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

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

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

Section 12.2. Accounts, Periodic Reports and Certificates.

The Trustee shall keep or cause to be kept proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Funds and Accounts established by this Indenture and which shall at all times be subject to inspection by the City during the Trustee's regular business hours and each

Owner or their representatives duly authorized in writing, providing reasonable notice to the Trustee.

Section 12.3. General.

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

Section 12.4. No Israel Boycott.

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

Section 12.5. No Terrorist Organization.

The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, as amended, and posted on any of the following pages of such officer's Internet website:

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

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

ARTICLE XIII
SPECIAL COVENANTS

Section 13.1. Further Assurances; Due Performance.

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

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

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

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

(b) Other than the Additional Improvement Area #1 Bonds (issued in accordance with subsection (c) below) and Refunding Bonds issued to refund all or a portion of the PID Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on any portion of the Trust Estate, and will not cause or allow any matter or things whereby the lien of this Indenture or the priority hereof might or could be lost or impaired, and further covenants that it will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence over or any equality with this Indenture as a lien or charge upon the Trust Estate; provided, however, that nothing in this Section shall require the City to apply, discharge, or make provision for any such lien, charge, claim, or demand so long as the validity thereof shall be contested by it in good faith, unless thereby, in the opinion of Bond Counsel or counsel to the Trustee, the same would endanger the security for the Bonds.

(c) The City reserves the right to issue Additional Improvement Area #1 Bonds, but shall be under no obligation to issue Additional Improvement Area #1 Bonds, to finance the Actual Costs of the Improvement Area #1 Projects, including payment of the Improvement Area #1 Reimbursement Obligation, and in accordance with the conditions set forth below:

(i) The City Representative shall provide the Trustee a certificate certifying that (A) the City is not in default in the performance and observance of any of the terms, provisions and conditions applicable to the City contained in this Indenture and (B) the Landowner is not delinquent with respect to fees or any other funds or commitments to be paid to the City in accordance with the Development Agreement or Financing Agreement;

(ii) The Landowner shall provide the Trustee, through an authorized representative, a certificate certifying that the Landowner is not in default beyond any

applicable notice and cure period in the performance and observance of any of the terms, provisions and conditions applicable to the Landowner contained in the Financing Agreement, the Acquisition and Reimbursement Agreement, or the Development Agreement;

(iii) The Administrator shall provide the Trustee a certificate certifying that the Landowner is not delinquent with respect to the payment of Assessments or any ad valorem taxes (other than any ad valorem taxes being contested in good faith);

(iv) The City and the Trustee shall receive a certificate or report from an independent certified appraiser, appraisal firm or financial consultant, assuming completion of the Improvement Area #1 Projects, demonstrating that the ratio of the aggregate appraised value of all Assessed Properties within Improvement Area #1 to the aggregate principal amount of the Outstanding Bonds and the Additional Improvement Area #1 Bonds to be issued (the "Value to Lien Ratio") is at least 5:1. In calculating the Value to Lien Ratio, the independent certified appraiser, appraisal firm or financial consultant may rely on builder contracts, a certificate from the Administrator identifying lots for which home construction has commenced or the Hays County Tax Assessor/Collector's estimated assessed valuation for completed homes (home and lot assessed valuation) and estimated lot valuation for lots on which homes are under construction;

(v) The Landowner shall provide the City and the Trustee a certificate, through an authorized representative, certifying that no less than 162 single-family lots located within Improvement Area #1 (A) contain completed single-family homes or (B) have been issued a construction permit by the City;

(vi) The principal (including sinking fund installments) of the Additional Improvement Area #1 Bonds must be scheduled to mature on September 1 of the years in which principal is scheduled to mature;

(vii) The interest on the Additional Improvement Area #1 Bonds must be scheduled to be paid on March 1 and September 1 of the years in which interest is scheduled to be paid;

(viii) The Reserve Account Requirement shall be increased by an amount equal to at least 25% of the Maximum Annual Debt Service on the proposed Additional Improvement Area #1 Bonds to be issued as of the Closing Date therefor and such amount shall be deposited as of the same;

(ix) The issuance of such Additional Improvement Area #1 Bonds shall not cause the amount of the Annual Installments to be collected in any year after the issuance of such Additional Improvement Area #1 Bonds to exceed the amount of the Annual Installments collected in the year of the issuance of such Additional Improvement Area #1 Bonds; and

(x) The maximum principal amount of Additional Improvement Area #1 Bonds that may be issued, subject to the approval of the City, in total, is the lesser of (i) the then

outstanding balance of the Improvement Area #1 Reimbursement Obligation and (ii) the then outstanding Assessments, less the Assessments required to pay the principal of the Series 2019 Bonds.

(d) The City reserves the right to issue Refunding Bonds, the proceeds of which would be utilized to refund all or any portion of the Outstanding Bonds or Outstanding Refunding Bonds and to pay all costs incident to the Refunding Bonds, as authorized by the laws of the State, and in accordance with the conditions set forth below:

(i) The principal of all Refunding Bonds must be scheduled to be paid, be subject to mandatory sinking fund redemption or mature on September 1 of the years in which such principal is scheduled to be paid, subject to mandatory sinking fund redemption or maturity. All Refunding Bonds must bear interest at a fixed rate and any interest payment dates for Refunding Bonds must be March 1 and September 1. The date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of Refunding Bonds shall be set forth in a Supplemental Indenture; and

(ii) Upon their authorization by the City, the Refunding Bonds of a Series issued under this Section 13.2 shall be issued and shall be delivered to the purchasers or owners thereof, but before, or concurrently with, the delivery of said Refunding Bonds to such purchasers or owners there shall have been filed with the Trustee (1) a copy, certified by the City Secretary of the City, of the ordinance or ordinances of the City authorizing the issuance, sale, execution and delivery of the Refunding Bonds and the execution and delivery of a Supplemental Indenture establishing, among other things, the date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of such Refunding Bonds, and (2) an original executed counterpart of the Supplemental Indenture for such Refunding Bonds.

Section 13.3. Books of Record.

(a) The City shall cause to be kept full and proper books of record and accounts, in which full, true and proper entries will be made of all dealing, business and affairs of the City, which relate to the Pledged Revenues, the Pledged Funds, and the Bonds.

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

ARTICLE XIV
PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE INDENTURE

Section 14.1. Trust Irrevocable.

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

Section 14.2. Satisfaction of Indenture.

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

Section 14.3. Bonds Deemed Paid.

All Outstanding Bonds shall prior to the Stated Maturity or redemption date thereof be deemed to have been paid and to no longer be deemed Outstanding if (i) in case any such Bonds are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption on said date as provided herein, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with any moneys deposited with the Trustee at the same time, shall be sufficient to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant selected by the City verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iv) if the Bonds are then rated, the Trustee shall have received written confirmation from each Rating Agency that such deposit will not result in the reduction or withdrawal of the rating on the Bonds, and (v) the Trustee shall have received an opinion of Bond Counsel to the effect that (A) any Bond having been deemed to have been paid as provided in this Section is no longer Outstanding hereunder and is no longer secured by or entitled to the benefits of this Indenture, (B) such defeasance is in accordance with the terms hereof and (C) such defeasance will not adversely affect the exclusion of interest on such Bond from gross income for purposes of federal income taxation. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in

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

ARTICLE XV
MISCELLANEOUS

Section 15.1. Benefits of Indenture Limited to Parties.

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

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

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

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

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

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

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

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

Section 15.4. Waiver of Personal Liability.

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

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

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

If to the City:	City of Kyle, Texas 100 W. Center Street Kyle, Texas 78640 Attn: City Manager Fax No.: 512.262.3987 Email: ssellers@cityokyle.com
With copy to:	The Knight Law Firm, LLP Attn: Veronica Rivera, City Attorney 223 West Anderson Lane, Suite A-105 Austin, Texas 78752 Fax No.: 512.922.3004 Email: vrivera@cityattorneytexas.com
If to the Trustee or the Paying Agent/Registrar:	UMB Bank, N.A. Attn: Jose A. Gaytan, Jr. 6034 West Courtyard Drive, Suite 370 Austin, Texas 78730 Fax No.: 512.582.5855 Email: jose.gaytan@umb.com

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

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

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

(c) The parties agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files, and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action, or suit in the appropriate court of law. The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods; provided, however, that the City shall provide to the Trustee an incumbency certificate listing designated persons authorized to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method), the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 15.6. Partial Invalidity.

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

Section 15.7. Applicable Laws.

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

Section 15.8. Counterparts.

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

[remainder of page left blank intentionally]

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

CITY OF KYLE, TEXAS

By:_____
Mayor

Attest:

_____
City Secretary

[CITY SEAL]

UMB BANK, N.A.,
as Trustee

By:_____
Authorized Officer

EXHIBIT A

(a) Form of Series 2019 Bond.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE CITY, OR ANY OTHER POLITICAL CORPORATION, SUBDIVISION OR AGENCY THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS SERIES 2019 BOND.

REGISTERED REGISTERED

No. _____ $_____

United States of America
State of Texas

CITY OF KYLE, TEXAS
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2019
(6 CREEKS PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

INTEREST RATE	MATURITY DATE	DATE OF DELIVERY	CUSIP NUMBER
_____%	September 1, 20___	_____	_____

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

_____

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

_____ DOLLARS

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

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

The principal of this Series 2019 Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Series 2019 Bond at the corporate trust office in Austin, Texas (the "*Designated Payment/Transfer Office*"), of UMB Bank, N.A., as trustee and paying agent/registrar (the "*Trustee*", which term includes any successor trustee under the Indenture), or, with respect to a successor trustee and paying agent/registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Series 2019 Bond is payable by check dated as of the Interest Payment Date, mailed by the Trustee to the registered owner at the address shown on the registration books kept by the Trustee or by such other customary banking arrangements acceptable to the Trustee, requested by, and at the risk and expense of, the Person to whom interest is to be paid. For the purpose of the payment of interest on this Series 2019 Bond, the registered owner shall be the Person in whose name this Series 2019 Bond is registered at the close of business on the "Record Date," which shall be the fifteenth day of the month next preceding such Interest Payment Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date that continues for 30 days or more thereafter, a new record date for such interest payment (a "*Special Record Date*") will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "*Special Payment Date,*" which shall be 15 days after the Special Record Date) shall be sent at least five Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner of a Series 2019 Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

If a date for the payment of the principal of or interest on the Series 2019 Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city in which the Designated Payment/Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Series 2019 Bond is one of a duly authorized issue of Assessment revenue bonds of the City having the designation specified in its title (herein referred to as the "*Series 2019 Bonds*"), dated May 1, 2019 and issued in the aggregate principal amount of $[ ] and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of May 1, 2019 (the "Indenture"), by and between the City and the Trustee, to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder to the holders of the Series 2019 Bonds, the Trustee, and the City, and the terms upon which the Series 2019 Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Series 2019 Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Series 2019 Bonds are being issued for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) paying interest on the Series 2019 Bonds during and after the period of acquisition and construction of the Improvement Area #1 Projects, (iii) funding a reserve fund for payment of principal and interest on the Series 2019 Bonds, (iv) paying a portion of the Actual Costs incidental to the organization and administration of the District, and (v) paying the costs of issuance of the Series 2019 Bonds.

The Bonds are limited obligations of the City payable solely from the Trust Estate as defined in the Indenture. Reference is hereby made to the Indenture, copies of which are on file

with and available upon request from the Trustee, for the provisions, among others, with respect to the nature and extent of the duties and obligations of the City, the Trustee and the Owners. The Owner of this Bond, by the acceptance hereof, is deemed to have agreed and consented to the terms, conditions and provisions of the Indenture.

Notwithstanding any provision hereof, the Indenture may be released and the obligation of the City to make money available to pay this Series 2019 Bond may be defeased by the deposit of money and/or certain direct or indirect Defeasance Securities sufficient for such purpose as described in the Indenture.

The Series 2019 Bonds are issuable as fully registered bonds only in Authorized Denominations, subject to the provisions of the Indenture authorizing redemption in Authorized Denominations.

The Series 2019 Bonds are subject to sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a price equal to 100% of the principal amount thereof, or portions thereof, to be redeemed plus accrued interest thereon to the date set for redemption from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article VI of the Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

Term Series 2019 Bonds Maturing _ September 1, 20__ †

Redemption Date	Sinking Fund Installment
[ ], 20__	$_____
[ ], 20_	_____
[ ], 20_	_____
[ ], 20_	_____
[ ], 20_	_____

Term Series 2019 Bonds Maturing _ September 1, 20_ *

Redemption Date	Sinking Fund Installment
[ ], 20__	$_____
[ ], 20__	_____

† Stated Maturity

Redemption Date	Sinking Fund Installment
[ ], 20__	_____
[ ], 20__	_____
[ ], 20__	_____

At least 45 days prior to each sinking fund redemption date, the Trustee shall select for redemption by lot, or such random method as Trustee shall deem fair and appropriate, a principal amount of Series 2019 Bonds of such maturity equal to the Sinking Fund Installments of such Series 2019 Bonds to be redeemed, shall call such Series 2019 Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in Section 4.6 of the Indenture.

The principal amount of Series 2019 Bonds required to be redeemed on any sinking fund redemption date shall be reduced, at the option of the City, by the principal amount of any Series 2019 Bonds of such maturity which, at least 45 days prior to the sinking fund redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount of such Series 2019 Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption and not previously credited to a sinking fund redemption.

The City reserves the right and option to redeem the Series 2019 Bonds before their scheduled maturity dates, in whole or in part, in amounts equal to Authorized Denominations, on or after September 1, 20[ ], such redemption date or dates to be fixed by the City, at 100% of the principal amount of such Series 2019 Bonds, or portions thereof, to be redeemed plus accrued interest to the date of redemption.

Series 2019 Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, on the first day of any month, at a Redemption Price equal to at 100% of the principal amount of such Series 2019 Bonds called for redemption, or portions thereof, to be redeemed plus accrued interest to the date of redemption from amounts on deposit in the Redemption Fund as a result of Prepayments, other transfers to the Redemption Fund pursuant to the Indenture, or as a result of unexpended amounts transferred from the Project Fund as provided in the Indenture.

Upon surrender of any Series 2019 Bond for redemption in part, the Trustee in accordance with the Indenture, shall authenticate and deliver and exchange the Series 2019 Bond or Series 2019 Bonds in an aggregate principal amount equal to the unredeemed portion of the Series 2019 Bond so surrendered, which shall be an Authorized Denomination. A new Series 2019 Bond representing the unredeemed balance of such Series 2019 Bond shall be issued to the Owner thereof, such exchange being without charge. If any Series 2019 Bonds are to be redeemed and such redemption results in the unredeemed portion of a single Series 2019 Bond in an amount less than the Authorized Denomination, a Series 2019 Bond in the principal amount equal to the unredeemed portion, but not less than $5,000, may be issued.

The Trustee shall give notice of any redemption of the Series 2019 Bonds by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Series 2019 Bond (or part thereof) to be redeemed, at the address shown on the Register. The notice shall state the redemption date, the Redemption Price, the place at which the Series 2019 Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, an identification of the Series 2019 Bonds or portions thereof to be redeemed. Any notice so given shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

With respect to any optional redemption of the Series 2019 Bonds, unless the Trustee has received funds sufficient to pay the Redemption Price of the Series 2019 Bonds to be redeemed before giving of a notice of redemption, the notice may state the City may condition redemption on the receipt of such funds by the Trustee on or before the date fixed for the redemption, or on the satisfaction of any other prerequisites set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient funds are not received, the notice shall be of no force and effect, the City shall not redeem the Series 2019 Bonds and the Trustee shall give notice, in the manner in which the notice of redemption was given, that the Series 2019 Bonds have not been redeemed.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the City and the rights of the holders of Series 2019 Bonds under the Indenture at any time Outstanding affected by such modification. The Indenture also contains provisions permitting the holders of specified percentages in aggregate principal amount of the Series 2019 Bonds at the time Outstanding, on behalf of the holders of all the Series 2019 Bonds, to waive compliance by the City with certain past defaults under the Bond Ordinance or the Indenture and their consequences. Any such consent or waiver by the holder of this Series 2019 Bond or any predecessor Series 2019 Bond evidencing the same debt shall be conclusive and binding upon such holder and upon all future holders thereof and of any Series 2019 Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this Series 2019 Bond.

As provided in the Indenture, this Series 2019 Bond is transferable upon surrender of this Series 2019 Bond for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer as is acceptable to the Trustee, and upon delivery to the Trustee of such certifications and/or opinion of Bond Counsel as may be required under the Indenture for the transfer of this Series 2019 Bond. Upon satisfaction of such requirements, one or more new fully registered Series 2019 Bonds of the same Stated Maturity, of Authorized Denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the City nor the Trustee shall be required to issue, transfer or exchange any Series 2019 Bond called for redemption where such redemption is scheduled to occur within 45 calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Series 2019 Bond.

The City, the Trustee, and any other Person may treat the Person in whose name this Series 2019 Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the Person in whose name this Series 2019 Bond is

registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Series 2019 Bond be overdue, and neither the City nor the Trustee shall be affected by notice to the contrary.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY OF KYLE, TEXAS, HAYS COUNTY, TEXAS, THE STATE OF TEXAS, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE SERIES 2019 BONDS.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Series 2019 Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Series 2019 Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that the total indebtedness of the City, including the Series 2019 Bonds, does not exceed any Constitutional or statutory limitation.

IN WITNESS WHEREOF, the City Council of the City has caused this Series 2019 Bond to be executed under the official seal of the City.

_____
Mayor, City of Kyle, Texas

_____
City Secretary, City of Kyle, Texas

[City Seal]

(b) Form of Comptroller's Registration Certificate.

The following Registration Certificate of Comptroller of Public Accounts shall appear on the Initial Series 2019 Bond:

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER	§	
OF PUBLIC ACCOUNTS	§	REGISTER NO. _____
	§	
THE STATE OF TEXAS	§	

I HEREBY CERTIFY THAT there is on file and of record in my office an opinion to the effect that the Attorney General of the State of Texas has approved this Series 2019 Bond, and that this Series 2019 Bond has been registered this day by me.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this _____.

_____
Comptroller of Public Accounts
of the State of Texas

[SEAL]

(c) Form of Certificate of Trustee.

CERTIFICATE OF TRUSTEE

It is hereby certified that this is one of the Series 2019 Bonds of the series of Series 2019 Bonds referred to in the within mentioned Indenture.

UMB BANK, N.A.,
Austin, Texas, as Trustee

DATED:_____

By:_____
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

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

_____
_____
_____

(Social Security or other identifying number: _____) the within Series 2019 Bond and all rights hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Series 2019 Bond on the books kept for registration hereof, with full power of substitution in the premises.

Date:_____ _____

Signature Guaranteed By:

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of

_____ the within Series 2019 Bond in every particular and must be guaranteed in a manner acceptable to the Trustee

_____

Authorized Signatory

(e) The Initial Series 2019 Bond shall be in the form set forth in paragraphs (a), (b), (d) and (e) of this Exhibit A, except for the following alterations:

(i) immediately under the name of the Series 2019 Bond the heading "INTEREST RATE" and "MATURITY DATE" shall both be completed with the expression "As Shown Below," and the reference to the "CUSIP NUMBER" shall be deleted;

(ii) in the first paragraph of the Series 2019 Bond, the words "on the Maturity Date as specified above, the sum of _____ DOLLARS" shall be deleted and the following will be inserted: "on [ ] in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

Years Principal Installments Interest Rates"

(Information to be inserted from Section 3.2(c) of the Indenture); and

(iii) the Initial Series 2019 Bond shall be numbered T-1.

EXHIBIT B

FORM OF CITY CERTIFICATE

[City Letterhead]

UMB Bank, N.A.
6034 W Courtyard Dr., Ste. 370
Austin, TX 78730
Attn: Mr. Jose Gaytan
Jose.Gaytan@umb.com
512-582-5851

Re: City of Kyle, Texas Special Assessment Revenue Bonds (6 Creeks Public Improvement District Improvement Area #1 Project)

Reference is made to the Indenture of Trust (the "Indenture") by and between the City of Kyle, Texas (the "City") and UMB Bank, N.A. (the "Trustee"), regarding the above-described transaction. In accordance with the Indenture, we hereby instruct you as follows:

[insert instructions]

This City Certificate, as executed by the City Representative (as defined in the Indenture) below, is provided in accordance with and complies with the provisions of the Indenture. The Trustee is hereby authorized to rely upon this City Certificate and to take the foregoing action(s). By submission of this City Certificate, the City hereby affirms that it remains in compliance with the covenants as set forth in the Indenture and all supplements related thereto.

Very truly yours,

CITY OF KYLE, TEXAS

By: /s/_____
Name: _____
Title: _____

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

APPENDIX C

FORM OF AMENDED AND RESTATED SERVICE AND ASSESSMENT PLAN

6 Creeks Public Improvement District

AMENDED AND RESTATED SERVICE AND ASSESSMENT PLAN
MARCH 28, 2019

AUSTIN, TX | KELLER, TX

TABLE OF CONTENTS

Table of Contents 1
Introduction 2
Section I: Definitions 4
Section II: The District 11
Section III: Authorized Improvements 11
Section IV: Service Plan 14
Section V: Assessment Plan 14
Section VI: Terms of the Assessments 17
Section VII: Assessment Roll 20
Section VIII: Additional Provisions 21
List of Exhibits 23
Exhibit A-1 – District Legal Description 24
Exhibit A-2 – Improvement Area #1 Legal Description 28
Exhibit B-1 – District Boundary Map 43
Exhibit B-2 – Improvement Area #1 Boundary Map 44
Exhibit C – Authorized Improvements 47
Exhibit D – Service Plan 48
Exhibit E – Sources and Uses 49
Exhibit F – Improvement Area #1 Assessment Roll 50
Exhibit G-1 – Improvement Area #1 Annual Installments 53
Exhibit G-2 – Lot Type 1 Annual Installments 54
Exhibit G-3 – Lot Type 2 Annual Installments 55
Exhibit G-4 – Lot Type 3 Annual Installments 56
Exhibit G-5 – Lot Type 4 Annual Installments 57
Exhibit H – Map of Authorized Improvements 58
Exhibit I – Notice of Assessment Termination 59
Exhibit J – Final Plat of 6 Creeks – Phase 1 Section 1 63

INTRODUCTION

Capitalized terms used in this 2019 Amended and Restated Service and Assessment Plan shall have the meanings given to them in **Section I** unless otherwise defined in this 2019 Amended and Restated Service and Assessment Plan or unless the context in which a term is used clearly requires a different meaning. Unless otherwise defined, a reference to a "Section" or an "Exhibit" shall be a reference to a Section of this 2019 Amended and Restated Service and Assessment Plan or an Exhibit attached to and made a part of this 2019 Amended and Restated Service and Assessment Plan for all purposes.

On June 6, 2017 the City Council passed and approved Resolution No. 1065 authorizing the creation of the Blanco River Ranch Public Improvement District in accordance with the Act, which authorization was effective upon publication as required by the Act. On September 18, 2018 the City Council authorized the renaming of the Blanco River Ranch Public Improvement District to 6 Creeks Public Improvement District. Accordingly, the public improvement district established as Blanco River Ranch Public Improvement District is now and shall hereafter be known and referred to as 6 Creeks Public Improvement District.

On September 18, 2018 the City Council passed and approved Ordinance No. 1018 authorizing the levy of Assessments on Improvement Area #1 Assessed Property.

The purpose of the District is to finance the Actual Costs of the Authorized Improvements for the benefit of property within the District. The District contains approximately 858.7 acres located within the extraterritorial jurisdiction of the City, as described legally by metes and bounds on **Exhibit A-1** and depicted as "Phase 1 – Development Area" within the map on **Exhibit B-1**.

The Act requires a service plan covering a period of at least five years and defining the annual indebtedness and projected cost of the Authorized Improvements. The Service Plan is contained in **Section IV**.

The Act requires that the Service Plan include an assessment plan that assesses the Actual Costs of the Authorized Improvements against Assessed Property within the District based on the special benefits conferred on such property by the Authorized Improvements. The Assessment Plan is contained in **Section V**.

The Act requires an Assessment Roll that states the Assessment against each Parcel determined by the method chosen by the City. The Assessment against each Assessed Property must be sufficient to pay the share of the Actual Costs apportioned to the Assessed Property and cannot

exceed the special benefit conferred on the Assessed Property by the Authorized Improvements. The Improvement Area #1 Assessment Roll is contained in **Exhibit F**.

SECTION I: DEFINITIONS

"2019 Amended and Restated Service and Assessment Plan" means this Amended and Restated Service and Assessment Plan passed and approved by City Council on ____, 2019 by Ordinance No. ___.

"Act" means Chapter 372, Texas Local Government Code, as amended.

"Actual Costs" mean, with respect to Authorized Improvements, the actual costs paid or incurred by or on behalf of the Owner: (1) to plan, finance, design, acquire, construct, install, and dedicate such improvements to the City, including the acquisition of necessary easements and other right-of-way; (2) to prepare plans, specifications (including bid packages), contracts, and as-built drawings; (3) to obtain zoning, licenses, plan approvals, permits, inspections, and other governmental approvals; (4) for third-party professional consulting services including but not limited to, engineering, surveying, geotechnical, land planning, architectural, landscaping, legal, accounting, and appraisals; (5) of labor, materials, equipment, fixtures, payment and performance bonds and other construction security, and insurance premiums; and (6) to implement, administer, and manage the above-described activities, including a 4% construction management fee. Actual Costs shall not include general contractor's fees in an amount that exceeds a percentage equal to the percentage of work completed or construction management fees in an amount that exceeds an amount equal to the construction management fee amortized in approximately equal monthly installments over the term of the applicable construction management contract. Amounts expended for costs described in subsection (3), (4), and (6) above shall be excluded from the amount upon which the general contractor and construction management fees are calculated.

"Additional Interest" means the amount collected by application of the Additional Interest Rate.

"Additional Interest Rate" means the 0.50% interest charged on Assessments pursuant to Section 372.018 of the Act. The Additional Interest Rate is not charged on Assessments securing the Improvement Area #1 Reimbursement Obligation.

"Administrator" means the City or the person or independent firm designated by the City who shall have the responsibility provided in this 2019 Amended and Restated Service and Assessment Plan, the Indenture, or any other agreement or document approved by the City related to the duties and responsibility of the administration of the District.

"Annual Collection Costs" mean the actual or budgeted costs and expenses related to the creation and operation of the District, the issuance and sale of PID Bonds, and the construction,

operation, and maintenance of the Authorized Improvements, including, but not limited to, costs and expenses for: (1) the Administrator; (2) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (3) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (4) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (5) issuing, paying, and redeeming PID Bonds; (6) investing or depositing Assessments and Annual Installments; (7) complying with this 2019 Amended and Restated Service and Assessment Plan and the Act with respect to the issuance and sale of PID Bonds, including continuing disclosure requirements; and (8) the paying agent/registrar and Trustee in connection with PID Bonds, including their respective legal counsel. Annual Collection Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

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

"Annual Service Plan Update" means an update to this 2019 Amended and Restated Service and Assessment Plan prepared no less frequently than annually by the Administrator and approved by the City Council.

"Assessed Property" means any Parcel within the District against which an Assessment is levied.

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

"Assessment Ordinance" means any ordinance adopted by the City Council in accordance with the Act that levies an Assessment on Assessed Property within the District, as shown on any Assessment Roll.

"Assessment Plan" means the methodology employed to assess the Actual Costs of the Authorized Improvements against Assessed Property within the District based on the special benefits conferred on such property by the Authorized Improvements, more specifically described in **Section V.**

"Assessment Roll" means any assessment roll for the Assessed Property within the District, including the Improvement Area #1 Assessment Roll, as updated, modified, or amended from time to time in accordance with the procedures set forth herein and in the Act, including updates

prepared in connection with the issuance of PID Bonds or in connection with any Annual Service Plan Update.

"Authorized Improvements" mean improvements authorized by Section 372.003 of the Act as more specifically described in **Section III** and depicted on **Exhibit H**.

"City" means the City of Kyle, Texas.

"City Council" means the governing body of the City.

"County" means Hays County, Texas.

"Delinquent Collection Costs" means costs related to the foreclosure on Assessed Property and the costs of collection of delinquent Assessments, delinquent Annual Installments, or any other delinquent amounts due under this 2019 Amended and Restated Service and Assessment Plan including penalties and reasonable attorney's fees actually paid, but excluding amounts representing interest and penalty interest.

"**Designated Successors and Assigns**" means (i) an entity to which Owner assigns (in writing) its rights and obligations contained in the Blanco River Ranch Public Improvement District Financing Agreement, by and among the City, HMBRR Development, Inc., HMBRR, LP, and HMBRR, LP #2, dated as of July 18, 2017, as amended; (ii) any entity which is the successor by merger or otherwise to all or substantially all of Owner's assets and liabilities including, but not limited to, any merger or acquisition pursuant to any public offering or reorganization to obtain financing and/or growth capital; or (iii) any entity which may have acquired all of the outstanding stock or ownership of assets of Owner.

"Development Agreement" means that certain Blanco River Ranch (Phase 1 Residential Area) De-Annexation and Development Agreement approved by the City Council on May 16, 2017, which agreement, among other things, establishes the permitted uses of, and standards for the development of, the District.

"District" means the 6 Creeks Public Improvement District, consisting of the approximately 858.7 acres within the extraterritorial jurisdiction of the City, as described by metes and bounds on **Exhibit A-1** and depicted as "Phase 1 – Development Area" within the map on **Exhibit B-1**.

"District Formation and Bond Issuance Costs" means the costs associated with forming the District and issuing PID Bonds, including but not limited to attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, City costs, capitalized interest, reserve fund requirements, 1st year District administration reserves, underwriter's discount, fees

charged by the Texas Attorney General, and any other cost or expense directly associated with the establishment of the District and/or the issuance of PID Bonds.

"Final Plat of 6 Creeks – Phase 1 Section 1" means the final plat creating 110 residential Lots within Improvement Area #1, as shown on **Exhibit J**.

"Future Improvement Areas" means the property within the District, excluding Improvement Area #1. Future Improvement Areas may be developed in phases after Improvement Area #1.

"Improvement Area" means specifically defined and designated portions of the District that are developed in phases, including Improvement Area #1 and each area within the Future Improvement Areas that is specifically defined and designated as a phase of development.

"Improvement Area #1" means approximately 96.829 acres located within the District, as shown on **Exhibit B-2** and more specifically described in **Exhibit A-2**.

"Improvement Area #1 Acquisition and Reimbursement Agreement" means that certain "6 Creeks Public Improvement District Improvement Area #1 Acquisition and Reimbursement Agreement" effective _____, 2019entered into by and between the City and Owner, whereby all or a portion of the Actual Costs not paid to Owner from Improvement Area #1 Bonds will be paid to the Owner from Improvement Area #1 Assessments to reimburse the Owner for Actual Costs paid by the Owner, plus interest, that are eligible to be paid with Improvement Area #1 Assessments.

"Improvement Area #1 Annual Installment" means the annual installment payment on the Improvement Area #1 Assessment as calculated by the Administrator and approved by the City Council that includes: (1) principal, (2) interest, (3) Annual Collection Costs, and (4) Additional Interest.

"Improvement Area #1 Assessed Property" means any Parcel within Improvement Area #1 against which an Assessment is levied.

"Improvement Area #1 Assessment" means an Assessment levied against a Parcel within Improvement Area #1 and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on the Improvement Area #1 Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the Act.

"Improvement Area #1 Assessment Roll" means the Assessment Roll for Improvement Area #1 attached as **Exhibit F**, as updated, modified, or amended from time to time in accordance with

the procedures set forth herein and in the Act, including updates prepared in connection with the issuance of PID Bonds or in connection with any Annual Service Plan Update.

"Improvement Area #1 Bonds" mean those certain "City of Kyle, Texas, Special Assessment Revenue Bonds, Series 2019 (6 Creeks Public Improvement District Improvement Area #1 Project)", that are secured by Improvement Area #1 Assessments.

"Improvement Area #1 Improvements" mean those Authorized Improvements that only benefit Improvement Area #1.

"Improvement Area #1 Projects" mean Improvement Area #1 Improvements and Improvement Area #1's allocable share of the Major Improvements.

"Improvement Area #1 Reimbursement Obligation" means an amount not to exceed $4,420,000 secured by Improvement Area #1 Assessments to be paid to Owner pursuant to the Improvement Area #1 Acquisition and Reimbursement Agreement.

"Improvement Area #1 Unplatted Property" means all Parcels within Improvement Area #1, save and except all land within the Final Plat of 6 Creeks – Phase 1 Section 1.

"Indenture" means an Indenture of Trust entered into in connection with the issuance of PID Bonds, as amended or supplemented from time to time, between the City and the Trustee setting forth terms and conditions related to the PID Bonds.

"Lot" means, for any portion of the District for which a subdivision plat has been recorded in the official public records of the County, a tract of land described as a "lot" in such subdivision plat.

"Lot Type" means a classification of final building Lots with similar characteristics (e.g. lot size, home product, buildout value, etc.), as determined by the Administrator and confirmed by the City Council. In the case of single family residential Lots, the Lot Type shall be further defined by classifying the residential Lots by the estimated buildout value of the Lot as determined by the Administrator and confirmed by the City Council.

"Lot Type 1" means a Lot in Improvement Area #1 designated as such on the Improvement Area #1 Assessment Roll, marketed or sold to homebuilders as a 50' Lot. The Annual Installments for Lot Type 1 are attached as **Exhibit G-2**.

"Lot Type 2" means a Lot in Improvement Area #1 designated as such on the Improvement Area #1 Assessment Roll, marketed or sold to homebuilders as a 55' Lot. The Annual Installments for Lot Type 2 are attached as **Exhibit G-3**.

"Lot Type 3" means a Lot in Improvement Area #1 designated as such on the Improvement Area #1 Assessment Roll, marketed or sold to homebuilders as a 60' Lot. The Annual Installments for Lot Type 3 are attached as **Exhibit G-4**.

"Lot Type 4" means a Lot in Improvement Area #1 designated as such on the Improvement Area #1 Assessment Roll, marketed or sold to homebuilders as a 70' Lot. The Annual Installments for Lot Type 4 are attached as **Exhibit G-5**.

"Major Improvements" mean the Authorized Improvements that benefit more than one Improvement Area.

"Non-Benefitted Property" means Parcels within the boundaries of the District that accrue no special benefit from the Authorized Improvements.

"Notice of Assessment Termination" means a recorded document evidencing the termination of an Assessment, a form of which is attached as **Exhibit I**.

"Owner" means HMBRR Development, Inc., a Texas corporation and, where applicable, its Designated Successors and Assigns under the Improvement Area #1 Acquisition and Reimbursement Agreement. [CONFIRM WHICH ENTITIES NEED TO BE INCLUDED, CONFLICTING COMMENTS]

"Parcel(s)" means a property identified by either a tax map identification number assigned by the Hays Central Appraisal District for real property tax purposes, by metes and bounds description, by lot and block number in a final subdivision plat recorded in the official public records of the County, or by any other means as determined by the City.

"PID Bonds" mean bonds issued by the City that are secured by Assessments levied on Assessed Property within the District, including, but not limited to, the Improvement Area #1 Bonds.

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

"Prepayment Costs" mean interest, including Additional Interest, and Annual Collection Costs to the date of Prepayment.

"Service and Assessment Plan" means the original Service and Assessment Plan approved by City Council on September 18, 2018.

"Service Plan" covers a period of at least five years and defines the annual indebtedness and projected costs of the Authorized Improvements, more specifically described in **Section IV**.

"Trustee" means the trustee (or successor trustee) under an Indenture.

SECTION II: THE DISTRICT

The District includes approximately 858.70 acres located within the extraterritorial jurisdiction of the City, as described legally by metes and bounds on **Exhibit A-1** and depicted as "Phase 1 – Development Area" within the map on **Exhibit B-1**. Development of the District is anticipated to include 2,030 single-family homes.

Improvement Area #1 includes approximately 96.829 acres as more particularly described by metes and bounds on **Exhibit A-2** and depicted on **Exhibit B-2.** Development of Improvement Area #1 is anticipated to contain 334 single family homes.

SECTION III: AUTHORIZED IMPROVEMENTS

The City, based on information provided by the Owner and its engineer and on review by the City staff and by third-party consultants retained by the City, determined that the Authorized Improvements confer a special benefit on the Assessed Property. Authorized Improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City unless otherwise indicated. The budget for the Authorized Improvements, as well as the allocation of the Actual Costs of the Authorized Improvements, is shown on **Exhibit C**.

A. Major Improvements

- *WWTP Capacity Payment*

  Required by March 31, 2020 for expansion of the wastewater treatment plant. The first 286 Lots in Improvement Area #1 can be, prior to the above-described plant expansion, served by the existing wastewater treatment plant.

- *Lift Station and Force Main*

  Improvements include a lift station to serve 1814 LUE's, approximately 7,000 linear feet of 12" force main and approximately 7,500 linear feet of 10" and 12" gravity interceptors. The first 286 Lots in Improvement Area #1 can be served without the lift station and force main improvements.

- *Offsite Water*

  Improvements include approximately 7,000 linear feet of 16" water line along FM 150 and participation in a 500,000 gallon ground storage tank and a 2,000,000 gallon elevated storage tank located on a site within the Anthem Project.

- *Old Stagecoach Road*

  Improvements include excavation, embankment, subgrade stabilization, flexible base, asphalt, curbs, 8' concrete trail/sidewalk, signage, and re-vegetation of disturbed areas within the right of way. Old Stagecoach Road will be approximately 2,000 linear feet of an undivided 60' ROW roadway with 2 – 12' lanes and 6' bike lanes. The roadway and cross-section will be designed per the exhibit in the approved Development Agreement.

- *Parks & Trails*

  Improvements include over 3 miles of 8' and 10' concrete trails built along Old Stagecoach Road, 6 Creeks Boulevard and unnamed collector street west of 6 Creeks Boulevard. Additionally, there will be over 3 miles of 6' natural trails built within the drainage draws throughout the project and will ultimately extend to the Blanco River. Park and trail improvements for the first 725 Lots within the District will be completed concurrently with Improvement Area #1.

- *Entry, Walls & Landscaping*

  Improvements include several miles of 6' masonry subdivision walls along 6 Creeks Boulevard, Old Stagecoach Road and main collector roads. Project entryway monuments will be located along 6 Creeks Boulevard at major intersections along with fully landscaped and irrigated right of way and medians. Entry, walls, and landscaping improvements for the first 725 Lots within the District will be completed concurrently with Improvement Area #1.

B. Improvement Area #1 Improvements

- *Street*

  Improvements include subgrade stabilization (including lime treatment and compaction), concrete and reinforcing steel for roadways, handicapped ramps, and street lights. Intersections, signage, lighting, and re-vegetation of all disturbed areas within the right of way are included. These roadway improvements include streets that will provide street access to each Lot within Improvement Area #1. These projects will provide access to community roadways and state highways.

- *Water*

  Improvements include trench excavation and embedment, trench safety, PVC piping, manholes, service connections, and testing. These lines will include the necessary

appurtenances to be fully operational transmission lines extending water service to the limits of Improvement Area #1.

- *Wastewater*

  Improvements include trench excavation and embedment, trench safety, PVC piping, manholes, service connections, and testing. These lines will include the necessary appurtenances to be fully operational extending wastewater service to the limits of Improvement Area #1.

- *Drainage*

  Improvements include earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, and concrete outfalls necessary to provide storm drainage for Improvement Area #1. This project will be designed and constructed in accordance with City standards and specifications, as modified by the Development Agreement, and will be owned and operated by the County.

- *Detention/Water Quality Pond*

  Improvements include construction of detention and water quality ponds required for Improvement Area #1. This project will be designed and constructed in accordance with Texas Commission on Environmental Quality and City standards and specifications. The improvements will be owned by the City and maintained by a property owners association.

C. District Formation and Bond Issuance Costs

- *Debt Service Reserve Fund*

  Equals the amount required under an applicable Indenture in connection with the issuance of PID Bonds.

- *Capitalized Interest*

  Equals the capitalized interest payments on PID Bonds as reflected in an applicable Indenture.

- *Underwriter's Discount*

  Equals a percentage of the par amount of a particular series of PID Bonds plus a fee for underwriter's counsel.

- *Cost of Issuance*

Includes costs associated with issuing PID Bonds, including but not limited to attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, County costs, fees charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of PID Bonds.

- *District Formation*

  Includes 1st year District administration reserves, costs, and expenses directly associated with forming the District.

SECTION IV: SERVICE PLAN

The Act requires the Service Plan to cover a period of at least five years. The Service Plan is required to define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the District during the five-year period. The Service Plan shall be updated in each Annual Service Plan Update. **Exhibit D** summarizes the Service Plan for the District.

Exhibit E summarizes the sources and uses of funds required to construct the Authorized Improvements. The sources and uses of funds shown on **Exhibit E** shall be updated in each Annual Service Plan Update.

SECTION V: ASSESSMENT PLAN

The Act allows the City to apportion the costs of the Authorized Improvements to the Assessed Property based on the special benefit received from the Authorized Improvements. The Act provides that such costs may be apportioned: (1) equally per front foot or square foot; (2) according to the value of property as determined by the City, with or without regard to improvements constructed on the property; or (3) in any other manner approved by the City that results in imposing equal shares of such costs on property similarly benefited. The Act further provides that the governing body may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost between the municipality and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

This section of this 2019 Amended and Restated Service and Assessment Plan describes the special benefit received by each Parcel within the District as a result of the Authorized Improvements and provides the basis and justification for the determination that this special benefit exceeds the amount of the Assessments to be levied on the Assessed Property for such Authorized Improvements.

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

A. Assessment Methodology

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

- Major Improvements shall be allocated between Improvement Area #1 and the Future Improvement Areas pro rata based on the number of Lots in Improvement Area #1 receiving benefit from each Major Improvement, as shown on **Exhibit C**.
- Improvement Area #1 Improvements shall be allocated 100% to Improvement Area #1 Assessed Property.

B. Assessments

Improvement Area #1 Assessments will be levied on the Improvement Area #1 Assessed Property according to the Improvement Area #1 Assessment Roll, attached hereto as **Exhibit F**. The projected Improvement Area #1 Annual Installments are shown on **Exhibit G-1**, subject to revisions made during any Annual Service Plan Update.

C. Findings of Special Benefit

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

- *Improvement Area #1*

    1. The costs of Improvement Area #1 Projects plus the applicable District Formation and Bond Issuance Costs equal $13,264,319 as shown on **Exhibit C**; and
    2. The Improvement Area #1 Assessed Property receives special benefit from the Improvement Area #1 Projects equal to or greater than the Actual Costs of the Improvement Area #1 Projects; and
    3. The Improvement Area #1 Assessed Property will be allocated 100% of the Improvement Area #1 Assessments levied for the Improvement Area #1 Projects, which equal $11,915,000 as shown on the Improvement Area #1 Assessment Roll, attached as **Exhibit F;** and
    4. The special benefit (≥ $13,264,319) received by the Improvement Area #1 Assessed Property from the Improvement Area #1 Projects is greater than the amount of

Improvement Area #1 Assessments ($11,915,000) levied on the Improvement Area #1 Assessed Property.

5. At the time the City Council approved the Assessment Ordinance levying Assessments on Improvement Area #1, the Owner owned 100% of the Improvement Area #1 Assessed Property. In a landowner agreement with the City, the Owner acknowledged that the Improvement Area #1 Projects confer a special benefit on the Improvement Area #1 Assessed Property and consented to the imposition of the Improvement Area #1 Assessments to pay for the Actual Costs associated therewith. The Owner ratified, confirmed, accepted, agreed to, and approved; (1) the determinations and findings by the City Council as to the special benefits described herein and in the Assessment Ordinance, (2) the Assessment Ordinance approved by City Council on September 18, 2018, and (3) the levying of the Improvement Area #1 Assessments on the Improvement Area #1 Assessed Property.

D. Annual Collection Costs

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

E. Interest

- *Interest on Assessments Securing the Improvement Area #1 Bonds*

  The interest rate on Improvement Area #1 Assessments levied on the Improvement Area #1 Assessed Property may exceed the interest rate on the Improvement Area #1 Bonds by the Additional Interest Rate. Interest at the rate of the Improvement Area #1 Bonds and the Additional Interest shall be collected as part of each Annual Installment and shall be deposited pursuant to the applicable Indenture.

- *Interest on Assessments Securing Improvement Area #1 Reimbursement Obligation*

  The interest on Assessments securing the Improvement Area #1 Reimbursement Obligation shall be collected at rates established under the Improvement Area #1 Acquisition and Reimbursement Agreement.

SECTION VI: TERMS OF THE ASSESSMENTS

A. Reallocation of Assessments

1. Upon Division Prior to Recording of Subdivision Plat

Upon the division of any Assessed Property (without the recording of subdivision plat), the Administrator shall reallocate the Assessment for the Assessed Property prior to the division among the newly divided Assessed Properties according to the following formula:

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

Where the terms have the following meanings:

A = the Assessment for the newly divided Assessed Property
B = the Assessment for the Assessed Property prior to division
C = the estimated buildout value of the newly divided Assessed Property
D = the sum of the estimated buildout value for all the newly divided Assessed Properties

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

The sum of the Assessments for all newly divided Assessed Properties shall equal the Assessment for the Assessed Property prior to subdivision. The calculation shall be made separately for each newly divided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in an update to this 2019 Amended and Restated Service and Assessment Plan approved by the City Council.

2. Upon Subdivision by a Recorded Subdivision Plat

Upon the subdivision of any Assessed Property based on a recorded subdivision plat, the Administrator shall reallocate the Assessment for the Assessed Property prior to the subdivision among the new subdivided Lots based on buildout value according to the following formula:

A = [B x (C ÷ D)]/E

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot
B = the Assessment for the Parcel prior to subdivision
C = the sum of the estimated average buildout value of all newly subdivided Lots with same Lot Type
D = the sum of the estimated average buildout value for all the newly subdivided Lots excluding Non-Benefitted Property
E= the number of Lots with same Lot Type

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

The sum of the Assessments for all newly subdivided Lots shall not exceed the Assessment for the portion of the Assessed Property subdivided prior to subdivision. The calculation shall be made separately for each newly subdivided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in an update to this 2019 Amended and Restated Service and Assessment Plan approved by the City Council.

3. Upon Consolidation

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

B. Mandatory Prepayment of Assessments

If Assessed Property is transferred to a person or entity that is exempt from payment of the Assessments, the owner transferring the Assessed Property shall pay to the City the full amount of the Assessment, plus Prepayment Costs and Delinquent Collection Costs for such Assessed Property, prior to the transfer. If the owner of the Assessed Property causes the Assessed

Property to become Non-Benefitted Property, the owner causing the change in status shall pay the full amount of the Assessment, plus Prepayment Costs and Delinquent Collection Costs, prior to the change in status.

C. Reduction of Assessments

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

The Administrator shall update (and submit to the City Council for review and approval as part of the next Annual Service Plan Update) the Assessment Roll and corresponding Annual Installments to reflect the reduced Assessments.

D. Prepayment of Assessments

The owner of the Assessed Property may pay, at any time, all or any part of an Assessment in accordance with the Act. Interest costs from the date of prepayment to the date of redemption of the applicable PID Bonds, if any, may be paid from a reserve established under the applicable Indenture. If an Annual Installment has been billed prior to the Prepayment, the Annual Installment shall be due and payable and shall be credited against the Prepayment.

If an Assessment is paid in full, with interest to the date of Prepayment: (1) the Administrator shall cause the Assessment to be reduced to zero and the Assessment Roll to be revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit to the City Council for review and approval as part of the next Annual Service Plan Update; (3) the obligation to pay the Assessment and corresponding Annual Installments shall terminate; and (4) the City shall provide the owner with a recordable Notice of Assessment Termination, a form of which is attached as **Exhibit I**.

If an Assessment is paid in part, with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced and the Assessment Roll revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit to the City Council for review and approval as part of the next Annual Service Plan Update; and (3) the obligation to pay the Assessment and corresponding Annual Installments shall be reduced to the extent of the Prepayment made.

E. Payment of Assessment in Annual Installments

Assessments that are not paid in full shall be due and payable in Annual Installments. **Exhibit G-1** shows the projected Annual Installments for Improvement Area #1. Annual Installments are subject to adjustment in each Annual Service Plan Update.

The Administrator shall prepare and submit to the City Council for its review and approval an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include updated Assessment Rolls and updated calculations of Annual Installments. Annual Collection Costs shall be allocated equally among Parcels for which the Assessments remain unpaid. Annual Installments shall be reduced by any applicable Indenture, such as capitalized interest, interest earnings on account balances, and any other funds available to the Trustee for such purposes. Annual Installments shall be collected by the City in the same manner and at the same time as ad valorem taxes. Annual Installments shall be subject to the penalties, procedures, and foreclosure sale in case of delinquencies as set forth in the Act and in the same manner as ad valorem taxes for the City. The City Council may provide for other means of collecting Annual Installments. Assessments shall have the lien priority specified in the Act.

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

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

Each Annual Installment of an Assessment, including interest on the unpaid principal of the Assessment, shall be updated annually. Each Annual Installment shall be due when billed and shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments relating to the PID Bonds shall be due when billed and shall be delinquent if not paid by January 31, 2020.

SECTION VII: ASSESSMENT ROLL

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

SECTION VIII: ADDITIONAL PROVISIONS

A. Calculation Errors

If the owner of a Parcel claims that an error has been made in any calculation required by this 2019 Amended and Restated Service and Assessment Plan, including, but not limited to, any calculation made as part of any Annual Service Plan Update, the owner's sole and exclusive remedy shall be to submit a written notice of error to the Administrator by December 1st of each year following City Council approval of the calculation; otherwise, the owner shall be deemed to have unconditionally approved and accepted the calculation. Upon receipt of a written notice of error from an owner the Administrator shall provide a written response to the City Council and the owner within 30 days of such referral. The City Council shall consider the owner's notice of error and the Administrator's response at a public hearing, and within 30 days after closing such hearing, the City Council shall make a final determination as to whether an error has been made. If the City Council determines that an error has been made, the City Council may take such corrective action as is authorized by the Act, this 2019 Amended and Restated Service and Assessment Plan, the Assessment Ordinance, or the Indenture, or is otherwise authorized by the discretionary power of the City Council. The determination by the City Council as to whether an error has been made, and any corrective action taken by the City Council, shall be final and binding on the owner and the Administrator.

B. Amendments

Amendments to this 2019 Amended and Restated Service and Assessment Plan must be made by the City Council in accordance with the Act. To the extent permitted by the Act, this 2019 Amended and Restated Service and Assessment Plan may be amended without notice to owners of the Assessed Property: (1) to correct mistakes and clerical errors; (2) to clarify ambiguities; and (3) to provide procedures to collect Assessments, Annual Installments, and other charges imposed by this 2019 Amended and Restated Service and Assessment Plan.

C. Administration and Interpretation

The Administrator shall: (1) perform the obligations of the Administrator as set forth in this 2019 Amended and Restated Service and Assessment Plan; (2) administer the District for and on behalf of and at the direction of the City Council; and (3) interpret the provisions of this 2019 Amended and Restated Service and Assessment Plan. Interpretations of this 2019 Amended and Restated Service and Assessment Plan by the Administrator shall be in writing and shall be appealable to the City Council by owners or developers adversely affected by the interpretation. Appeals shall be decided by the City Council after holding a public hearing at which all interested parties have an opportunity to be heard. Decisions by the City Council shall be final and binding on the owners and developers and their successors and assigns.

D. Severability

If any provision of this 2019 Amended and Restated Service and Assessment Plan is determined by a governmental agency or court to be unenforceable, the unenforceable provision shall be deleted and, to the maximum extent possible, shall be rewritten to be enforceable. Every effort shall be made to enforce the remaining provisions.

LIST OF EXHIBITS

Exhibit A-1 District Legal Description

Exhibit A-2 Improvement Area #1 Legal Description

Exhibit B-1 District Boundary Map

Exhibit B-2 Improvement Area #1 Boundary Map

Exhibit C Authorized Improvements

Exhibit D Service Plan

Exhibit E Sources and Uses

Exhibit F Improvement Area #1 Assessment Roll

Exhibit G-1 Improvement Area #1 Annual Installments

Exhibit G-2 Lot Type 1 Annual Installments

Exhibit G-3 Lot Type 2 Annual Installments

Exhibit G-4 Lot Type 3 Annual Installments

Exhibit G-5 Lot Type 4 Annual Installments

Exhibit H Map of Authorized Improvements

Exhibit I Notice of Assessment Termination

Exhibit J Final Plat of 6 Creeks – Phase 1 Section 1

EXHIBIT A-1 – DISTRICT LEGAL DESCRIPTION

Blanco River Ranch
858.70 acres

PROPERTY DESCRIPTION
EXHIBIT A

BEING 858.70 ACRES OF LAND LOCATED IN THE SAMUEL PHARASS ¼ LEAGUE NO. 14, ABSTRACT 360, AND THE CALEB W. BAKER SURVEY, ABSTRACT 31 HAYS COUNTY, TEXAS AND BEING A PORTION OF TRACT I, A CALLED 1,971.29 ACRE TRACT AND ALL OF TRACT II, A CALLED 195.14 ACRE TRACT AS DESCRIBED IN A DEED FROM THE STATE OF TEXAS TO BLANCO RIVER RANCH, LP AND RECORDED IN VOLUME 5230, PAGE 583 OF THE DEED RECORDS OF HAYS COUNTY, TEXAS; SAID 858.70 ACRES BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS WITH ALL BEARING REFERENCED TO THE TEXAS COORDINATE SYSTEM, SOUTH CENTRAL ZONE.

BEGINNING at an iron rod with aluminum cap stamped "Kent McMillian" found marking the most northerly corner of a called 311.56 acre tract described in a deed to Robert Nance recorded in Volume 4459, Page 137 of said Deed Records, same being the northwest corner of a called 195.14 acre tract described in the aforementioned deed to Blanco River Ranch as Tract II and being on the southeasterly line of said 1,971.29 acre Tract I;

THENCE, with the southerly line of said 1,971.29 acre tract, same being the northeasterly line of said 311.56 acre tract S43°59'58"W, 1916.27 feet to a ½-inch iron rod with cap stamped "AST" set on the northerly line of proposed RM 150;

THENCE, leaving said southerly line and crossing said 1,941.29 acre tract with the proposed northerly line of RM 150 the following courses and distances:

1. N65°08'51"W, 49.48 feet to a ½-inch iron rod with cap stamped "AST" set at the beginning of a curve to the right;
2. with a curve to the right, 381.25 feet, having a radius of 925.00 feet, a central angle of 23°36'54" and a chord bearing and distance of N53°30'43"W, 378.55 feet to a ½-inch iron rod with cap stamped "AST" set for point of tangency;
3. N41°42'16"W, 336.00 feet to a ½-inch iron rod with cap stamped "AST" set at the beginning of a curve to the left;
4. with the arc of said curve to the left, 151.93 feet, having a radius of 1100.00 feet, a central angle of 07°54'48" and a chord bearing and distance of N45°39'41"W, 151.81 feet to a ½-inch iron rod with cap stamped "AST" set for point of tangency;
5. N49°37'05"W, 572.43 feet to a ½-inch iron rod with cap stamped "AST" set for an angle point in said line;
6. N51°37'01"W, 75.00 feet to a ½-inch iron rod with cap stamped "AST" set for an angle point in said line;
7. N53°36'58"W, 749.01 feet to a ½-inch iron rod with cap stamped "AST" set at the beginning of a curve to the left;

8. with the arc of said curve to the left, 93.33 feet, having a radius of 1025.00 feet, a central angle of 05°13'01" and a chord bearing and distance of N56°13'28"W, 93.30 feet to a ½-inch iron rod with cap stamped "AST" set for the most westerly southwest corner of the herein described tract;

THENCE leaving said proposed right of way line and with a dry creek, the following courses and distances:

1. N26°31'11"E, 563.37 feet to a calculated point;
2. N46°09'29"E, 1179.39 feet to a calculated point;
3. N28°22'57"E, 708.36 feet to a calculated point;
4. N44°16'34"E, 582.28 feet to a calculated point at the beginning of a curve to the right;
5. with a curve to the right, 297.90 feet, having a radius of 1184.66 feet, a central angle of 14°24'28" and a chord bearing and distance of N77°54'54"E, 297.12 feet to a calculated point;
6. N04°51'54"W, 125.14 feet to a calculated point;
7. N23°10'37"E, 321.60 feet to a calculated point;
8. N13°08'23"W, 681.62 feet to a calculated point;
9. N31°45'00"E, 255.79 feet to a calculated point;
10. N08°23'37"E, 473.49 feet to a calculated point;
11. N02°33'01"W, 195.07 feet to a calculated point;
12. N30°53'10"W, 576.14 feet to a calculated point;
13. N01°26'31"W, 729.89 feet to a calculated point;
14. N38°05'39"W, 1250.80 feet to a calculated point;
15. N20°33'26"E, 282.73 feet a ½-inch iron rod with cap stamped "AST" set for the most westerly northwest corner of the herein described tract on the northerly line of said 1,971.29 acre tract, same being on the southerly line of Park Land Lot 23 of Arroyo Ranch, Section One, a subdivision of record in Volume 10, Page 180 of the Hays County Official Public Records;

THENCE, with the northerly line of said 1,971.29 acre tract, S82°42'45"E, 432.46 feet to a point located in the centerline of the remains of an old stone fence corner for an angle point in the north line of the herein described tract, from which a ½"-inch iron rod bears S88°19'W, 37.5 feet;

THENCE, continuing with said northerly line, N43°55'32"E, 1271.63 feet to a 2-inch metal fence post at the most northerly northwest corner of said 1,971.29 acre tract and being the common corners of Lots 12, 13 and 19, Block D of said Arroyo Ranch Section One subdivision;

THENCE, with the easterly line of said 1,971.29 acre tract the following courses and distances:

1. S46°19'30"E, at 185.02 feet passing the south line of said Arroyo Ranch subdivision and north line of a 20.3 acre tract described in a deed to F. Javier, Jr et al and recorded in Volume 2813, Page 359 of said Official Public Records and continuing for a total distance of 887.68 feet to a found ½-inch iron rod for the south corner of said Javier tract, same being the westerly corner of

a 21.15 acre tract described in a deed to Nancy L. Russell and Randall W. Russell and recorded in Volume 4385, Page 135 of said Official Public Records;

2. S46°48'04"E, 579.01 feet to a found ½-inch iron rod for the south corner of Russell and being the westerly corner of Quail Meadows Subdivision as recorded in Volume 7, Page 47 of the Hays County Plat Records;
3. With the southwesterly line of said subdivision, S46°06'19"E, 409.08 feet to ½-inch iron rod for angle point;
4. S47°09'10"E, 405.41 feet to ½-inch iron rod for angle point;
5. S47°52'54"E, 295.90 feet to ½-inch iron rod for angle point;
6. S47°18'52"E, 296.88 feet to ½-inch iron rod for angle point;
7. S47°21'24"E, 132.10 feet to ½-inch iron rod for angle point;
8. S47°07'34"E, 179.01 feet to ½-inch iron rod for angle point;
9. S46°55'27"E, 248.69 feet to ½-inch iron rod for most southerly corner of said subdivision and the westerly corner of a called 57.26 acre tract described in a deed to Kyle Mortgage Investors, LLC and recorded in Volume 3416, Page 789 of said Official Public Records;
10. S45°43'31"E, 436.59 feet to a fence post for angle point;
11. S46°32'55"E, 1447.00 feet to an iron rod with aluminum cap stamped "Kent McMillian" at an interior ell corner of said 1,971.29 acre tract;
12. Continuing with the easterly line of said 1,971.29 acre tract, S40°23'35"W, 1023.40 feet to a ½-inch iron rod found at the westerly corner of a called 1.259 acre tract described in a deed to Robin Robinson and recorded in Volume 5358, Page 587 of said Official Public Records;
13. S50°23'48"E, 255.70 feet to a fence post for angle point;
14. N40°43'43"E, 42.89 feet to a ½-inch iron rod with cap stamped "AST" set;
15. S52°09'40"E, at 85.22 feet passing a ½-inch iron rod found at the westerly corner of a called 0.72 acre tract described in a deed to Robin and Gale Robinson and recorded in Volume 4689, Page 363 of said Official Public Records and continuing for a total distance of 244.62 feet to a½-inch iron rod with cap stamped "AST" set;
16. N43°53'50"E, 92.19 feet to a ½-inch iron rod with cap stamped "AST" set;
17. S78°26'49"E, 101.27 feet ½-inch iron rod found on the westerly right of way line of N. Old Stagecoach Road (width varies);

THENCE, with said westerly right of way line the following course and distances:

1. S16°21'49"E, 511.37 feet to a ½-inch iron rod with cap stamped "AST";
2. S16°20'38"E, 1420.21 feet to a 60d nail found next to a cedar fence post and
3. S16°48'53"E, 800.20 feet to a ½-inch iron rod with cap stamped "AST" set for the most easterly southeast corner of this tract;

THENCE, leaving said westerly right of way line and with fence along the southeasterly line of said 195.14 acre tract, S36°01'23"W, 42.36 feet to a cedar fence post;

THENCE, continuing with said southeasterly line, same being the northwesterly line of a called 132.59 acre tract described in a deed to Felder CND, LLC and recorded in Volume 5224, Page 246 of the Hays County Official Public Records the following courses and distances:

1. S48°36'08"W, 1583.50 feet to a cedar fence post;
2. N49°26'16"W, 34.23 feet to a cedar fence post;
3. S25°40'41"W, 39.42 feet to an iron rod with cap stamped "Vickrey";
4. S48°29'40"W, 2127.73 feet to a cedar fence post with "Mag Nail" on the northerly right of way line of Cypress Road (aka Limekiln Road) (width undetermined) at the southeast corner of said 195.14 acre tract from which an iron rod with aluminum cap stamped "Kent McMillian" bears S21°57'46"W, 50.84 feet;

THENCE, with said northerly right of way line, N77°16'32"W, 599.91 feet to a cedar fence post on the easterly line of said 311.56 acre tract;

THENCE, with fence and the easterly line of said 311.56 acre and westerly line of said 195.14 acre tract the following courses and distances:

1. N16°48'19"W, 270.65 feet to a calculated angle point in said line and;
2. N17°13'44"W, 1607.95 feet to the **POINT OF BEGINNING** and containing 858.70 acres of land, more or less.

SURVEYOR'S STATEMENT

I hereby state that the included field note description was prepared from an actual survey made on the ground under my supervision and is true and correct, to the best of knowledge and belief.

Paul C. Sauve, Jr., RPLS #2518
Austin Spatial Technologies, LLC
December 5, 2016

EXHIBIT A-2 – IMPROVEMENT AREA #1 LEGAL DESCRIPTION

Section 1 Legal Description

METES AND BOUNDS DESCRIPTION FOR

A 34.391 ACRE, TRACT OF LAND COMPRISED OF A PORTION OF THE 61.49 ACRE TRACT CONVEYED TO HMBRR DEVELOPMENT, INC. BY INSTRUMENT RECORDED IN DOCUMENT NO. 17034173 IN THE OFFICIAL PUBLIC RECORDS OF HAYS COUNTY, TEXAS, A PORTION OF THE 188.51 ACRE TRACT CONVEYED TO HMBRR, LP BY INSTRUMENT RECORDED IN DOCUMENT NO. 17034176 IN SAID OFFICIAL PUBLIC RECORDS, AND A PORTION OF 608.70 ACRE TRACT CONVEYED TO HMBRR LP # 2 BY INSTRUMENT RECORDED IN DOCUMENT NO. 17034180 IN SAID OFFICIAL PUBLIC RECORDS, IN THE SAMUEL PHARASS ¼ LEAGUE NO. 14, ABSTRACT 360, PARTIALLY IN THE CITY OF KYLE, HAYS COUNTY, TEXAS. SAID 34.391 ACRE TRACT BEING MORE FULLY DESCRIBED AS FOLLOWS, WITH BEARINGS BASED ON THE TEXAS COORDINATE SYSTEM ESTABLISHED FOR THE SOUTH CENTRAL ZONE FROM THE NORTH AMERICAN DATUM OF 1983 NAD 83 (NA2011) EPOCH 2010.00;

BEGINNING: AT A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON" ON THE WEST RIGHT-OF-WAY OF OLD STAGECOACH ROAD, A VARIABLE WIDTH RIGHT-OF-WAY, FROM WHICH A FOUND ½" IRON ROD WITH CAP MARKED "AST" ON THE WEST RIGHT-OF-WAY OF SAID OLD STAGECOACH ROAD, AT THE MOST EASTERLY NORTHEAST CORNER OF SAID 61.49 ACRE TRACT AND A SOUTHEAST CORNER OF SAID 608.70 ACRE TRACT BEARS S 16°21'49" E, A DISTANCE OF 1.69 FEET;

THENCE: S 16°21'49" E, ALONG AND WITH THE WEST RIGHT-OF-WAY LINE OF SAID OLD STAGECOACH ROAD, A DISTANCE OF 1423.43 FEET TO A FOUND MAG NAIL;

THENCE: S 16°46'59" E, CONTINUING ALONG AND WITH THE WEST RIGHT-OF-WAY LINE OF SAID OLD STAGECOACH ROAD, A DISTANCE OF 559.73 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

THENCE: DEPARTING THE WEST RIGHT-OF-WAY LINE OF SAID OLD STAGECOACH ROAD, OVER AND ACROSS SAID 61.49 ACRE TRACT THE FOLLOWING BEARINGS AND DISTANCES:

SOUTHWESTERLY, ALONG A TANGENT CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 15.00 FEET, A CENTRAL ANGLE OF 89°58'06", A CHORD BEARING AND DISTANCE OF S 28°12'04" W, 21.21 FEET, FOR AN ARC LENGTH OF 23.55 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

S 73°11'07" W, A DISTANCE OF 43.79 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

SOUTHWESTERLY, ALONG A TANGENT CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 275.00 FEET, A CENTRAL ANGLE OF 10°34'19", A CHORD BEARING AND DISTANCE OF S 78°28'16" W, 50.67 FEET, FOR AN ARC LENGTH OF 50.74 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

S 83°45'26" W, A DISTANCE OF 59.00 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

NORTHWESTERLY, ALONG A TANGENT CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 15.00 FEET, A CENTRAL ANGLE OF 83°42'30", A CHORD BEARING AND DISTANCE OF N 54°23'19" W, 20.02 FEET, FOR AN ARC LENGTH OF 21.91 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

NORTHWESTERLY, ALONG A REVERSE CURVE TO THE LEFT, SAID CURVE HAVING A RADIUS OF 350.00 FEET, A CENTRAL ANGLE OF 28°52'03", A CHORD BEARING AND DISTANCE OF N 26°58'06" W, 174.48 FEET, FOR AN ARC LENGTH OF 176.34 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 41°24'07" W, A DISTANCE OF 182.22 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

NORTHWESTERLY, ALONG A TANGENT CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 275.00 FEET, A CENTRAL ANGLE OF 20°58'41", A CHORD BEARING AND DISTANCE OF N 30°54'47" W, 100.13 FEET, FOR AN ARC LENGTH OF 100.69 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 20°25'27" W, A DISTANCE OF 68.68 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

NORTHWESTERLY, ALONG A TANGENT CURVE TO THE LEFT, SAID CURVE HAVING A RADIUS OF 325.00 FEET, A CENTRAL ANGLE OF 24°24'10", A CHORD BEARING AND DISTANCE OF N 32°37'32" W, 137.38 FEET, FOR AN ARC LENGTH OF 138.42 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 45°10'23" E, A DISTANCE OF 120.09 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 49°03'14" W, A DISTANCE OF 64.36 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 56°13'41" W, A DISTANCE OF 57.67 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 56°10'39" W, A DISTANCE OF 95.45 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 38°25'46" W, A DISTANCE OF 91.92 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 34°10'46" W, A DISTANCE OF 50.00 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

S 55°49'14" W, A DISTANCE OF 120.00 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 34°10'46" W, A DISTANCE OF 100.00 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

S 55°49'14" W, A DISTANCE OF 50.00 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

NORTHWESTERLY, ALONG A NON-TANGENT CURVE TO THE LEFT, SAID CURVE HAVING, A RADIUS OF 15.00 FEET, A CENTRAL ANGLE OF 90°00'00", A CHORD BEARING AND DISTANCE OF N 79°10'46" W, 21.21 FEET, FOR AN ARC LENGTH OF 23.56 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 34°10'46" W, A DISTANCE OF 50.00 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

NORTHEASTERLY, ALONG A NON-TANGENT CURVE TO THE LEFT, SAID CURVE HAVING A RADIUS OF 15.00 FEET, A CENTRAL ANGLE OF 90°00'00", A CHORD BEARING AND DISTANCE OF N 10°49'14" E, 21.21 FEET, FOR AN ARC LENGTH OF 23.56 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 34°10'46" W, A DISTANCE OF 100.00 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

S 55°49'14" W, A DISTANCE OF 127.69 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

S 35°10'02" W, A DISTANCE OF 42.81 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

S 33°02'18" W, A DISTANCE OF 151.46 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

S 26°43'21" W, A DISTANCE OF 74.14 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 45°35'23" W, A DISTANCE OF 55.21 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

S 69°43'34" W, A DISTANCE OF 202.47 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

NORTHWESTERLY, ALONG A NON-TANGENT CURVE TO THE LEFT, SAID CURVE HAVING A RADIUS OF 775.00 FEET, A CENTRAL ANGLE OF 02°19'30", A CHORD BEARING AND DISTANCE OF N 21°26'11" W, 31.45 FEET, FOR AN ARC LENGTH OF 31.45 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

S 67°02'44" W, A DISTANCE OF 142.32 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON" ON A WEST LINE OF SAID 61.49 ACRE TRACT AND AN EAST LINE OF SAID 188.51 ACRE TRACT;

THENCE: N 22°06'03" W, ALONG AND WITH A WEST LINE OF 61.49 ACRE TRACT AND AN EAST LINE OF SAID 188.51 ACRE TRACT, A DISTANCE OF 60.01 FEET TO A POINT;

THENCE: N 19°59'52" W, CONTINUING ALONG AND WITH THE WEST LINE OF 61.49 ACRE TRACT AND THE EAST LINE OF SAID 188.51 ACRE TRACT, AT A DISTANCE OF 288.91 FEET PASSING AN ANGLE POINT OF SAID 61.49 ACRE TRACT, CONTINUING OVER AND ACROSS SAID 188.51 ACRE TRACT, A TOTAL DISTANCE OF 365.06 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

THENCE: NORTHEASTERLY, CONTINUING OVER AND ACROSS SAID 188.51 ACRE TRACT, ALONG A NON-TANGENT CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 350.00 FEET, A CENTRAL ANGLE OF 11°10'10", A CHORD BEARING AND DISTANCE OF N 79°03'09" E, 68.12 FEET, FOR AN ARC LENGTH OF 68.23 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

THENCE: N 03°23'28" W, OVER AND ACROSS SAID 188.51 ACRE TRACT, AT A DISTANCE OF 0.75 FEET PASSING AN ANGLE POINT OF SAID 188.51 ACRE TRACT AND AN ANGLE POINT OF SAID 61.49 ACRE TRACT, CONTINUING ALONG AND WITH AN EAST LINE OF SAID 188.51 ACRE TRACT AND A WEST LINE OF SAID 61.49 ACRE TRACT, A TOTAL DISTANCE OF 50.03 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

THENCE: DEPARTING AN EAST LINE OF SAID 188.51 ACRE TRACT AND A WEST LINE OF SAID 61.49 ACRE TRACT, OVER AND ACROSS SAID 61.49 ACRE TRACT, THE FOLLOWING BEARINGS AND DISTANCES:

NORTHEASTERLY, ALONG A NON-TANGENT CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 400.00 FEET, A CENTRAL ANGLE OF 01°53'32", A CHORD BEARING AND DISTANCE OF N 85°49'48" E, 13.21 FEET, FOR AN ARC LENGTH OF 13.21 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 03°13'26" W, A DISTANCE OF 133.36 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 64°50'45" W, A DISTANCE OF 15.48 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON" ON AN EAST LINE OF SAID 188.51 ACRE TRACT AND A WEST LINE OF SAID 61.49 ACRE TRACT;

THENCE: N 03°23'28" W, ALONG AND WITH AN EAST LINE OF SAID 188.51 ACRE TRACT AND A WEST LINE OF SAID 61.49 ACRE TRACT, AT A DISTANCE OF 87.69 FEET PASSING A POINT ON A SOUTHEAST LINE OF SAID 608.70 ACRE TRACT, AT THE NORTHEAST CORNER OF SAID 188.51 ACRE TRACT AND THE NORTHWEST CORNER OF SAID 61.49 ACRE TRACT, CONTINUING OVER AND ACROSS SAID 608.70 ACRE TRACT, A TOTAL DISTANCE OF 88.67 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

THENCE: OVER AND ACROSS SAID 608.70 ACRE TRACT, THE FOLLOWING BEARINGS AND DISTANCES:

NORTHEASTERLY, ALONG A NON-TANGENT CURVE TO THE LEFT, SAID CURVE HAVING A RADIUS OF 1560.00 FEET, A CENTRAL ANGLE OF 03°58'00", A CHORD BEARING AND DISTANCE OF N 52°07'56" E, 107.98 FEET, FOR AN ARC LENGTH OF 108.00 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 50°08'56" E, A DISTANCE OF 260.13 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

THENCE: SOUTHEASTERLY, OVER AND ACROSS SAID 608.70 ACRE TRACT AND SAID 61.49 ACRE TRACT, ALONG A TANGENT CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 30.00 FEET, A CENTRAL ANGLE OF 94°37'43", A CHORD BEARING AND DISTANCE OF S 82°32'11" E, 44.11 FEET, FOR AN ARC LENGTH OF 49.55 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

THENCE: CONTINUING OVER AND ACROSS SAID 61.49 ACRE TRACT, THE FOLLOWING BEARINGS AND DISTANCES:

N 56°23'10" E, A DISTANCE OF 60.01 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 34°10'46" W, A DISTANCE OF 11.96 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

THENCE: NORTHEASTERLY, OVER AND ACROSS SAID 61.49 ACRE TRACT AND SAID 608.70 ACRE TRACT, ALONG A TANGENT CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 30.00 FEET, A CENTRAL ANGLE OF 84°19'42", A CHORD BEARING AND DISTANCE OF N 07°59'05" E, 40.28 FEET, FOR AN ARC LENGTH OF 44.15 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

THENCE: OVER AND ACROSS SAID 608.70 ACRE TRACT, THE FOLLOWING BEARINGS AND DISTANCES:

N 50°08'56" E, A DISTANCE OF 51.45 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

NORTHEASTERLY, ALONG A TANGENT CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 615.00 FEET, A CENTRAL ANGLE OF 14°30'01", A CHORD BEARING AND DISTANCE OF N 57°23'57" E, 155.23 FEET, FOR AN ARC LENGTH OF 155.64 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 64°38'57" E, A DISTANCE OF 515.04 FEET TO A SET ½" IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

SOUTHEASTERLY, ALONG A TANGENT CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 100.00 FEET, A CENTRAL ANGLE OF 98°59'13", A CHORD BEARING AND DISTANCE OF S 65°51'26" E, 152.07 FEET, FOR AN ARC LENGTH OF 172.76 FEET TO THE POINT OF BEGINNING, AND CONTAINING 34.391 ACRES IN THE CITY OF KYLE, HAYS COUNTY, TEXAS. SAID TRACT BEING DESCRIBED IN ACCORDANCE WITH A SURVEY MADE ON THE GROUND AND A SURVEY DESCRIPTION AND MAP PREPARED UNDER JOB NUMBER 8141-08 BY PAPE-DAWSON ENGINEERS, INC.

Section 2 Legal Description

METES AND BOUNDS DESCRIPTION FOR

A 28.040 acre, more or less, tract of land comprised of a portion of the 61.49 acre tract conveyed to HMBRR Development, Inc. by instrument recorded in Document No. 17034173 in the Official Public Records of Hays County, Texas, and a portion of the 188.51 acre tract conveyed to HMBRR, LP by instrument recorded in Document No. 17034176 in said Official Public Records, in the Samuel Pharass ¼ League No. 14, Abstract 360, in Hays County, Texas. Said 28.040 acre tract being more fully described as follows, with bearings based on the Texas Coordinate System established for the South Central Zone from the North American Datum of 1983 NAD 83 (NA2011) epoch 2010.00;

COMMENCING: At a found mag nail at the southernmost corner of said 188.51 acre tract;

THENCE: N 48°29'18" E, along and with the southeast line of said 188.51 acre tract, at a distance of 111.03 feet passing the west corner of the 132.59 acre tract described in Volume 5224, Page 246 in said Official Public Records, continuing along and with the southeast line of said 188.51 acre tract, a total distance of 2127.82 feet to a found ½" iron rod marked "Vickrey", at an angle point of said 188.51 acre tract and an angle point of said 132.59 acre tract;

THENCE: Along and with the southeast line of said 188.51 acre tract and the northwest line of said 132.59 acre tract, the following bearings and distances:

N 25°44’10” E, a distance of 39.08 feet to a found mag nail, at an angle point of said 188.51 acre tract and an angle point of said 132.59 acre tract;

S 49°37’46” E, a distance of 34.21 feet to a found mag nail, at an angle point of said 188.51 acre tract and an angle point of said 132.59 acre tract;

N 48°35’53” E, a distance of 1423.66 feet to a set ½” iron rod with a yellow cap marked “Pape-Dawson”, at the POINT OF BEGINNING of the herein described tract;

THENCE: Departing the southeast line of said 188.51 acre tract and the northwest line of said 132.59 acre tract, over and across said 188.51 acre tract and said 61.49 acre tract, the following bearings and distances:

N 59°52'52" W, a distance of 211.37 feet to a set ½” iron rod with a yellow cap marked “Pape-Dawson”;

Northeasterly, along a non-tangent curve to the left, said curve having a radius of 300.00 feet, a central angle of 00°27'37", a chord bearing and distance of N 29°53'20" E, 2.41 feet, for an arc length of 2.41 feet to a set ½” iron rod with a yellow cap marked “Pape-Dawson”;

N 60°20'29" W, a distance of 115.00 feet to a set ½” iron rod with a yellow cap marked “Pape-Dawson”;

N 22°50'13" E, a distance of 43.95 feet to a set ½” iron rod with a yellow cap marked “Pape-Dawson”;

N 09°11'38" E, a distance of 43.95 feet to a set ½” iron rod with a yellow cap marked “Pape-Dawson”;

N 03°37'26" W, a distance of 41.26 feet to a set ½” iron rod with a yellow cap marked “Pape-Dawson”;

N 21°09'38" W, a distance of 46.64 feet to a set ½” iron rod with a yellow cap marked “Pape-Dawson”;

N 41°24'07" W, a distance of 51.61 feet to a set ½” iron rod with a yellow cap marked “Pape-Dawson”;

N 41°24'07" W, a distance of 150.00 feet to a set ½” iron rod with a yellow cap marked “Pape-Dawson”;

S 48°35'53" W, a distance of 130.00 feet to a set ½” iron rod with a yellow cap marked “Pape-Dawson”;

S 41°24'07" E, a distance of 20.00 feet to a set ½” iron rod with a yellow cap marked “Pape-Dawson”;

S 48°35'53" W, a distance of 380.33 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

S 63°07'22" W, a distance of 179.85 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

S 83°18'36" W, a distance of 373.56 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 06°41'24" W, a distance of 135.26 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

Southwesterly, along a non-tangent curve to the right, said curve having a radius of 1025.00 feet, a central angle of 02°33'53", a chord bearing and distance of S 85°52'45" W, 45.88 feet, for an arc length of 45.88 feet to a point;

S 87°09'41" W, a distance of 35.21 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 02°50'19" W, a distance of 50.00 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 06°41'24" W, a distance of 438.42 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 06°41'24" W, a distance of 50.00 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 06°41'24" W, a distance of 161.57 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 17°22'23" W, a distance of 115.59 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 22°04'53" W, a distance of 56.05 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 67°02'44" E, a distance of 142.32 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

Southeasterly, along a non-tangent curve to the right, said curve having a radius of 775.00 feet, a central angle of 02°19'30", a chord bearing and distance of S 21°26'11" E, 31.45 feet, for an arc length of 31.45 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 69°43'34" E, a distance of 202.47 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

S 45°35'23" E, a distance of 55.21 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 26°43'21" E, a distance of 74.14 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 33°02'18" E, a distance of 151.46 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 35°10'02" E, a distance of 42.81 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 55°49'14" E, a distance of 127.69 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

S 34°10'46" E, a distance of 100.00 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

Southwesterly, along a tangent curve to the right, said curve having a radius of 15.00 feet, a central angle of 90°00'00", a chord bearing and distance of S 10°49'14" W, 21.21 feet, for an arc length of 23.56 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

S 34°10'46" E, a distance of 50.00 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

Southeasterly, along a non-tangent curve to the right, said curve having a radius of 15.00 feet, a central angle of 90°00'00", a chord bearing and distance of S 79°10'46" E, 21.21 feet, for an arc length of 23.56 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 55°49'14" E, a distance of 50.00 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

S 34°10'46" E, a distance of 100.00 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 55°49'14" E, a distance of 120.00 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

S 34°10'46" E, a distance of 50.00 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

S 38°25'46" E, a distance of 91.92 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

S 56°10'39" E, a distance of 95.45 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

S 56°13'41" E, a distance of 57.67 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

S 49°03'14" E, a distance of 64.36 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

S 45°10'23" W, a distance of 120.09 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

Southeasterly, along a non-tangent curve to the right, said curve having a radius of 325.00 feet, a central angle of 24°24'10", a chord bearing and distance of S 32°37'32" E, 137.38 feet, for an arc length of 138.42 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

S 20°25'27" E, a distance of 68.68 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

Southeasterly, along a tangent curve to the left, said curve having a radius of 275.00 feet, a central angle of 20°58'41", a chord bearing and distance of S 30°54'47" E, 100.13 feet, for an arc length of 100.69 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

S 41°24'07" E, a distance of 182.22 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

Southeasterly, along a tangent curve to the right, said curve having a radius of 350.00 feet, a central angle of 28°52'03", a chord bearing and distance of S 26°58'06" E, 174.48 feet, for an arc length of 176.34 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

Southeasterly, along a reverse curve to the left, said curve having a radius of 15.00 feet, a central angle of 83°42'30", a chord bearing and distance of S 54°23'19" E, 20.02 feet, for an arc length of 21.91 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 83°45'26" E, a distance of 59.00 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

Northeasterly, along a tangent curve to the left, said curve having a radius of 275.00 feet, a central angle of 10°34'19", a chord bearing and distance of N 78°28'16" E, 50.67 feet, for an arc length of 50.74 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 73°11'07" E, a distance of 43.79 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

Northeasterly, along a tangent curve to the left, said curve having a radius of 15.00 feet, a central angle of 89°58'06", a chord bearing and distance of N 28°12'04" E, 21.21 feet, for an arc length of 23.55 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson" on the west right-of-way of Old Stagecoach Road, a variable width right-of-way, and the east line of said 61.49 acre tract;

THENCE: S 16°46'59" E, along and with the west right-of-way line of said Old Stagecoach Road and the east line of said 61.49 acre tract, at a distance of 238.11 feet passing a found ½" iron rod, continuing a total distance of 238.92 feet to a point, at the southeast corner of said 61.49 acre tract;

THENCE: S 36°01'08" W, departing the west right-of-way line of said Old Stagecoach Road, along and with the southeast line of said 61.49 acre tract, a distance of 42.61 feet to a found mag nail, at an angle point of said 61.49 acre tract and the northernmost corner of said 132.59 acre tract;

THENCE: S 48°35'53" W, along and with the northwest line of said 132.59 acre tract, the southeast line of said 61.49 acre tract and the southeast line of said 188.51 acre tract, a distance of 159.68 feet to the POINT OF BEGINNING, and containing 28.040 acres in Hays County, Texas. Said tract being described in accordance with a survey made on the ground by Pape-Dawson Engineers, Inc.

Section 3 Legal Description

METES AND BOUNDS DESCRIPTION FOR

A 34.398 acre, more or less, tract of land comprised of a portion of the 188.51 acre tract conveyed to HMBRR, LP by instrument recorded in Document No. 17034176 in the Official Public Records of Hays County, Texas, and a portion of the 608.70 acre tract conveyed to HMBRR LP # 2 by instrument recorded in Document No. 17034180 in said Official Public Records, in the Samuel Pharass ¼ League No. 14, Abstract 360, Hays County, Texas. Said 34.398 acre tract being more fully described as follows, with bearings based on the Texas Coordinate System established for the South Central Zone from the North American Datum of 1983 NAD 83 (NA2011) epoch 2010.00;

COMMENCING: At a found mag nail at the southernmost corner of said 188.51 acre tract;

THENCE: N 48°29'18" E, along and with the southeast line of said 188.51 acre tract, at a distance of 111.03 feet passing the west corner of the 132.59 acre tract described in Volume 5224, Page 246 in said Official Public Records, continuing a total distance of 1356.51 feet to a point from which a found ½" iron rod marked "Vickrey", at an angle point of said 188.51 acre tract and said 132.59 acre tract bears N 48°29'18" E, distance of 771.31 feet;

THENCE: N 41°30'42 W, departing the southeast line of said 188.51 acre tract and the northwest line of said 132.59 acre tract, over and across said 188.51 acre tract, a distance of 2513.94 feet, to the POINT OF BEGINNING of the herein described tract;

N 40°08'34" E, a distance of 176.64 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

Northwesterly, along a non-tangent curve to the right, said curve having a radius of 60.00 feet, a central angle of 14°28'39", a chord bearing and distance of N 57°05'46" W, 15.12 feet, for an arc length of 15.16 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

S 40°08'34" W, a distance of 166.50 feet to set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 21°04'28" W, a distance of 177.56 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 21°52'32" E, a distance of 170.23 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 68°18'00" E, a distance of 164.26 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

S 89°38'05" E, a distance of 70.00 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 43°11'52" E, a distance of 156.28 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 34°18'30" E, a distance of 110.00 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 43°12'35" E, a distance of 140.48 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 51°41'58" E, a distance of 72.36 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 64°27'27" E, a distance of 63.77 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 24°37'09" E, a distance of 185.86 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 04°30'09" E, at a distance of 25.00 feet passing the north line of said 188.51 acre tract and a south line of said 608.70 acre tract, continuing over and across said 608.70 acre tract, a total distance of 29.28 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

THENCE: Northeasterly, continuing over and across said 608.70 acre tract, along a non-tangent curve to the left, said curve having a radius of 1560.00 feet, a central angle of 15°36'05", a chord bearing and distance of N 86°50'20" E, 423.47 feet, for an arc length of 424.78 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

THENCE: Southeasterly, over and across said 608.70 acre tract and said 188.51 acre tract, along a reverse curve to the right, said curve having a radius of 85.00 feet, a central angle of 87°39'40", a chord bearing and distance of S 57°07'52" E, 117.73 feet, for an arc length of 130.05 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

THENCE: Over and across said 188.51 acre tract, the following bearings and distances:

S 13°18'02" E, a distance of 25.78 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 76°41'58" E, a distance of 80.00 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

S 13°18'02" E, a distance of 8.58 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

Southeasterly, along a tangent curve to the right, said curve having a radius of 386.50 feet, a central angle of 05°40'15", a chord bearing and distance of S 10°27'55" E, 38.24 feet, for an arc length of 38.25 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

S 07°37'47" E, a distance of 67.78 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

Southeasterly, along a tangent curve to the left, said curve having a radius of 363.50 feet, a central angle of 05°39'38", a chord bearing and distance of S 10°27'36" E, 35.90 feet, for an arc length of 35.91 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

S 13°17'25" E, a distance of 10.24 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

Southeasterly, along a non-tangent curve to the left, said curve having a radial bearing of N 76°37'59" E, a radius of 450.54 feet, a central angle of 26°42'29", a chord bearing and distance of S 26°43'15" E, 208.12 feet, for an arc length of 210.02 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

S 38°07'47" E, a distance of 98.19 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

Southeasterly, along a tangent curve to the right, said curve having a radius of 430.00 feet, a central angle of 31°26'23", a chord bearing and distance of S 22°24'36" E, 233.00 feet, for an arc length of 235.95 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

S 06°41'24" E, a distance of 364.55 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

Southeasterly, along a tangent curve to the right, said curve having a radius of 3030.00 feet, a central angle of 03°05'56", a chord bearing and distance of S 05°08'26" E, 163.86 feet, for an arc length of 163.88 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

Southeasterly, along a reverse curve to the left, said curve having a radius of 15.00 feet, a central angle of 89°14'50", a chord bearing and distance of S 48°12'54" E, 21.07 feet, for an arc length of 23.36 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

S 02°50'19" E, a distance of 50.00 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

Southwesterly, along a non-tangent curve to the left, said curve having a radial bearing of S 02°50'19" E, a radius of 15.00 feet, a central angle of 89°14'50", a chord bearing and distance of S 42°32'16" W, 21.07 feet, for an arc length of 23.36 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

Southeasterly, along a reverse curve to the right, said curve having a radius of 3030.00 feet, a central angle of 02°34'04", a chord bearing and distance of S 00°48'07" E, 135.78 feet, for an arc length of 135.79 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

S 00°28'54" W, a distance of 137.29 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

Southeasterly, along a tangent curve to the left, said curve having a radius of 470.00 feet, a central angle of 35°42'17", a chord bearing and distance of S 17°22'14" E, 288.17 feet, for an arc length of 292.89 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

Southeasterly, along a compound curve to the left, said curve having a radius of 65.00 feet, a central angle of 52°43'35", a chord bearing and distance of S 61°35'10" E, 57.73 feet, for an arc length of 59.82 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

Southwesterly, along a reverse curve to the right, said curve having a radius of 72.00 feet, a central angle of 271°38'52", a chord bearing and distance of S 47°52'29" W, 100.35 feet, for an arc length of 341.36 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

Northwesterly, along a reverse curve to the left, said curve having a radius of 65.00 feet, a central angle of 41°07'54", a chord bearing and distance of N 16°52'02" W, 45.67 feet, for an arc length of 46.66 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

Northwesterly, along a reverse curve to the right, said curve having a radius of 530.00 feet, a central angle of 37°54'54", a chord bearing and distance of N 18°28'32" W, 344.36 feet, for an arc length of 350.72 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 00°28'22" E, a distance of 149.14 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 89°44'49" W, a distance of 100.61 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 87°36'04" W, a distance of 83.98 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 80°15'00" W, a distance of 83.98 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 72°53'56" W, a distance of 83.98 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 66°01'03" W, a distance of 84.03 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 59°14'33" W, a distance of 575.03 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 60°29'27" W, a distance of 66.99 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 71°07'00" W, a distance of 63.44 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 83°27'43" W, a distance of 63.44 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 89°38'05" W, a distance of 453.82 feet to the POINT OF BEGINNING, and containing 34.398 acres in Hays County, Texas. Said tract being described in accordance with a survey made on the ground and a survey description and map prepared under job number 8141-08 by Pape-Dawson Engineers, Inc.

EXHIBIT B-1 – DISTRICT BOUNDARY MAP

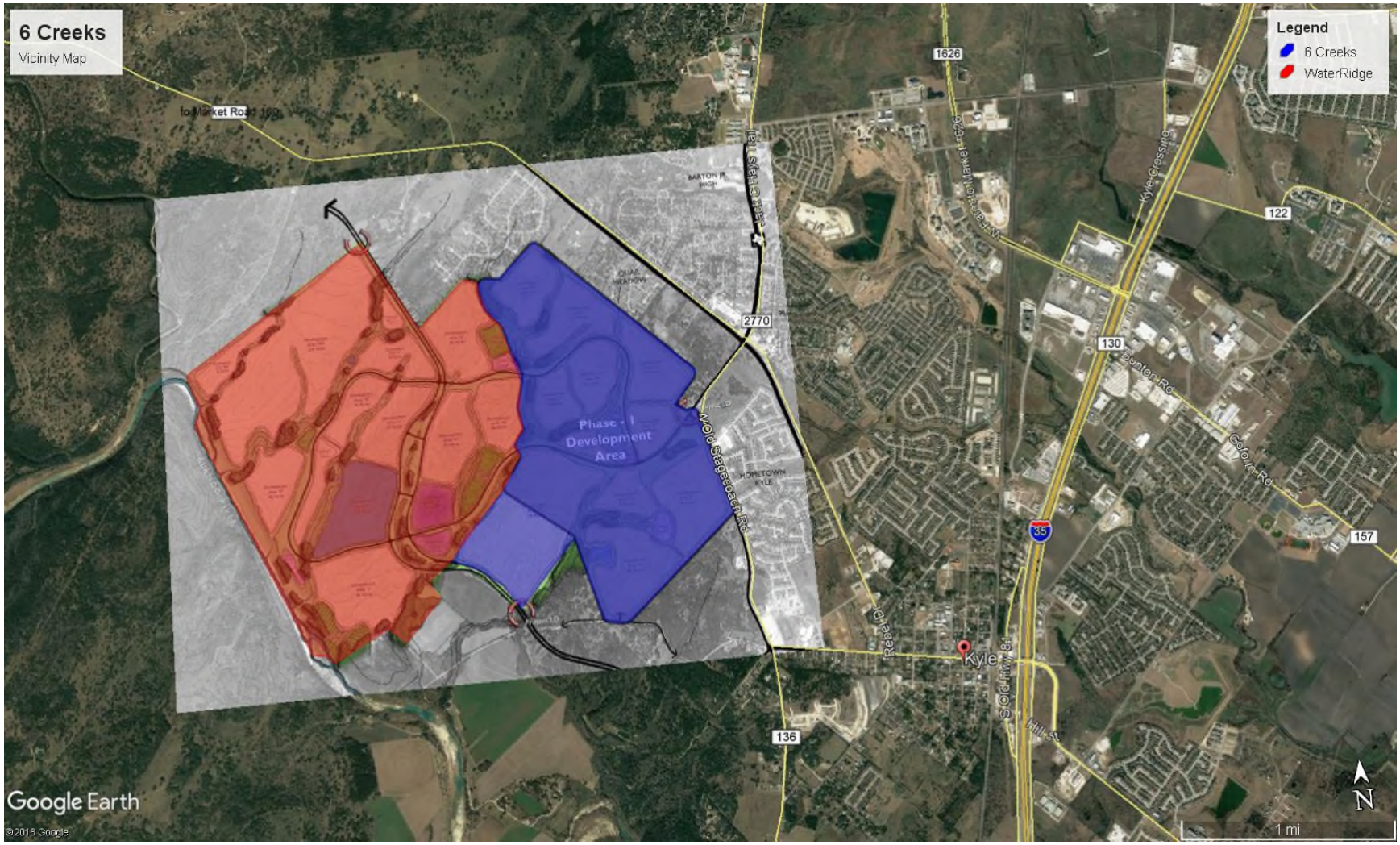
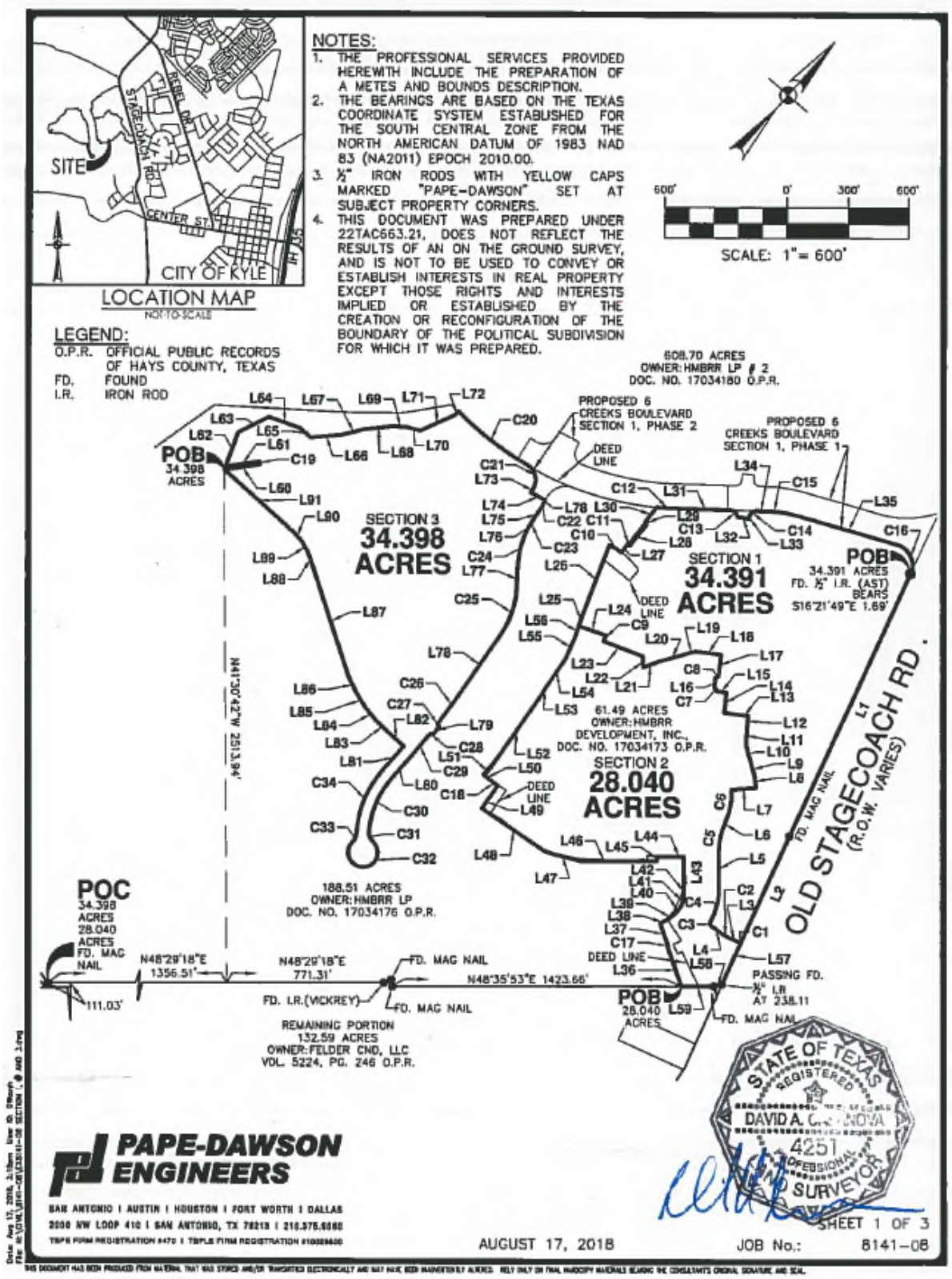
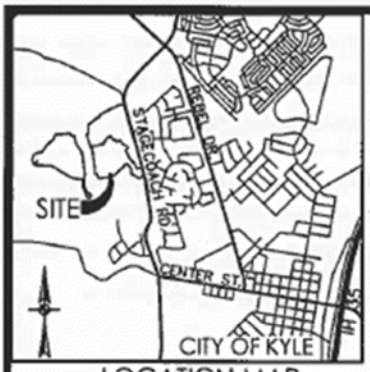


EXHIBIT B-2 – IMPROVEMENT AREA #1 BOUNDARY MAP





LOCATION MAP
NOT TO SCALE

LEGEND:
O.P.R. OFFICIAL PUBLIC RECORDS OF HAYS COUNTY, TEXAS
FD. FOUND
I.R. IRON ROD

600' 0' 300' 600'
SCALE: 1" = 600'

LINE TABLE		
LINE	BEARING	LENGTH
L1	S16°21'49"E	1423.43'
L2	S16°46'59"E	559.73'
L3	S73°11'07"W	43.79'
L4	S83°45'26"W	59.00'
L5	N41°24'07"W	182.22'
L6	N20°25'27"W	68.68'
L7	N45°10'23"E	120.09'
L8	N49°03'14"W	64.36'
L9	N56°13'41"W	57.67'
L10	N56°10'39"W	95.45'
L11	N38°25'46"W	91.92'
L12	N34°10'46"W	50.00'
L13	S55°49'14"W	120.00'
L14	N34°10'46"W	100.00'
L15	S55°49'14"W	50.00'
L16	N34°10'46"W	50.00'
L17	N34°10'46"W	100.00'
L18	S55°49'14"W	127.69'
L19	S35°10'02"W	42.81'
L20	S33°02'18"W	151.46'
L21	S26°43'21"W	74.14'
L22	N45°35'23"W	55.21'
L23	S69°43'34"W	202.47'
L24	S67°02'44"W	142.32'
L25	N22°06'03"W	60.01'

LINE TABLE		
LINE	BEARING	LENGTH
L26	N19°59'52"W	365.06'
L27	N03°23'28"W	50.03'
L28	N03°13'26"W	133.36'
L29	N64°50'45"W	15.48'
L30	N03°23'28"W	88.67'
L31	N50°08'56"E	260.13'
L32	N56°23'10"E	60.01'
L33	N34°10'46"W	11.96'
L34	N50°08'56"E	51.45'
L35	N64°38'57"E	515.04'
L36	N59°52'52"W	211.37'
L37	N60°20'29"W	115.00'
L38	N22°50'13"E	43.95'
L39	N09°11'38"E	43.95'
L40	N03°37'26"W	41.26'
L41	N21°09'38"W	46.64'
L42	N41°24'07"W	51.61'
L43	S41°24'07"E	150.00'
L44	S48°35'53"W	130.00'
L45	S41°24'07"E	20.00'
L46	S48°35'53"W	380.33'
L47	S63°07'22"W	179.85'
L48	S83°18'36"W	373.56'
L49	N06°41'24"W	135.26'
L50	S87°09'41"W	35.21'

LINE TABLE		
LINE	BEARING	LENGTH
L51	N02°50'19"W	50.00'
L52	N06°41'24"W	438.42'
L53	N06°41'24"W	50.00'
L54	N06°41'24"W	161.57'
L55	N17°22'23"W	115.59'
L56	N22°04'53"W	56.05'
L57	S16°46'59"E	238.92'
L58	S36°01'08"W	42.61'
L59	S48°35'53"W	159.68'
L60	N40°08'34"E	176.64'
L61	S40°08'34"W	166.50'
L62	N21°04'28"W	177.56'
L63	N21°52'32"E	170.23'
L64	N68°18'00"E	164.26'
L65	S89°38'05"E	70.00'
L66	N43°11'52"E	156.28'
L67	N34°18'30"E	110.00'
L68	N43°12'35"E	140.48'
L69	N51°41'58"E	72.36'
L70	N64°27'27"E	63.77'
L71	N24°37'09"E	185.86'
L72	N04°30'09"E	29.28'
L73	S13°18'02"E	25.78'
L74	N76°41'58"E	80.00'
L75	S07°37'47"E	67.78'

LINE TABLE		
LINE	BEARING	LENGTH
L76	S13°17'25"E	10.24'
L77	S38°07'47"E	98.19'
L78	S13°18'02"E	8.58'
L78	S06°41'24"E	364.55'
L79	S02°50'19"E	50.00'
L80	S00°28'54"W	137.29'
L81	N00°28'22"E	149.14'
L82	N89°44'49"W	100.61'
L83	N87°36'04"W	83.98'
L84	N80°15'00"W	83.98'
L85	N72°53'56"W	83.98'
L86	N66°01'03"W	84.03'
L87	N59°14'33"W	575.03'
L88	N60°29'27"W	66.99'
L89	N71°07'00"W	63.44'
L90	N83°27'43"W	63.44'
L91	N89°38'05"W	453.82'

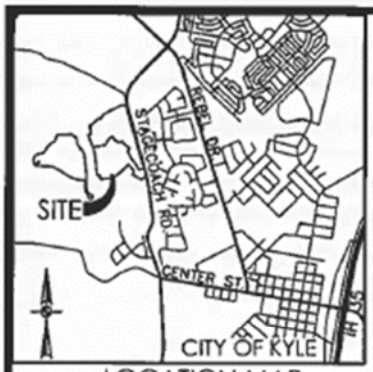
PAPE-DAWSON ENGINEERS

SAN ANTONIO | AUSTIN | HOUSTON | FORT WORTH | DALLAS
2000 NW LOOP 410 | SAN ANTONIO, TX 78213 | 210.375.9000
TBPE FIRM REGISTRATION #470 | TBPLS FIRM REGISTRATION #10028800

AUGUST 17, 2018

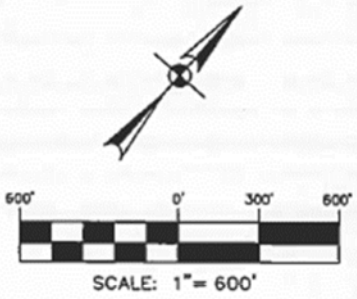
SHEET 2 OF 3
JOB No.: 8141-08

THIS DOCUMENT WAS BOTH PRODUCED FROM MATERIAL THAT WAS STORED AND/OR TRANSMITTED ELECTRONICALLY AND MAY HAVE BEEN INADVERTENTLY ALTERED. RELY ONLY ON FINAL HARDCOPY MATERIALS BEARING THE CONSULTANT'S ORIGINAL SIGNATURE AND SEAL.



LOCATION MAP
NOT-TO-SCALE

LEGEND:
O.P.R. OFFICIAL PUBLIC RECORDS OF HAYS COUNTY, TEXAS
FD. FOUND
I.R. IRON ROD



SCALE: 1"= 600'

CURVE TABLE					
CURVE	RADIUS	DELTA	CHORD BEARING	CHORD	LENGTH
C1	15.00'	89°58'06"	S28°12'04"W	21.21'	23.55'
C2	275.00'	10°34'19"	S78°28'16"W	50.67'	50.74'
C3	15.00'	83°42'30"	N54°23'19"W	20.02'	21.91'
C4	350.00'	28°52'03"	N26°58'06"W	174.48'	176.34'
C5	275.00'	20°58'41"	N30°54'47"W	100.13'	100.69'
C6	325.00'	24°24'10"	N32°37'32"W	137.38'	138.42'
C7	15.00'	90°00'00"	N79°10'46"W	21.21'	23.56'
C8	15.00'	90°00'00"	N10°49'14"E	21.21'	23.56'
C9	775.00'	2°19'30"	N21°26'11"W	31.45'	31.45'
C10	350.00'	11°10'10"	N79°03'09"E	68.12'	68.23'
C11	400.00'	1°53'32"	N85°49'48"E	13.21'	13.21'
C12	1560.00'	3°58'00"	N52°07'56"E	107.98'	108.00'
C13	30.00'	94°37'43"	S82°32'11"E	44.11'	49.55'
C14	30.00'	84°19'42"	N07°59'05"E	40.28'	44.15'
C15	615.00'	14°30'01"	N57°23'57"E	155.23'	155.64'
C16	100.00'	98°59'13"	S65°51'26"E	152.07'	172.76'
C17	300.00'	0°27'37"	N29°53'20"E	2.41'	2.41'

CURVE TABLE					
CURVE	RADIUS	DELTA	CHORD BEARING	CHORD	LENGTH
C18	1025.00'	2°33'53"	S85°52'45"W	45.88'	45.88'
C19	60.00'	14°28'39"	N57°05'46"W	15.12'	15.16'
C20	1560.00'	15°36'05"	N86°50'20"E	423.47'	424.78'
C21	85.00'	87°39'40"	S57°07'52"E	117.73'	130.05'
C22	386.50'	5°40'15"	S10°27'55"E	38.24'	38.25'
C23	363.50'	5°39'38"	S10°27'36"E	35.90'	35.91'
C24	450.54'	26°42'29"	S26°43'15"E	208.12'	210.02'
C25	430.00'	31°26'23"	S22°24'36"E	233.00'	235.95'
C26	3030.00'	3°05'56"	S05°08'26"E	163.86'	163.88'
C27	15.00'	89°14'50"	S48°12'54"E	21.07'	23.36'
C28	15.00'	89°14'50"	S42°32'16"W	21.07'	23.36'
C29	3030.00'	2°34'04"	S00°48'07"E	135.78'	135.79'
C30	470.00'	35°42'17"	S17°22'14"E	288.17'	292.89'
C31	65.00'	52°43'35"	S61°35'10"E	57.73'	59.82'
C32	72.00'	271°38'52"	S47°52'29"W	100.35'	341.36'
C33	65.00'	41°07'54"	N16°52'02"W	45.67'	46.66'
C34	530.00'	37°54'54"	N18°28'32"W	344.36'	350.72'

PAPE-DAWSON ENGINEERS

SAN ANTONIO | AUSTIN | HOUSTON | FORT WORTH | DALLAS
2200 NW LOOP 410 | SAN ANTONIO, TX 78213 | 210.375.9000
TBPE FIRM REGISTRATION #470 | TBPLS FIRM REGISTRATION #10028800

AUGUST 17, 2018

SHEET 3 OF 3
JOB No.: 8141-08

THIS DOCUMENT HAS BEEN PRODUCED FROM MATERIAL THAT WAS STORED AND/OR TRANSMITTED ELECTRONICALLY AND MAY HAVE BEEN INADVERTENTLY ALTERED. RELY ONLY ON FINAL HARDCOPY MATERIALS BEARING THE CONSULTANT'S ORIGINAL SIGNATURE AND SEAL.

EXHIBIT C – AUTHORIZED IMPROVEMENTS

	Total Costs [a]	Improvement Area #1		Future Improvement Area	
		%	Costs	%	Cost
Major Improvements					
WWTP Capacity Payment [b]	$ 1,200,000	2.75%	$ 33,028	97.25%	$ 1,166,972
Lift Station & Force Main [b]	3,380,000	2.75%	93,028	97.25%	3,286,972
Offsite Water [c]	2,080,000	16.45%	342,227	83.55%	1,737,773
Old Stagecoach Road [c]	1,560,000	16.45%	256,670	83.55%	1,303,330
Parks & Trails [d]	702,000	46.07%	323,404	53.93%	378,596
Entry, Walls & Landscaping [d]	1,742,000	46.07%	802,521	53.93%	939,479
	$ 10,664,000		$ 1,850,877		$ 8,813,123
Improvement Area #1 Improvements					
Streets [e]	$ 2,853,778	100%	$ 2,853,778	0%	$ -
Water	1,446,469	100%	1,446,469	0%	-
Wastewater	1,871,035	100%	1,871,035	0%	-
Drainage [f]	1,389,142	100%	1,389,142	0%	-
Detention/WQP	2,109,226	100%	2,109,226	0%	-
	$ 9,669,650		$ 9,669,650		$ -
District Formation and Bond Issuance Costs					
Reserve Fund	$ 553,513		$ 553,513		$ -
Capitalized Interest	515,729		515,729		-
Underwriter Discount	224,850		224,850		-
Cost of Issuance	449,700		449,700		-
	$ 1,743,791		$ 1,743,791		$ -
Total	**$ 22,077,442**		**$ 13,264,319**		**$ 8,813,123**

Notes:

[a] Consists of 4% construction management and 14% soft costs, including engineering and design, construction inspection fees, geotechnical testing, and contingency. The WWTP Capacity Payment does not require soft costs or construction management.

[b] There is sufficient capacity for the first 286 Lots in the District. 85.63% of Improvement Area #1 is served with the existing capacity.

[c] Allocated pro rata based on the estimated number of lots. There are 334 Lots in Improvement Area #1, and 2030 in the total District. 334 ÷ 2030 = 16.45%.

[d] Improvements will be constructed for the first 725 Lots, 334 of which are in Improvement Area #1. The costs are allocated pro rata based on the estimated number of Lots. 334 ÷ 725 = 46.07%.

[e] Includes local streets within Improvement Area #1 as well as collector streets constructed within Improvement Area #1.

[f] Includes erosion control costs.

EXHIBIT D – SERVICE PLAN

Improvement Area #1						
Installments Due		**1/31/2020**	**1/31/2021**	**1/31/2022**	**1/31/2023**	**1/31/2024**
Improvement Area #1 Bonds						
Principal		$ -	$ 165,000	$ 175,000	$ 185,000	$ 190,000
Interest		385,993	385,993	377,495	368,483	358,955
Capitalized Interest		(385,993)	-	-	-	-
	(1)	$ (0)	$ 550,993	$ 552,495	$ 553,483	$ 548,955
Improvement Area #1 Reimbursement Obligation						
Principal		$ -	$ 86,981	$ 92,200	$ 97,732	$ 103,596
Interest		-	265,200	259,981	254,449	248,585
	(2)	$ -	$ 352,181	$ 352,181	$ 352,181	$ 352,181
Annual Collection Costs		$ 30,000	$ 30,600	$ 31,212	$ 31,836	$ 32,473
Additonal Interest Reserve		37,475	37,475	36,650	35,775	34,850
	(3)	$ 67,475	$ 68,075	$ 67,862	$ 67,611	$ 67,323
Total Annual Installment	**(4) = (1) + (2) + (3)**	**$ 67,475**	**$ 971,249**	**$ 972,538**	**$ 973,275**	**$ 968,459**

EXHIBIT E – SOURCES AND USES

	IMPROVEMENT AREA #1	FUTURE IMPROVEMENT AREAS	TOTAL
SOURCES OF FUNDS			
Improvement Area #1 Bond Par	$ 7,495,000	$ -	$ 7,495,000
Owner Advance [a]	4,420,000	-	4,420,000
Owner Contribution [b]	1,349,319	8,813,123	10,162,442
Total Sources	**$ 13,264,319**	**$ 8,813,123**	**$ 22,077,442**
USES OF FUNDS			
Authorized Improvements			
Improvement Area #1 Improvements	$ 9,669,650	$ -	$ 9,669,650
Major Improvements	1,850,877	8,813,123	10,664,000
	$ 11,520,528	$ 8,813,123	$ 20,333,650
Bond Issuance and District Formation Costs			
Debt Service Reserve Fund	$ 553,513	$ -	$ 553,513
Capitalized Interest	515,729	-	515,729
Underwriter Discount	224,850	-	224,850
Cost of Issuance	449,700	-	449,700
	$ 1,743,791	$ -	$ 1,743,791
Total Uses	**$ 13,264,319**	**$ 8,813,123**	**$ 22,077,442**

Notes:

[a] Subject to Improvement Area #1 Reimbursement Obligation.

[b] May be reimbursed in whole or in part by Assessments levied against Future Improvement Areas.

EXHIBIT F – IMPROVEMENT AREA #1 ASSESSMENT ROLL

Plat	Lot & Block	Lot Type	Total Assessments	
			Outstanding Assessment	Installment due 1/31/2020
6 Creeks - Phase 1, Section 1	Block A, Lot 1	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block A, Lot 2	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block A, Lot 3	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block A, Lot 4	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block A, Lot 5	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block A, Lot 6	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block B, Lot 1	Open Space	$ -	$ -
6 Creeks - Phase 1, Section 1	Block B, Lot 2	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block B, Lot 3	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block B, Lot 4	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block B, Lot 5	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block B, Lot 6	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block B, Lot 7	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block B, Lot 8	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block C, Lot 1	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 2	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 3	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 4	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 5	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 6	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 7	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 8	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 9	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 10	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 11	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 12	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 13	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 14	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 15	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 16	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 17	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 18	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 19	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 20	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 21	1	$ 31,097.48	$ 176.10

Note: Open space is non-benefitted property and is not assessed.

Plat	Lot & Block	Lot Type	Total Assessments	
			Outstanding Assessment	Installment due 1/31/2020
6 Creeks - Phase 1, Section 1	Block C, Lot 22	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 23	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 24	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 25	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 26	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 27	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 28	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 29	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 30	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 31	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 32	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 33	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 34	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 35	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 36	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 37	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 38	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 39	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 40	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 41	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 42	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 43	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block C, Lot 44	Open Space	$ -	$ -
6 Creeks - Phase 1, Section 1	Block C, Lot 45	Open Space	$ -	$ -
6 Creeks - Phase 1, Section 1	Block D, Lot 1	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block D, Lot 2	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block D, Lot 3	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block D, Lot 4	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block D, Lot 5	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block D, Lot 6	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block D, Lot 7	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block D, Lot 8	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block D, Lot 9	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block D, Lot 10	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block D, Lot 11	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block D, Lot 12	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block D, Lot 13	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block D, Lot 14	Open Space	$ -	$ -
6 Creeks - Phase 1, Section 1	Block E, Lot 1	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block E, Lot 2	1	$ 31,097.48	$ 176.10

Note: Open space is non-benefitted property and is not assessed.

Plat	Lot & Block	Lot Type	Total Assessments	
			Outstanding Assessment	Installment due 1/31/2020
6 Creeks - Phase 1, Section 1	Block E, Lot 3	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block E, Lot 4	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block E, Lot 5	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block E, Lot 6	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block E, Lot 7	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block E, Lot 8	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block E, Lot 9	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block E, Lot 10	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block E, Lot 11	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block E, Lot 12	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block E, Lot 13	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block E, Lot 14	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block E, Lot 15	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block E, Lot 16	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block E, Lot 17	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block E, Lot 18	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block F, Lot 1	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block F, Lot 2	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block F, Lot 3	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block F, Lot 4	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block F, Lot 5	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block F, Lot 6	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block F, Lot 7	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block G, Lot 1	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block G, Lot 2	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block G, Lot 3	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block G, Lot 4	3	$ 38,871.85	$ 220.13
6 Creeks - Phase 1, Section 1	Block G, Lot 5	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block G, Lot 6	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block G, Lot 7	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block G, Lot 8	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block G, Lot 9	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block G, Lot 10	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block G, Lot 11	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block G, Lot 12	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block G, Lot 13	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block G, Lot 14	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block G, Lot 15	1	$ 31,097.48	$ 176.10
6 Creeks - Phase 1, Section 1	Block G, Lot 16	1	$ 31,097.48	$ 176.10
Improvement Area #1 Unplatted Property			$ 8,206,625.34	$ 46,474.11
Total			**$ 11,915,000.00**	**$ 67,474.63**

Note: Open space is non-benefitted property and is not assessed.

EXHIBIT G-1 – IMPROVEMENT AREA #1 ANNUAL INSTALLMENTS

	Improvement Area #1 Bonds				Improvement Area #1 Reimbursement Obligation			
Installments Due	Principal	Interest [a]	Capitalized Interest	Additional Interest Reserve	Principal	Interest [b]	Annual Collection Costs	Total Installment
1/31/2019	$ -	$ 129,736.00	$ (129,736.00)	$ -	$ -	$ -	$ -	-
1/31/2020	-	385,992.50	(385,992.87)	37,475.00	-	-	30,000.00	67,474.63
1/31/2021	165,000.00	385,992.50	-	37,475.00	86,981.20	265,200.00	30,600.00	971,248.70
1/31/2022	175,000.00	377,495.00	-	36,650.00	92,200.07	259,981.13	31,212.00	972,538.20
1/31/2023	185,000.00	368,482.50	-	35,775.00	97,732.08	254,449.12	31,836.24	973,274.94
1/31/2024	190,000.00	358,955.00	-	34,850.00	103,596.00	248,585.20	32,472.96	968,459.17
1/31/2025	200,000.00	349,170.00	-	33,900.00	109,811.76	242,369.44	33,122.42	968,373.63
1/31/2026	210,000.00	338,870.00	-	32,900.00	116,400.47	235,780.73	33,784.87	967,736.07
1/31/2027	225,000.00	328,055.00	-	31,850.00	123,384.50	228,796.70	34,460.57	971,546.77
1/31/2028	235,000.00	316,467.50	-	30,725.00	130,787.57	221,393.63	35,149.78	969,523.48
1/31/2029	245,000.00	304,365.00	-	29,550.00	138,634.82	213,546.38	35,852.78	966,948.98
1/31/2030	260,000.00	291,747.50	-	28,325.00	146,952.91	205,228.29	36,569.83	968,823.53
1/31/2031	275,000.00	278,357.50	-	27,025.00	155,770.09	196,411.12	37,301.23	969,864.93
1/31/2032	285,000.00	264,195.00	-	25,650.00	165,116.29	187,064.91	38,047.25	965,073.46
1/31/2033	300,000.00	249,517.50	-	24,225.00	175,023.27	177,157.93	38,808.20	964,731.90
1/31/2034	315,000.00	234,067.50	-	22,725.00	185,524.66	166,656.54	39,584.36	963,558.06
1/31/2035	335,000.00	217,845.00	-	21,150.00	196,656.14	155,525.06	40,376.05	966,552.25
1/31/2036	350,000.00	200,592.50	-	19,475.00	208,455.51	143,725.69	41,183.57	963,432.27
1/31/2037	370,000.00	182,567.50	-	17,725.00	220,962.84	131,218.36	42,007.24	964,480.94
1/31/2038	390,000.00	163,512.50	-	15,875.00	234,220.61	117,960.59	42,847.39	964,416.09
1/31/2039	405,000.00	143,427.50	-	13,925.00	248,273.85	103,907.35	43,704.34	958,238.04
1/31/2040	430,000.00	122,570.00	-	11,900.00	263,170.28	89,010.92	44,578.42	961,229.62
1/31/2041	450,000.00	100,425.00	-	9,750.00	278,960.50	73,220.70	45,469.99	957,826.19
1/31/2042	475,000.00	77,250.00	-	7,500.00	295,698.13	56,483.07	46,379.39	958,310.59
1/31/2043	500,000.00	52,787.50	-	5,125.00	313,440.02	38,741.19	47,306.98	957,400.68
1/31/2044	525,000.00	27,037.50	-	2,625.00	332,246.42	19,934.79	48,253.12	955,096.82
Total	**$ 7,495,000.00**	**$ 6,249,481.00**	**$ (515,728.87)**	**$ 594,150.00**	**$ 4,420,000.00**	**$ 4,032,348.85**	**$ 960,908.99**	**$ 23,236,159.97**

[a] Interest is calculated at a 5.15% rate.

[b] Interest is calculated at a 6.00% rate.

Note: The figures shown above are estimates only and subject to change in annual service plan updates. Changes in administrative expenses, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT G-2 – LOT TYPE 1 ANNUAL INSTALLMENTS

	Lot Type 1 - Improvement Area #1 Bonds				Lot Type 1 - Improvement Area #1 Reimbursement Obligation			
Installments Due	Principal	Interest [a]	Capitalized Interest	Additional Interest Reserve	Principal	Interest [b]	Annual Collection Costs	Total Installment
1/31/2019	$ -	$ 338.60	$ (338.60)	$ -	$ -	$ -	$ -	$ -
1/31/2020	-	1,007.42	(1,007.42)	97.81	-	-	78.30	176.10
1/31/2021	430.64	1,007.42	-	97.81	227.02	692.16	79.86	2,534.90
1/31/2022	456.74	985.24	-	95.65	240.64	678.54	81.46	2,538.27
1/31/2023	482.84	961.72	-	93.37	255.08	664.10	83.09	2,540.19
1/31/2024	495.89	936.85	-	90.96	270.38	648.79	84.75	2,527.62
1/31/2025	521.99	911.31	-	88.48	286.60	632.57	86.45	2,527.40
1/31/2026	548.09	884.43	-	85.87	303.80	615.37	88.18	2,525.74
1/31/2027	587.24	856.21	-	83.13	322.03	597.15	89.94	2,535.68
1/31/2028	613.34	825.96	-	80.19	341.35	577.82	91.74	2,530.40
1/31/2029	639.44	794.38	-	77.12	361.83	557.34	93.57	2,523.68
1/31/2030	678.59	761.44	-	73.93	383.54	535.63	95.45	2,528.58
1/31/2031	717.73	726.50	-	70.53	406.55	512.62	97.35	2,531.29
1/31/2032	743.83	689.53	-	66.95	430.94	488.23	99.30	2,518.79
1/31/2033	782.98	651.23	-	63.23	456.80	462.37	101.29	2,517.90
1/31/2034	822.13	610.90	-	59.31	484.21	434.96	103.31	2,514.83
1/31/2035	874.33	568.56	-	55.20	513.26	405.91	105.38	2,522.65
1/31/2036	913.48	523.54	-	50.83	544.06	375.12	107.49	2,514.50
1/31/2037	965.68	476.49	-	46.26	576.70	342.47	109.64	2,517.24
1/31/2038	1,017.88	426.76	-	41.43	611.30	307.87	111.83	2,517.07
1/31/2039	1,057.03	374.34	-	36.34	647.98	271.19	114.07	2,500.95
1/31/2040	1,122.28	319.90	-	31.06	686.86	232.31	116.35	2,508.76
1/31/2041	1,174.47	262.10	-	25.45	728.07	191.10	118.67	2,499.87
1/31/2042	1,239.72	201.62	-	19.57	771.76	147.42	121.05	2,501.14
1/31/2043	1,304.97	137.77	-	13.38	818.06	101.11	123.47	2,498.76
1/31/2044	1,370.22	70.57	-	6.85	867.14	52.03	125.94	2,492.75
Total	**$ 19,561.53**	**$ 16,310.79**	**$ (1,346.02)**	**$ 1,550.70**	**$ 11,535.95**	**$ 10,524.20**	**$ 2,507.92**	**$ 60,645.07**

[a] Interest is calculated at a 5.15% rate.

[b] Interest is calculated at a 6.00% rate.

Note: The figures shown above are estimates only and subject to change in annual service plan updates. Changes in administrative expenses, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT G-3 – LOT TYPE 2 ANNUAL INSTALLMENTS

	Lot Type 2 - Improvement Area #1 Bonds				Lot Type 2 - Improvement Area #1 Reimbursement Obligation			
Installments Due	Principal	Interest [a]	Capitalized Interest	Additional Interest Reserve	Principal	Interest [b]	Annual Collection Costs	Total Installment
1/31/2019	$ -	$ 372.46	$ (372.46)	$ -	$ -	$ -	$ -	$ -
1/31/2020	-	1,108.16	(1,108.16)	107.59	-	-	86.13	193.72
1/31/2021	473.70	1,108.16	-	107.59	249.72	761.37	87.85	2,788.40
1/31/2022	502.41	1,083.76	-	105.22	264.70	746.39	89.61	2,792.10
1/31/2023	531.12	1,057.89	-	102.71	280.58	730.51	91.40	2,794.21
1/31/2024	545.48	1,030.54	-	100.05	297.42	713.67	93.23	2,780.39
1/31/2025	574.19	1,002.45	-	97.32	315.26	695.83	95.09	2,780.14
1/31/2026	602.90	972.87	-	94.45	334.18	676.91	96.99	2,778.31
1/31/2027	645.96	941.83	-	91.44	354.23	656.86	98.93	2,789.25
1/31/2028	674.67	908.56	-	88.21	375.48	635.61	100.91	2,783.44
1/31/2029	703.38	873.81	-	84.84	398.01	613.08	102.93	2,776.05
1/31/2030	746.44	837.59	-	81.32	421.89	589.20	104.99	2,781.43
1/31/2031	789.51	799.15	-	77.59	447.21	563.88	107.09	2,784.42
1/31/2032	818.22	758.49	-	73.64	474.04	537.05	109.23	2,770.67
1/31/2033	861.28	716.35	-	69.55	502.48	508.61	111.42	2,769.69
1/31/2034	904.35	671.99	-	65.24	532.63	478.46	113.64	2,766.32
1/31/2035	961.76	625.42	-	60.72	564.59	446.50	115.92	2,774.91
1/31/2036	1,004.83	575.89	-	55.91	598.46	412.63	118.24	2,765.95
1/31/2037	1,062.25	524.14	-	50.89	634.37	376.72	120.60	2,768.97
1/31/2038	1,119.67	469.43	-	45.58	672.43	338.66	123.01	2,768.78
1/31/2039	1,162.73	411.77	-	39.98	712.78	298.31	125.47	2,751.04
1/31/2040	1,234.50	351.89	-	34.16	755.55	255.54	127.98	2,759.63
1/31/2041	1,291.92	288.31	-	27.99	800.88	210.21	130.54	2,749.86
1/31/2042	1,363.70	221.78	-	21.53	848.93	162.16	133.15	2,751.25
1/31/2043	1,435.47	151.55	-	14.71	899.87	111.22	135.82	2,748.64
1/31/2044	1,507.24	77.62	-	7.54	953.86	57.23	138.53	2,742.02
Total	**$ 21,517.68**	**$ 17,941.87**	**$ (1,480.63)**	**$ 1,705.77**	**$ 12,689.55**	**$ 11,576.62**	**$ 2,758.71**	**$ 66,709.58**

[a] Interest is calculated at a 5.15% rate.

[b] Interest is calculated at a 6.00% rate.

Note: The figures shown above are estimates only and subject to change in annual service plan updates. Changes in administrative expenses, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT G-4 – LOT TYPE 3 ANNUAL INSTALLMENTS

	Lot Type 3 - Improvement Area #1 Bonds				Lot Type 3 - Improvement Area #1 Reimbursement Obligation			
Installments Due	Principal	Interest [a]	Capitalized Interest	Additional Interest Reserve	Principal	Interest [b]	Annual Collection Costs	Total Installment
1/31/2019	$ -	$ 423.25	$ (423.25)	$ -	$ -	$ -	$ -	$ -
1/31/2020	-	1,259.27	(1,259.27)	122.26	-	-	97.87	220.13
1/31/2021	538.30	1,259.27	-	122.26	283.77	865.20	99.83	3,168.63
1/31/2022	570.93	1,231.55	-	119.57	300.80	848.17	101.83	3,172.84
1/31/2023	603.55	1,202.15	-	116.71	318.84	830.12	103.86	3,175.24
1/31/2024	619.86	1,171.07	-	113.70	337.97	810.99	105.94	3,159.53
1/31/2025	652.49	1,139.14	-	110.60	358.25	790.71	108.06	3,159.25
1/31/2026	685.11	1,105.54	-	107.33	379.75	769.22	110.22	3,157.17
1/31/2027	734.05	1,070.26	-	103.91	402.53	746.43	112.43	3,169.60
1/31/2028	766.67	1,032.45	-	100.24	426.69	722.28	114.67	3,163.00
1/31/2029	799.30	992.97	-	96.40	452.29	696.68	116.97	3,154.60
1/31/2030	848.23	951.81	-	92.41	479.42	669.54	119.31	3,160.72
1/31/2031	897.17	908.12	-	88.17	508.19	640.78	121.69	3,164.12
1/31/2032	929.79	861.92	-	83.68	538.68	610.29	124.13	3,148.48
1/31/2033	978.73	814.03	-	79.03	571.00	577.97	126.61	3,147.37
1/31/2034	1,027.67	763.63	-	74.14	605.26	543.71	129.14	3,143.54
1/31/2035	1,092.91	710.70	-	69.00	641.58	507.39	131.72	3,153.31
1/31/2036	1,141.85	654.42	-	63.54	680.07	468.89	134.36	3,143.13
1/31/2037	1,207.10	595.61	-	57.83	720.88	428.09	137.05	3,146.55
1/31/2038	1,272.35	533.45	-	51.79	764.13	384.84	139.79	3,146.34
1/31/2039	1,321.28	467.92	-	45.43	809.98	338.99	142.58	3,126.18
1/31/2040	1,402.84	399.88	-	38.82	858.57	290.39	145.43	3,135.94
1/31/2041	1,468.09	327.63	-	31.81	910.09	238.88	148.34	3,124.84
1/31/2042	1,549.65	252.02	-	24.47	964.69	184.27	151.31	3,126.42
1/31/2043	1,631.21	172.22	-	16.72	1,022.58	126.39	154.34	3,123.45
1/31/2044	1,712.78	88.21	-	8.56	1,083.93	65.04	157.42	3,115.94
Total	**$ 24,451.91**	**$ 20,388.49**	**$ (1,682.53)**	**$ 1,938.37**	**$ 14,419.94**	**$ 13,155.26**	**$ 3,134.90**	**$ 75,806.34**

[a] Interest is calculated at a 5.15% rate.

[b] Interest is calculated at a 6.00% rate.

Note: The figures shown above are estimates only and subject to change in annual service plan updates. Changes in administrative expenses, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT G-5 – LOT TYPE 4 ANNUAL INSTALLMENTS

	Lot Type 4 - Improvement Area #1 Bonds				Lot Type 4 - Improvement Area #1 Reimbursement Obligation			
Installments Due	Principal	Interest [a]	Capitalized Interest	Additional Interest Reserve	Principal	Interest [b]	Annual Collection Costs	Total Installment
1/31/2019	$ -	$ 507.91	$ (507.91)	$ -	$ -	$ -	$ -	$ -
1/31/2020	-	1,511.13	(1,511.13)	146.71	-	-	117.45	264.16
1/31/2021	645.96	1,511.13	-	146.71	340.52	1,038.24	119.80	3,802.36
1/31/2022	685.11	1,477.86	-	143.48	360.96	1,017.80	122.19	3,807.41
1/31/2023	724.26	1,442.58	-	140.06	382.61	996.15	124.64	3,810.29
1/31/2024	743.83	1,405.28	-	136.43	405.57	973.19	127.13	3,791.44
1/31/2025	782.98	1,366.97	-	132.72	429.90	948.86	129.67	3,791.10
1/31/2026	822.13	1,326.65	-	128.80	455.70	923.06	132.26	3,788.61
1/31/2027	880.86	1,284.31	-	124.69	483.04	895.72	134.91	3,803.52
1/31/2028	920.01	1,238.94	-	120.29	512.02	866.74	137.61	3,795.60
1/31/2029	959.15	1,191.56	-	115.69	542.74	836.02	140.36	3,785.52
1/31/2030	1,017.88	1,142.17	-	110.89	575.31	803.45	143.17	3,792.86
1/31/2031	1,076.60	1,089.75	-	105.80	609.83	768.93	146.03	3,796.94
1/31/2032	1,115.75	1,034.30	-	100.42	646.42	732.34	148.95	3,778.18
1/31/2033	1,174.47	976.84	-	94.84	685.20	693.56	151.93	3,776.84
1/31/2034	1,233.20	916.35	-	88.97	726.31	652.45	154.97	3,772.25
1/31/2035	1,311.50	852.84	-	82.80	769.89	608.87	158.07	3,783.97
1/31/2036	1,370.22	785.30	-	76.24	816.09	562.67	161.23	3,771.76
1/31/2037	1,448.52	714.74	-	69.39	865.05	513.71	164.45	3,775.86
1/31/2038	1,526.82	640.14	-	62.15	916.95	461.81	167.74	3,775.61
1/31/2039	1,585.54	561.51	-	54.52	971.97	406.79	171.10	3,751.42
1/31/2040	1,683.41	479.85	-	46.59	1,030.29	348.47	174.52	3,763.13
1/31/2041	1,761.71	393.16	-	38.17	1,092.11	286.65	178.01	3,749.81
1/31/2042	1,859.59	302.43	-	29.36	1,157.63	221.13	181.57	3,751.71
1/31/2043	1,957.46	206.66	-	20.06	1,227.09	151.67	185.20	3,748.14
1/31/2044	2,055.33	105.85	-	10.28	1,300.72	78.04	188.91	3,739.12
Total	**$ 29,342.29**	**$ 24,466.19**	**$ (2,019.04)**	**$ 2,326.05**	**$ 17,303.93**	**$ 15,786.31**	**$ 3,761.88**	**$ 90,967.61**

[a] Interest is calculated at a 5.15% rate.

[b] Interest is calculated at a 6.00% rate.

Note: The figures shown above are estimates only and subject to change in annual service plan updates. Changes in administrative expenses, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT H – MAP OF AUTHORIZED IMPROVEMENTS

EXHIBIT I – NOTICE OF ASSESSMENT TERMINATION

100 W. Center Street
Kyle, TX 78640
P: (512) 262-1010

[Date]
Hays County Clerk's Office
Honorable [County Clerk Name]
Hays Government Center
712 S. Stagecoach Trail
San Marcos, TX 78666

Re: **City of Kyle Lien Release documents for filing**

Dear Ms./Mr. [County Clerk Name],

Enclosed is a lien release that I am requesting to be filed in your office. Lien release for [insert legal description]. Recording Numbers: [Plat]. Please forward copies of the filed documents to my attention:

City of Kyle
Attn: [City Secretary]
100 W. Center Street
Kyle, TX 78640

Please contact me if you have any questions or need additional information.

Sincerely,
[Signature]
[City Secretary]
City Secretary

AFTER RECORDING RETURN TO:

[City Secretary Name]
100 W. Center Street
Kyle, TX 78640

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN

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

THIS FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN (this "Full Release") is executed and delivered as of the Effective Date by the City of Kyle, Texas, a Texas home rule municipality.

RECITALS

WHEREAS, the governing body (hereinafter referred to as the "City Council") of the City of Kyle, Texas (hereinafter referred to as the "City "), is authorized by Chapter 372, Texas Local Government Code, as amended (hereinafter referred to as the "Act"), to create public improvement districts within the corporate limits and extraterritorial jurisdiction of the City; and

WHEREAS, on or about June 6, 2017, the City Council for the City, approved Resolution No. 1065, creating the Blanco River Ranch Public Improvement District; and

WHEREAS, on or about September 18, 2018, the City Council for the City authorized renaming the Blanco River Ranch Public Improvement District to 6 Creeks Public Improvement District; and

WHEREAS, the 6 Creeks Public Improvement District consists of approximately 858.7 contiguous acres located within the extraterritorial jurisdiction of the City; and

WHEREAS, on or about September 18, 2018, the City Council, approved Ordinance No. 1018, (hereinafter referred to as the "Assessment Ordinance") approving a service and assessment plan and assessment roll for the Property within Improvement Area #1 of the 6 Creeks Public Improvement District; and

WHEREAS, the Assessment Ordinance imposed an assessment in the amount of $_____ (hereinafter referred to as the "Lien Amount") for the following property:

[legal description], a subdivision in Hays County, Texas, according to the map or plat of record in Document/Instrument No. _____ of the Plat Records of Hays County, Texas (hereinafter referred to as the "Property"); and

WHEREAS, the property owners of the Property have paid unto the City the Lien Amount.

RELEASE

NOW THEREFORE, the City, the owner and holder of the Lien, Instrument No. _____, in the Real Property Records of Hays County, Texas, in the amount of the Lien Amount against the Property releases and discharges, and by these presents does hereby release and discharge, the above-described Property from said lien held by the undersigned securing said indebtedness.

EXECUTED to be **EFFECTIVE** this the _____ day of _____, 20__.

CITY OF KYLE, TEXAS,
A Texas home rule municipality,

By: _____
[Manager Name], City Manager

ATTEST:

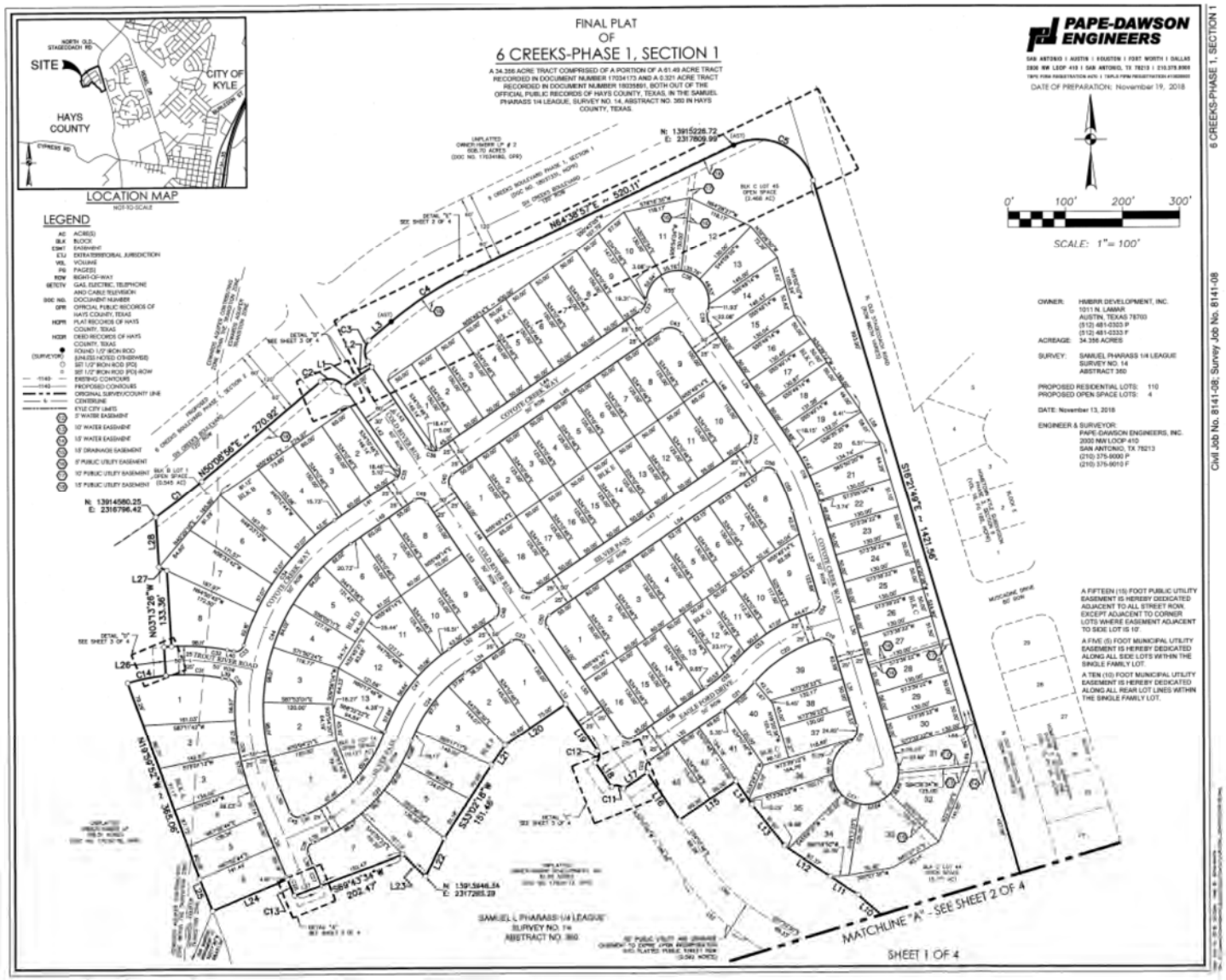
_____
[Secretary Name], City Secretary

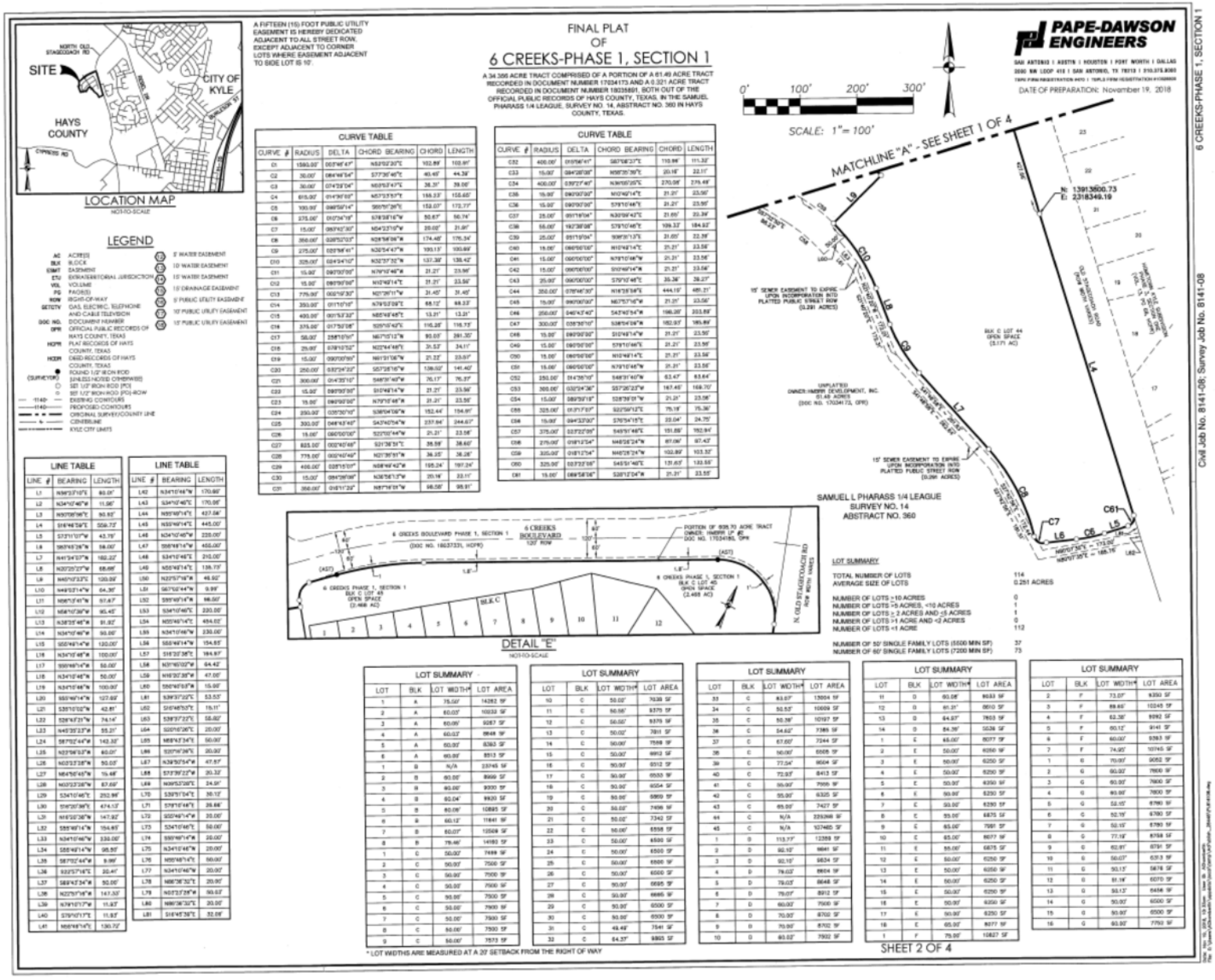
STATE OF TEXAS **§**
§
COUNTY OF HAYS **§**

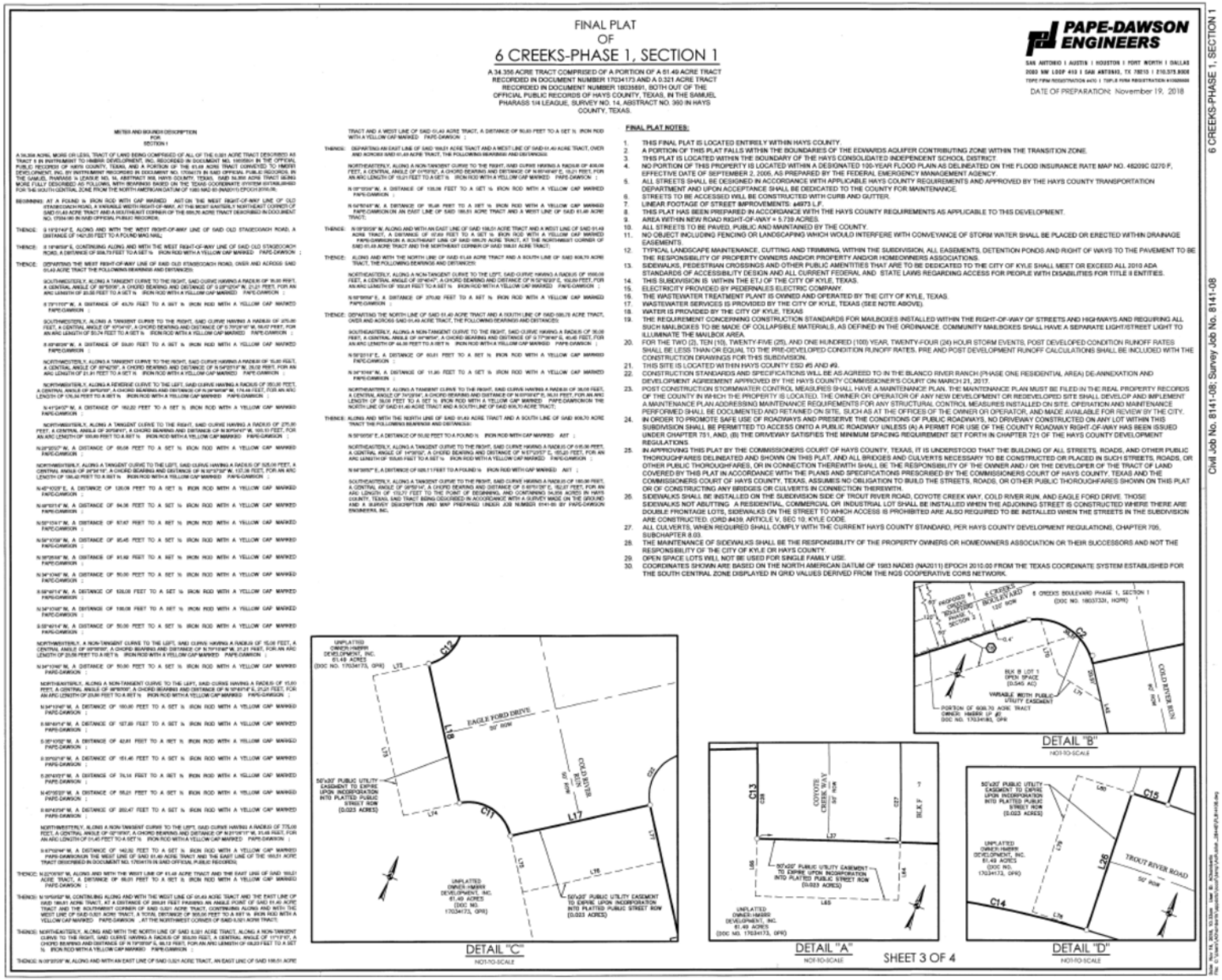
This instrument was acknowledged before me on the ____ day of _____, 20__, by [Manager Name], City Manager for the City of Kyle, Texas, a Texas home rule municipality, on behalf of said municipality.

_____
Notary Public, State of Texas

EXHIBIT J – FINAL PLAT OF 6 CREEKS – PHASE 1 SECTION 1




FINAL PLAT
OF
6 CREEKS-PHASE 1, SECTION 1
PAPE-DAWSON ENGINEERS
DATE OF PREPARATION: November 19, 2018
SCALE: 1"= 100'
MATCHLINE "A" - SEE SHEET 1 OF 4
SAMUEL L PHARASS 1/4 LEAGUE
SURVEY NO. 14
ABSTRACT NO. 360
LOCATION MAP
NOT-TO-SCALE
SITE
CITY OF KYLE
HAYS COUNTY
LEGEND
DETAIL "E"
NOT-TO-SCALE
LOT SUMMARY
TOTAL NUMBER OF LOTS 114
AVERAGE SIZE OF LOTS 0.251 ACRES
NUMBER OF LOTS ≥10 ACRES 0
NUMBER OF LOTS >5 ACRES, <10 ACRES 1
NUMBER OF LOTS ≥ 2 ACRES AND ≤5 ACRES 1
NUMBER OF LOTS >1 ACRE AND <2 ACRES 0
NUMBER OF LOTS <1 ACRE 112
NUMBER OF 50' SINGLE FAMILY LOTS (5500 MIN SF) 37
NUMBER OF 60' SINGLE FAMILY LOTS (7200 MIN SF) 75
* LOT WIDTHS ARE MEASURED AT A 20' SETBACK FROM THE RIGHT OF WAY
SHEET 2 OF 4
6 CREEKS-PHASE 1, SECTION 1
Civil Job No. 8141-08; Survey Job No. 8141-08



FINAL PLAT
OF
6 CREEKS-PHASE 1, SECTION 1

A 34.356 ACRE TRACT COMPRISED OF A PORTION OF A 61.49 ACRE TRACT RECORDED IN DOCUMENT NUMBER 17034173 AND A 0.321 ACRE TRACT RECORDED IN DOCUMENT NUMBER 18033691, BOTH OUT OF THE OFFICIAL PUBLIC RECORDS OF HAYS COUNTY, TEXAS, IN THE SAMUEL PHARASS 1/4 LEAGUE, SURVEY NO. 14, ABSTRACT NO. 360 IN HAYS COUNTY, TEXAS.

PAPE-DAWSON ENGINEERS

SAN ANTONIO | AUSTIN | HOUSTON | FORT WORTH | DALLAS
2000 NW LOOP 410 | SAN ANTONIO, TX 78213 | 210.375.9000
TBPE FIRM REGISTRATION #470 | TBPLS FIRM REGISTRATION #10028800

DATE OF PREPARATION: November 19, 2018

METES AND BOUNDS DESCRIPTION
FOR
SECTION 1

A 34.356 ACRE, MORE OR LESS, TRACT OF LAND BEING COMPRISED OF ALL OF THE 0.321 ACRE TRACT DESCRIBED AS TRACT II IN INSTRUMENT TO HMWBR DEVELOPMENT, INC. RECORDED IN DOCUMENT NO. 18033691 IN THE OFFICIAL PUBLIC RECORDS OF HAYS COUNTY, TEXAS, AND A PORTION OF THE 61.49 ACRE TRACT CONVEYED TO HMWBR DEVELOPMENT, INC. BY INSTRUMENT RECORDED IN DOCUMENT NO. 17034173 IN SAID OFFICIAL PUBLIC RECORDS, IN THE SAMUEL PHARASS 1/4 LEAGUE NO. 14, ABSTRACT NO. 360, HAYS COUNTY, TEXAS, SAID 34.356 ACRE TRACT BEING MORE FULLY DESCRIBED AS FOLLOWS, WITH BEARINGS BASED ON THE TEXAS COORDINATE SYSTEM ESTABLISHED FOR THE SOUTH CENTRAL ZONE FROM THE NORTH AMERICAN DATUM OF 1983 NAD 83 (NA2011) EPOCH 2010.00;

BEGINNING: AT A FOUND ½ IRON ROD WITH CAP MARKED "PAPE-DAWSON" ON THE WEST RIGHT-OF-WAY LINE OF OLD STAGECOACH ROAD, A VARIABLE WIDTH RIGHT-OF-WAY, AT THE MOST EASTERLY NORTHEAST CORNER OF SAID 61.49 ACRE TRACT AND A SOUTHEAST CORNER OF THE 699.76 ACRE TRACT DESCRIBED IN DOCUMENT NO. 17034180 IN SAID OFFICIAL PUBLIC RECORDS;

THENCE: S 15°27'47" E, ALONG AND WITH THE WEST RIGHT-OF-WAY LINE OF SAID OLD STAGECOACH ROAD, A DISTANCE OF 1402.00 FEET TO A FOUND MAG NAIL;

THENCE: S 18°49'59" E, CONTINUING ALONG AND WITH THE WEST RIGHT-OF-WAY LINE OF SAID OLD STAGECOACH ROAD, A DISTANCE OF 808.75 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

THENCE: DEPARTING THE WEST RIGHT-OF-WAY LINE OF SAID OLD STAGECOACH ROAD, OVER AND ACROSS SAID 61.49 ACRE TRACT THE FOLLOWING BEARINGS AND DISTANCES:

SOUTHWESTERLY, ALONG A TANGENT CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 15.00 FEET, A CENTRAL ANGLE OF 90°00'00", A CHORD BEARING AND DISTANCE OF S 29°32'04" W, 21.21 FEET, FOR AN ARC LENGTH OF 23.56 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

S 75°11'07" W, A DISTANCE OF 45.79 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

SOUTHWESTERLY, ALONG A TANGENT CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 375.00 FEET, A CENTRAL ANGLE OF 15°34'10", A CHORD BEARING AND DISTANCE OF S 79°28'12" W, 99.62 FEET, FOR AN ARC LENGTH OF 101.74 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

S 83°45'09" W, A DISTANCE OF 59.80 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

NORTHWESTERLY, ALONG A TANGENT CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 15.00 FEET, A CENTRAL ANGLE OF 90°42'02", A CHORD BEARING AND DISTANCE OF N 51°53'51" W, 21.34 FEET, FOR AN ARC LENGTH OF 23.74 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

NORTHWESTERLY, ALONG A REVERSE CURVE TO THE LEFT, SAID CURVE HAVING A RADIUS OF 350.00 FEET, A CENTRAL ANGLE OF 29°50'05", A CHORD BEARING AND DISTANCE OF N 29°46'49" W, 179.48 FEET, FOR AN ARC LENGTH OF 182.24 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 41°24'07" W, A DISTANCE OF 160.22 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

NORTHWESTERLY, ALONG A TANGENT CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 275.00 FEET, A CENTRAL ANGLE OF 20°00'01", A CHORD BEARING AND DISTANCE OF N 31°24'07" W, 95.53 FEET, FOR AN ARC LENGTH OF 95.99 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 21°23'52" W, A DISTANCE OF 69.08 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

NORTHWESTERLY, ALONG A TANGENT CURVE TO THE LEFT, SAID CURVE HAVING A RADIUS OF 525.00 FEET, A CENTRAL ANGLE OF 24°54'16", A CHORD BEARING AND DISTANCE OF N 33°50'59" W, 157.06 FEET, FOR AN ARC LENGTH OF 158.42 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 46°18'05" E, A DISTANCE OF 128.08 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 46°01'41" W, A DISTANCE OF 84.06 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 50°13'47" W, A DISTANCE OF 67.67 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 56°47'09" W, A DISTANCE OF 65.45 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 58°28'48" W, A DISTANCE OF 41.66 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 64°10'46" W, A DISTANCE OF 50.00 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 68°48'14" W, A DISTANCE OF 628.08 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 74°10'08" W, A DISTANCE OF 199.08 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

S 68°49'14" W, A DISTANCE OF 50.00 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

NORTHWESTERLY, A NON-TANGENT CURVE TO THE LEFT, SAID CURVE HAVING A RADIUS OF 15.00 FEET, A CENTRAL ANGLE OF 90°00'00", A CHORD BEARING AND DISTANCE OF N 70°10'06" W, 21.21 FEET, FOR AN ARC LENGTH OF 23.56 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 34°10'06" W, A DISTANCE OF 50.00 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

NORTHEASTERLY, ALONG A NON-TANGENT CURVE TO THE LEFT, SAID CURVE HAVING A RADIUS OF 15.00 FEET, A CENTRAL ANGLE OF 90°00'00", A CHORD BEARING AND DISTANCE OF N 19°49'54" E, 21.21 FEET, FOR AN ARC LENGTH OF 23.56 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 34°10'06" W, A DISTANCE OF 150.00 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

S 68°49'14" W, A DISTANCE OF 127.69 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

S 67°13'02" W, A DISTANCE OF 42.61 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

S 55°53'16" W, A DISTANCE OF 151.46 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

S 50°43'07" W, A DISTANCE OF 74.14 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 45°15'03" W, A DISTANCE OF 15.01 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

S 69°43'56" W, A DISTANCE OF 200.47 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

NORTHWESTERLY, ALONG A NON-TANGENT CURVE TO THE LEFT, SAID CURVE HAVING A RADIUS OF 775.00 FEET, A CENTRAL ANGLE OF 02°09'07", A CHORD BEARING AND DISTANCE OF N 21°01'41" W, 31.06 FEET, FOR AN ARC LENGTH OF 31.06 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 67°04'48" W, A DISTANCE OF 140.92 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON" ON THE WEST LINE OF SAID 61.49 ACRE TRACT AND THE EAST LINE OF THE 699.51 ACRE TRACT DESCRIBED IN DOCUMENT NO. 17034178 IN SAID OFFICIAL PUBLIC RECORDS;

THENCE: N 22°55'56" W, ALONG AND WITH THE WEST LINE OF 61.49 ACRE TRACT AND THE EAST LINE OF SAID 699.51 ACRE TRACT, A DISTANCE OF 69.01 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

THENCE: N 19°59'52" W, CONTINUING ALONG AND WITH THE WEST LINE OF 61.49 ACRE TRACT AND THE EAST LINE OF SAID 699.51 ACRE TRACT, AT A DISTANCE OF 269.81 FEET PASSING AN ANGLE POINT OF SAID 61.49 ACRE TRACT AND THE SOUTHMOST CORNER OF SAID 0.321 ACRE TRACT, CONTINUING ALONG AND WITH THE WEST LINE OF SAID 0.321 ACRE TRACT, A TOTAL DISTANCE OF 909.66 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON", AT THE NORTHWEST CORNER OF SAID 0.321 ACRE TRACT;

THENCE: NORTHEASTERLY, ALONG AND WITH THE NORTH LINE OF SAID 0.321 ACRE TRACT, ALONG A NON-TANGENT CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 934.00 FEET, A CENTRAL ANGLE OF 10°13'57", A CHORD BEARING AND DISTANCE OF N 79°39'59" E, 99.13 FEET, FOR AN ARC LENGTH OF 99.17 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

THENCE: N 18°33'58" W, ALONG AND WITH AN EAST LINE OF SAID 0.321 ACRE TRACT, AN EAST LINE OF SAID 199.51 ACRE TRACT AND A WEST LINE OF SAID 61.49 ACRE TRACT, A DISTANCE OF 50.83 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

THENCE: DEPARTING AN EAST LINE OF SAID 199.51 ACRE TRACT AND A WEST LINE OF SAID 61.49 ACRE TRACT, OVER AND ACROSS SAID 61.49 ACRE TRACT, THE FOLLOWING BEARINGS AND DISTANCES:

NORTHEASTERLY, ALONG A NON-TANGENT CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 409.00 FEET, A CENTRAL ANGLE OF 01°47'05", A CHORD BEARING AND DISTANCE OF N 89°40'49" E, 12.51 FEET, FOR AN ARC LENGTH OF 12.51 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 18°33'58" W, A DISTANCE OF 135.06 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 67°04'48" W, A DISTANCE OF 35.48 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON" ON AN EAST LINE OF SAID 199.51 ACRE TRACT AND A WEST LINE OF SAID 61.49 ACRE TRACT;

THENCE: N 18°33'58" W, ALONG AND WITH AN EAST LINE OF SAID 199.51 ACRE TRACT AND A WEST LINE OF SAID 61.49 ACRE TRACT, A DISTANCE OF 50.00 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

THENCE: DEPARTING THE NORTH LINE OF SAID 61.49 ACRE TRACT AND A SOUTH LINE OF SAID 699.76 ACRE TRACT, OVER AND ACROSS SAID 61.49 ACRE TRACT, THE FOLLOWING BEARINGS AND DISTANCES:

SOUTHEASTERLY, ALONG A NON-TANGENT CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 35.00 FEET, A CENTRAL ANGLE OF 90°49'55", A CHORD BEARING AND DISTANCE OF S 77°39'56" E, 49.46 FEET, FOR AN ARC LENGTH OF 44.56 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 59°20'01" E, A DISTANCE OF 60.61 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 34°10'06" W, A DISTANCE OF 11.80 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

NORTHEASTERLY, ALONG A TANGENT CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 39.00 FEET, A CENTRAL ANGLE OF 74°29'04", A CHORD BEARING AND DISTANCE OF N 63°09'42" E, 56.31 FEET, FOR AN ARC LENGTH OF 50.69 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON" ON THE NORTH LINE OF SAID 61.49 ACRE TRACT AND A SOUTH LINE OF SAID 699.76 ACRE TRACT;

THENCE: ALONG AND WITH THE NORTH LINE OF SAID 61.49 ACRE TRACT AND A SOUTH LINE OF SAID 699.76 ACRE TRACT THE FOLLOWING BEARINGS AND DISTANCES:

N 59°05'05" E, A DISTANCE OF 50.92 FEET TO A FOUND ½ IRON ROD WITH CAP MARKED "AST";

NORTHEASTERLY, ALONG A TANGENT CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 615.00 FEET, A CENTRAL ANGLE OF 14°35'02", A CHORD BEARING AND DISTANCE OF N 67°21'07" E, 155.20 FEET, FOR AN ARC LENGTH OF 156.60 FEET TO A SET ½ IRON ROD WITH A YELLOW CAP MARKED "PAPE-DAWSON";

N 64°38'55" E, A DISTANCE OF 626.11 FEET TO A FOUND ½ IRON ROD WITH CAP MARKED "AST";

SOUTHEASTERLY, ALONG A TANGENT CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 180.00 FEET, A CENTRAL ANGLE OF 39°52'44", A CHORD BEARING AND DISTANCE OF S 65°01'39" E, 122.67 FEET, FOR AN ARC LENGTH OF 125.27 FEET TO THE POINT OF BEGINNING, AND CONTAINING 34.356 ACRES IN HAYS COUNTY, TEXAS, SAID TRACT BEING DESCRIBED IN ACCORDANCE WITH A SURVEY MADE ON THE GROUND AND A SURVEY DESCRIPTION AND MAP PREPARED UNDER JOB NUMBER 0141-06 BY PAPE-DAWSON ENGINEERS, INC.

FINAL PLAT NOTES:

1. THIS FINAL PLAT IS LOCATED ENTIRELY WITHIN HAYS COUNTY.
2. A PORTION OF THIS PLAT FALLS WITHIN THE BOUNDARIES OF THE EDWARDS AQUIFER CONTRIBUTING ZONE WITHIN THE TRANSITION ZONE.
3. THIS PLAT IS LOCATED WITHIN THE BOUNDARY OF THE HAYS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT.
4. NO PORTION OF THIS PROPERTY IS LOCATED WITHIN A DESIGNATED 100-YEAR FLOOD PLAIN AS DELINEATED ON THE FLOOD INSURANCE RATE MAP NO. 48209C 0270 F, EFFECTIVE DATE OF SEPTEMBER 2, 2005, AS PREPARED BY THE FEDERAL EMERGENCY MANAGEMENT AGENCY.
5. ALL STREETS SHALL BE DESIGNED IN ACCORDANCE WITH APPLICABLE HAYS COUNTY REQUIREMENTS AND APPROVED BY THE HAYS COUNTY TRANSPORTATION DEPARTMENT AND UPON ACCEPTANCE SHALL BE DEDICATED TO THE COUNTY FOR MAINTENANCE.
6. STREETS TO BE ACCESSED WILL BE CONSTRUCTED WITH CURB AND GUTTER.
7. LINEAR FOOTAGE OF STREET IMPROVEMENTS: 4973 L.F.
8. THIS PLAT HAS BEEN PREPARED IN ACCORDANCE WITH THE HAYS COUNTY REQUIREMENTS AS APPLICABLE TO THIS DEVELOPMENT.
9. AREA WITHIN NEW ROAD RIGHT-OF-WAY = 5.739 ACRES.
10. ALL STREETS TO BE PAVED, PUBLIC AND MAINTAINED BY THE COUNTY.
11. NO OBJECT INCLUDING FENCING OR LANDSCAPING WHICH WOULD INTERFERE WITH CONVEYANCE OF STORM WATER SHALL BE PLACED OR ERECTED WITHIN DRAINAGE EASEMENTS.
12. TYPICAL LANDSCAPE MAINTENANCE, CUTTING AND TRIMMING, WITHIN THE SUBDIVISION, ALL EASEMENTS, DETENTION PONDS AND RIGHT OF WAYS TO THE PAVEMENT TO BE THE RESPONSIBILITY OF PROPERTY OWNERS AND/OR PROPERTY AND/OR HOMEOWNERS ASSOCIATIONS.
13. SIDEWALKS, PEDESTRIAN CROSSINGS AND OTHER PUBLIC AMENITITIES THAT ARE TO BE DEDICATED TO THE CITY OF KYLE SHALL MEET OR EXCEED ALL 2010 ADA STANDARDS OF ACCESSIBILITY DESIGN AND ALL CURRENT FEDERAL AND STATE LAWS REGARDING ACCESS FOR PEOPLE WITH DISABILITIES FOR TITLE II ENTITIES.
14. THIS SUBDIVISION IS WITHIN THE ETJ OF THE CITY OF KYLE, TEXAS.
15. ELECTRICITY PROVIDED BY PEDERNALES ELECTRIC COMPANY.
16. THE WASTEWATER TREATMENT PLANT IS OWNED AND OPERATED BY THE CITY OF KYLE, TEXAS.
17. WASTEWATER SERVICES IS PROVIDED BY THE CITY OF KYLE, TEXAS (SEE NOTE ABOVE).
18. WATER IS PROVIDED BY THE CITY OF KYLE, TEXAS
19. THE REQUIREMENT CONCERNING CONSTRUCTION STANDARDS FOR MAILBOXES INSTALLED WITHIN THE RIGHT-OF-WAY OF STREETS AND HIGHWAYS AND REQUIRING ALL SUCH MAILBOXES TO BE MADE OF COLLAPSIBLE MATERIALS, AS DEFINED IN THE ORDINANCE. COMMUNITY MAILBOXES SHALL HAVE A SEPARATE LIGHT/STREET LIGHT TO ILLUMINATE THE MAILBOX AREA.
20. FOR THE TWO (2), TEN (10), TWENTY-FIVE (25), AND ONE HUNDRED (100) YEAR, TWENTY-FOUR (24) HOUR STORM EVENTS, POST DEVELOPED CONDITION RUNOFF RATES SHALL BE LESS THAN OR EQUAL TO THE PRE-DEVELOPED CONDITION RUNOFF RATES. PRE AND POST DEVELOPMENT RUNOFF CALCULATIONS SHALL BE INCLUDED WITH THE CONSTRUCTION DRAWINGS FOR THIS SUBDIVISION.
21. THIS SITE IS LOCATED WITHIN HAYS COUNTY ESD #5 AND #9.
22. CONSTRUCTION DRAWINGS AND SPECIFICATIONS SHALL BE AS AGREED TO IN THE BLANCO RIVER RANCH (PHASE ONE RESIDENTIAL AREA) DE-ANNEXATION AND DEVELOPMENT AGREEMENT APPROVED BY THE HAYS COUNTY COMMISSIONER'S COURT ON MARCH 21, 2017.
23. POST CONSTRUCTION STORMWATER CONTROL MEASURES SHALL HAVE A MAINTENANCE PLAN. THE MAINTENANCE PLAN MUST BE FILED IN THE REAL PROPERTY RECORDS OF THE COUNTY IN WHICH THE PROPERTY IS LOCATED. THE OWNER OR OPERATOR OF ANY NEW DEVELOPMENT OR REDEVELOPED SITE SHALL DEVELOP AND IMPLEMENT A MAINTENANCE PLAN ADDRESSING MAINTENANCE REQUIREMENTS FOR ANY STRUCTURAL CONTROL MEASURES INSTALLED ON SITE. OPERATION AND MAINTENANCE PERFORMED SHALL BE DOCUMENTED AND RETAINED ON SITE, SUCH AS AT THE OFFICES OF THE OWNER OR OPERATOR, AND MADE AVAILABLE FOR REVIEW BY THE CITY.
24. IN ORDER TO PROMOTE SAFE USE OF ROADWAYS AND PRESERVE THE CONDITIONS OF PUBLIC ROADWAYS, NO DRIVEWAY CONSTRUCTED ON ANY LOT WITHIN THIS SUBDIVISION SHALL BE PERMITTED TO ACCESS ONTO A PUBLIC ROADWAY UNLESS (A) A PERMIT FOR USE OF THE COUNTY ROADWAY RIGHT-OF-WAY HAS BEEN ISSUED UNDER CHAPTER 751, AND, (B) THE DRIVEWAY SATISFIES THE MINIMUM SPACING REQUIREMENT SET FORTH IN CHAPTER 721 OF THE HAYS COUNTY DEVELOPMENT REGULATIONS.
25. IN APPROVING THIS PLAT BY THE COMMISSIONERS COURT OF HAYS COUNTY, TEXAS, IT IS UNDERSTOOD THAT THE BUILDING OF ALL STREETS, ROADS, AND OTHER PUBLIC THOROUGHFARES DELINEATED AND SHOWN ON THIS PLAT, AND ALL BRIDGES AND CULVERTS NECESSARY TO BE CONSTRUCTED OR PLACED IN SUCH STREETS, ROADS, OR OTHER PUBLIC THOROUGHFARES, OR IN CONNECTION THEREWITH SHALL BE THE RESPONSIBILITY OF THE OWNER AND / OR THE DEVELOPER OF THE TRACT OF LAND COVERED BY THIS PLAT IN ACCORDANCE WITH THE PLANS AND SPECIFICATIONS PRESCRIBED BY THE COMMISSIONERS COURT OF HAYS COUNTY, TEXAS AND THE COMMISSIONERS COURT OF HAYS COUNTY, TEXAS, ASSUMES NO OBLIGATION TO BUILD THE STREETS, ROADS, OR OTHER PUBLIC THOROUGHFARES SHOWN ON THIS PLAT OR OF CONSTRUCTING ANY BRIDGES OR CULVERTS IN CONNECTION THEREWITH.
26. SIDEWALKS SHALL BE INSTALLED ON THE SUBDIVISION SIDE OF TROUT RIVER ROAD, COYOTE CREEK WAY, COLD RIVER RUN, AND EAGLE FORD DRIVE. THOSE SIDEWALKS NOT ABUTTING A RESIDENTIAL, COMMERCIAL OR INDUSTRIAL LOT SHALL BE INSTALLED WHEN THE ADJOINING STREET IS CONSTRUCTED WHERE THERE ARE DOUBLE FRONTAGE LOTS, SIDEWALKS ON THE STREET TO WHICH ACCESS IS PROHIBITED ARE ALSO REQUIRED TO BE INSTALLED WHEN THE STREETS IN THE SUBDIVISION ARE CONSTRUCTED. (ORD-9418 ARTICLE V, SEC 10, KYLE CODE.
27. ALL CULVERTS, WHEN REQUIRED SHALL COMPLY WITH THE CURRENT HAYS COUNTY STANDARD, PER HAYS COUNTY DEVELOPMENT REGULATIONS, CHAPTER 705, SUBCHAPTER 8.03.
28. THE MAINTENANCE OF SIDEWALKS SHALL BE THE RESPONSIBILITY OF THE PROPERTY OWNERS OR HOMEOWNERS ASSOCIATION OR THEIR SUCCESSORS AND NOT THE RESPONSIBILITY OF THE CITY OF KYLE OR HAYS COUNTY.
29. OPEN SPACE LOTS WILL NOT BE USED FOR SINGLE FAMILY USE.
30. COORDINATES SHOWN ARE BASED ON THE NORTH AMERICAN DATUM OF 1983 NAD83 (NA2011) EPOCH 2010.00 FROM THE TEXAS COORDINATE SYSTEM ESTABLISHED FOR THE SOUTH CENTRAL ZONE DISPLAYED IN GRID VALUES DERIVED FROM THE NGS COOPERATIVE CORS NETWORK.

DETAIL "B"
NOT-TO-SCALE

DETAIL "C"
NOT-TO-SCALE

DETAIL "A"
NOT-TO-SCALE

DETAIL "D"
NOT-TO-SCALE

SHEET 3 OF 4

6 CREEKS-PHASE 1, SECTION 1
Civil Job No. 8141-08; Survey Job No. 8141-08

01158082:1

FINAL PLAT
OF
6 CREEKS-PHASE 1, SECTION 1

A 34.398 ACRE TRACT COMPRISED OF A PORTION OF A 61.49 ACRE TRACT RECORDED IN DOCUMENT NUMBER 17034173 AND A 0.321 ACRE TRACT RECORDED IN DOCUMENT NUMBER 18035691, BOTH OUT OF THE OFFICIAL PUBLIC RECORDS OF HAYS COUNTY, TEXAS, IN THE SAMUEL PHARASS 1/4 LEAGUE, SURVEY NO. 14, ABSTRACT NO. 360 IN HAYS COUNTY, TEXAS.

PAPE-DAWSON ENGINEERS

SAN ANTONIO | AUSTIN | HOUSTON | FORT WORTH | DALLAS
2000 NW LOOP 410 | SAN ANTONIO, TX 78213 | 210.375.9000
TBPE FIRM REGISTRATION #470 | TBPLS FIRM REGISTRATION #100288-00

DATE OF PREPARATION: November 20, 2018

THE STATE OF TEXAS §
COUNTY OF HAYS §

KNOW ALL MEN BY THESE PRESENTS, THAT HMBRR DEVELOPMENT, INC., A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF TEXAS, WITH ITS HOME ADDRESS AT 1011 N. LAMAR, AUSTIN, TEXAS, AS CONVEYED TO IT BY DEED DATED SEPTEMBER 20, 2017, RECORDED IN DOCUMENT 17034173, AND BY DEED DATED OCTOBER 9, 2018, RECORDED IN DOCUMENT 18035691, BOTH OF THE OFFICIAL PUBLIC RECORDS OF HAYS COUNTY, TEXAS, DOES HEREBY SUBDIVIDE 34.356 ACRES OF LAND OUT OF THE SAMUEL PHARASS 1/4 LEAGUE SURVEY NO. 14, ABSTRACT 360, TO BE KNOWN AS:

6 CREEKS-PHASE 1, SECTION 1

IN ACCORDANCE WITH THE PLAT SHOWN HEREON, SUBJECT TO ANY AND ALL EASEMENTS OR RESTRICTIONS HERETOFORE GRANTED, AND DO HEREBY DEDICATE TO THE PUBLIC THE USE OF THE STREETS AND EASEMENTS SHOWN HEREON.

HMBRR DEVELOPMENT, INC.
BY: BLAKE MAGEE
PRESIDENT
1011 N. LAMAR
AUSTIN, TEXAS 78703

THE STATE OF TEXAS §
COUNTY OF HAYS §

BEFORE ME, THE UNDERSIGNED AUTHORITY ON THIS DAY PERSONALLY APPEARED Blake J Magee KNOWN TO ME TO BE THE PERSON WHOSE NAME IS SUBSCRIBED TO THE FOREGOING INSTRUMENT, AND HE/SHE ACKNOWLEDGED TO ME THAT HE/SHE EXECUTED THE SAME FOR THE PURPOSES AND CONSIDERATIONS THEREIN EXPRESSED AND IN THE CAPACITY THEREIN AND HEREIN SET OUT, AND AS THE ACT AND DEED OF SAID CORPORATION, GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS DAY OF Nov 26, 2018 A.D. 2018

NOTARY PUBLIC, STATE OF TEXAS

KAREN R AYERS
My Notary ID # 126621095
Expires May 15, 2022

Karen R. Ayers
PRINTED NOTARY'S NAME
MY COMMISSION EXPIRES 5-15-22

THE STATE OF TEXAS §
COUNTY OF HAYS §

I, THE UNDERSIGNED, A REGISTERED PROFESSIONAL LAND SURVEYOR IN THE STATE OF TEXAS, HEREBY CERTIFY, THAT THIS PLAT IS TRUE AND CORRECT, THAT IT WAS PREPARED FROM AN ACTUAL SURVEY OF THE PROPERTY MADE UNDER MY SUPERVISION ON THE GROUND, AND THAT ALL NECESSARY SURVEY MONUMENTS ARE CORRECTLY SET OR FOUND AS SHOWN THEREON.

STATE OF TEXAS
DAVID A. CASANOVA
4251
REGISTERED
LAND SURVEYOR

11-20-2018
DATE

DAVID CASANOVA
REGISTERED PROFESSIONAL LAND SURVEYOR NO. 4251
STATE OF TEXAS
PAPE-DAWSON ENGINEERS, INC.
TBPE, FIRM REGISTRATION NO. 470
TBPLS, FIRM REGISTRATION NO. 10028800
2000 NW LOOP 410
SAN ANTONIO, TX 78213

THE STATE OF TEXAS §
COUNTY OF HAYS §

I, THE UNDERSIGNED, A LICENSED PROFESSIONAL ENGINEER IN THE STATE OF TEXAS, HEREBY CERTIFY THAT PROPER ENGINEERING CONSIDERATION HAS BEEN GIVEN THIS PLAT.

STATE OF TEXAS
SHAUNA L. WEAVER
89512
LICENSED
PROFESSIONAL ENGINEER

11-21-18
DATE

SHAUNA L. WEAVER
REGISTERED PROFESSIONAL ENGINEER NO. 89512
PAPE-DAWSON ENGINEERS, INC.
TBPE, FIRM REGISTRATION NO. 470
TBPLS, FIRM REGISTRATION NO. 10028800
2000 NW LOOP 410
SAN ANTONIO, TX 78213

REVIEWED BY:

11/29/18
CITY ENGINEER

~~DIRECTOR OF TRANSPORTATION~~ ~~DATE~~
~~COUNTY OF HAYS~~

REVIEWED B Y:

12-5-18
DIRECTOR OF PUBLIC WORKS

THE STATE OF TEXAS §
COUNTY OF HAYS §

KNOW ALL MEN BY THESE PRESENTS, THAT CLARE L. BRANSON, CONSTRUCTION LENDING OFFICER, OF AMERICAN BANK, N.A., THE LIEN HOLDER OF THE TRACTS OF LAND SHOWN HEREON AND DESCRIBED IN RECORDED DOCUMENT NUMBER 17034173 AND RECORDED DOCUMENT NUMBER 17034176, AND RECORDED DOCUMENT 17034180, ALL OUT OF THE OFFICIAL PUBLIC RECORDS, HAYS COUNTY TEXAS, DOES HEREBY CONSENT TO THE SUBDIVISION OF SAID TRACTS OF LAND AS SHOWN HEREON, DOES FURTHER HEREBY JOIN, APPROVE, AND CONSENT TO ALL PLAT NOTE REQUIREMENTS SHOWN HEREON, AND TO THE DEDICATION TO THE PUBLIC THE USE OF THE STREETS, PUBLIC TRAILS, AND EASEMENTS SHOWN HEREON.

TO CERTIFY WHICH, WITNESS BY MY HAND THIS 26 DAY OF November A.D. 20 18

Clare L Branson
CLARE L. BRANSON
AMERICAN BANK, N.A.
CONSTRUCTION LENDING OFFICER
3520 BEE CAVES ROAD, SUITE 200
AUSTIN, TX 78746

THE STATE OF TEXAS §
COUNTY OF ~~HAYS~~ TRAVIS §

BEFORE ME, THE UNDERSIGNED, A NOTARY PUBLIC IN AND FOR SAID COUNTY AND STATE, ON THIS DAY PERSONALLY APPEARED CLARE L. BRANSON, CHIEF ACCOUNTING OFFICER, KNOWN TO BE THE PERSON WHOSE NAME IS SUBSCRIBED TO THE FOREGOING INSTRUMENT, AND ACKNOWLEDGED TO ME THAT HE EXECUTED THE SAME FOR THE PURPOSES AND CONSIDERATION THEREIN EXPRESSED.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, THIS 26 DAY OF November 20 18

Steven Wolff
NOTARY PUBLIC, STATE OF TEXAS

STEVEN WOLFF
Notary Public, State of Texas
Comm. Expires 11-06-2021
Notary ID 13134534-7

Steven Wolff
PRINTED NOTARY'S NAME

NO STRUCTURE IN THIS SUBDIVISION SHALL BE OCCUPIED UNTIL CONNECTED TO AN INDIVIDUAL WATER SUPPLY OR A STATE-APPROVED COMMUNITY WATER SYSTEM. DUE TO DECLINING WATER SUPPLIES AND DIMINISHING WATER QUALITY, PROSPECTIVE PROPERTY OWNERS ARE CAUTIONED BY HAYS COUNTY TO QUESTION THE SELLER CONCERNING GROUNDWATER AVAILABILITY. RAINWATER COLLECTION IS ENCOURAGED AND IN SOME AREAS MAY OFFER THE BEST RENEWABLE WATER RESOURCE. NO STRUCTURE IN THIS SUBDIVISION SHALL BE OCCUPIED UNTIL CONNECTED TO A PUBLIC SEWER SYSTEM OR TO AN ON-SITE WATERWATER SYSTEM WHICH HAS BEEN APPROVED AND PERMITTED BY HAYS COUNTY DEVELOPMENT SERVICES. NO CONSTRUCTION OR OTHER DEVELOPMENT WITHIN THIS SUBDIVISION MAY BEGIN UNTIL ALL HAYS COUNTY DEVELOPMENT PERMIT REQUIREMENTS HAVE BEEN MET.

12-4-2018
TOM POPE, R.S., CFM
HAYS COUNTY FLOODPLAIN ADMINISTRATOR

12-4-18
Caitlyn Strickland, Interim Director
Hays County Development Services

I, the undersigned, interim director of Development and Community Services, hereby certify that this subdivision plat conforms to all Hays County Requirements as stated in the Interlocal Cooperation Agreement between Hays County and the City of Kyle for subdivision regulation within the extraterritorial jurisdiction of the City of Kyle.

12-4-18
Caitlyn Strickland, Interim Director
Hays County Development Services

THE STATE OF TEXAS §
COUNTY OF HAYS §

I, LIZ GONZALEZ, COUNTY CLERK OF HAYS COUNTY, TEXAS, DO HEREBY CERTIFY THAT THE FOREGOING INSTRUMENT OF WRITING, WITH ITS CERTIFICATE OF AUTHENTICATION WAS FILED FOR RECORD IN MY OFFICE ON THE 5th DAY OF November 20 18 A.D., AT 3:01 O'CLOCK P M. AND DULY RECORDED ON THE 5th DAY OF November 20 18 A.D., AT 3:01 O'CLOCK P M. IN THE PLAT RECORDS OF HAYS COUNTY, TEXAS IN ~~DFN'S~~ CPN # 18042694

WITNESS MY HAND AND SEAL OF OFFICE OF THE COUNTY CLERK OF SAID COUNTY THE 5th DAY OF November 2018 A.D

Liz A. Gonzalez by Rebecca E Mintz
LIZ GONZALEZ, COUNTY CLERK
HAYS COUNTY, TEXAS

THIS FINAL PLAT HAS BEEN SUBMITTED TO AND CONSIDERED BY THE PLANNING AND ZONING COMMISSION OF THE CITY OF KYLE, TEXAS, AND IS HEREBY APPROVED BY SUCH PLANNING AND ZONING COMMISSION.

DATED THIS December 4 DAY OF ~~X~~ A.D. 20 18

CHAIRPERSON

SHEET 4 OF 4

6 CREEKS-PHASE 1, SECTION 1
Civil Job No. 8141-08; Survey Job No. 8141-08

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

Bickerstaff
Heath Delgado Acosta LLP

_____, 2019

$_____
CITY OF KYLE, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS,
SERIES 2019
(6 CREEKS PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)

WE HAVE ACTED AS BOND COUNSEL in connection with the issuance by the City of Kyle, Texas (the "City") of its $_____ aggregate original principal amount of Special Assessment Revenue Bonds, Series 2019 (6 Creeks Public Improvement District Improvement Area #1 Project) (the "Series 2019 Bonds"). We have examined the applicable and pertinent provisions of the Constitution and laws of the State of Texas; the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), the regulations of the United States Department of the Treasury adopted thereunder, rulings and procedures thereunder pertinent to this opinion; an ordinance of the City Council of the City (the "City Council") authorizing the Series 2019 Bonds adopted on _____, 2019 (the "Bond Ordinance"); the Indenture of Trust, dated _____, 2019 (the "Indenture"), by and between the City and UMB Bank, N.A., as Trustee (the "Trustee") authorizing the issuance of the Series 2019 Bonds; a transcript of certified proceedings of the City Council relating to the authorization, issuance, sale and delivery of the Series 2019 Bonds, including the Bond Ordinance; the Indenture, the Series 2019 Bonds and opinions of officials of the City; the Federal Tax Certificate of the City; and other pertinent instruments authorizing and relating to the issuance of the Series 2019 Bonds. We have examined the Initial Series 2019 Bond (as defined in the Indenture) which we found to be in due form and properly executed. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

BASED ON OUR EXAMINATION, we are of the opinion as of the date hereof and under existing law, as follows:

1. The Series 2019 Bonds are valid and legally binding obligations of the City enforceable in accordance with their terms, except as their enforceability may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights generally and as may be affected by matters involving the exercise of equitable or judicial discretion.

2. The Series 2019 Bonds are secured by and payable solely from the Trust Estate, as defined in the Indenture. The Owners of the Series 2019 Bonds shall never have the right to demand payment thereof from any funds raised by taxation, or from any other revenues, properties or income of the City.

3. Interest on the Series 2019 Bonds is excludable for federal income tax purposes from the gross income of the owners thereof pursuant to Section 103 of the Code and will not constitute a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax on individuals.

In rendering this opinion, we have assumed continuing compliance by the City with the covenants contained in the Indenture and the Federal Tax Certificate, that it will comply with the applicable requirements of the Code, including requirements relating to, *inter alia*, the use and investment of proceeds of the Series 2019 Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the City to comply with such covenants could result in the interest on the Series 2019 Bonds being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that may affect the tax-exempt status of the interest on the Series 2019 Bonds.

The opinions set forth above are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. We observe that the City has covenanted in the Indenture not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Series 2019 Bonds as includable in gross income for federal income tax purposes.

Respectfully,

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

APPENDIX E-1

FORM OF DISCLOSURE AGREEMENT OF THE ISSUER

CITY OF KYLE, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2019
(6 CREEKS PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

CONTINUING DISCLOSURE AGREEMENT OF THE ISSUER

This Continuing Disclosure Agreement of the Issuer dated as of May 1, 2019 (this "Disclosure Agreement") is executed and delivered by and between the City of Kyle, Texas (the "Issuer") and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc. (the "Dissemination Agent"), with respect to the Issuer's "Special Assessment Revenue Bonds, Series 2019 (6 Creeks Public Improvement District Improvement Area #1 Project)" (the "Series 2019 Bonds"). The Issuer and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Series 2019 Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust dated as of May 1, 2019, relating to the Series 2019 Bonds (the "Indenture"), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Administrative Expenses" shall have the meaning assigned to such term in the Indenture.

"Administrator" shall mean the employee or designee of the Issuer, identified in the Indenture, the Service and Assessment Plan, or any other agreement or document approved by the Issuer related to the duties or responsibilities of the administration of the District.

"Annual Financial Information" shall mean annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 4(a) of this Disclosure Agreement.

"Annual Installment(s)" shall have the meaning assigned to such term in the Indenture.

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

"Assessment(s)" shall have the meaning assigned to such term in the Indenture.

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

"Designated Successors and Assigns" shall mean (i) an entity to which Landowner assigns (in writing) its rights and obligations contained in the Financing Agreement, (ii)

any entity which is the successor by merger or otherwise to all or substantially all of Landowner's assets and liabilities including, but not limited to, any merger or acquisition pursuant to any public offering or reorganization to obtain financing and/or growth capital; or (iii) any entity which may have acquired all of the outstanding stock or ownership of assets of Landowner.

"Disclosure Agreement of Landowner" shall mean the Continuing Disclosure Agreement of the Landowner dated as of May 1, 2019 executed and delivered by the Landowner, P3Works, LLC, as Administrator and the Dissemination Agent.

"Disclosure Representative" shall mean the Director of Finance or City Manager of the Issuer or the designee of either of such officers, or such other officer or employee as the Issuer, may designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

"District" shall mean 6 Creeks Public Improvement District.

"EMMA" shall mean the Electronic Municipal Market Access System currently available on the internet at http://emma.msrb.org.

"Financial Obligation" shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Financing Agreement" means that certain Blanco River Ranch Public Improvement District Financing Agreement, by and among the City, the Landowner, HMBRR, LP, and HMBRR, LP #2, dated as of July 18, 2017, as amended.

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

"Improvement Area #1" shall have the meaning assigned to such term in the Indenture.

"Landowner" shall mean HMBRR Development, Inc., a Texas corporation, together with its Designated Successors and Assigns.

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

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive continuing disclosure reporting pursuant to the Rule.

"Outstanding" shall mean, as of any particular date when used with reference to Series 2019 Bonds, all Series 2019 Bonds authenticated and delivered under the Indenture except (i) any Series 2019 Bond that has been canceled by the Trustee (or has been delivered to the Trustee for cancellation) at or before such date, (ii) any Series 2019 Bond for which the payment of the principal or Redemption Price of and interest on such Series 2019 Bond shall have been made as provided in the Indenture, and (iii) any Series 2019 Bond in lieu of or in substitution for which a new Series 2019 Bond shall have been authenticated and delivered pursuant to the Indenture.

"Owner" shall mean the registered owner of any Series 2019 Bonds.

"Participating Underwriter" shall mean FMSbonds, Inc., and its successors and assigns.

"Prepayment" shall mean the payment of all or a portion of an Assessment, with interest that has accrued to the date of prepayment, before the due date thereof. Amounts received at the time of a Prepayment which represent principal, interest or penalties on a delinquent installment of an Assessment are not to be considered a Prepayment, but rather are to be treated as the payment of the regularly scheduled Assessment.

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

"SEC" shall mean the United States Securities and Exchange Commission.

"Service and Assessment Plan" shall have the meaning assigned to such term in the Indenture.

"Trust Estate" shall have the meaning assigned to such term in the Indenture.

"Trustee" shall mean UMB Bank, N.A., or any successor trustee pursuant to the Indenture.

SECTION 3. Provision of Annual Issuer Reports.

(a) The Issuer shall cause and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other form required by the MSRB, commencing with the Fiscal Year ending September 30, 2019, an Annual Issuer Report provided to the Dissemination Agent which is consistent with the requirements of and within the time periods specified in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer, if prepared and when available, may be submitted separately from the Annual Issuer Report, and later than the date required in this paragraph for the filing of the Annual Issuer Report, if audited financial statements are not available by that date; provided, however, if the audited financial statements are not complete within such period, then the Issuer shall provide unaudited financial statements within such period. In each case, the Annual Issuer Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Agreement. If the Issuer's Fiscal Year changes, it shall file notice of such change (and of the date of the new Fiscal Year) with the MSRB prior to the next date by which the Issuer otherwise would be required

to provide the Annual Issuer Report pursuant to this paragraph. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Not later than ten (10) days prior to the date specified in Section 4 of this Disclosure Agreement for providing the Annual Issuer Report to the MSRB, the Issuer shall provide the Annual Issuer Report to the Dissemination Agent. The Dissemination Agent shall provide such Annual Issuer Report to the MSRB not later than ten (10) days from receipt of such Annual Issuer Report from the Issuer.

If by the fifth (5th) day before the filing date required under Section 4 of this Disclosure Agreement, the Dissemination Agent has not received a copy of the Annual Issuer Report, the Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the applicable Annual Issuer Report pursuant to this subsection (a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Issuer Report no later than two (2) Business Days prior to the filing date required under Section 4 of this Disclosure Agreement; or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Annual Issuer Report within the time required under this Disclosure Agreement, state the date by which the Annual Issuer Report for such year will be provided and instruct the Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit A; provided, however, that in the event the Disclosure Representative is required to act under either (i) or (ii) described above, the Dissemination Agent still must file the Annual Issuer Report or the notice of failure to file, as applicable, to the MSRB, no later than six months after the end of each Fiscal Year; provided further, however, that in the event the Disclosure Representative fails to act under either (i) or (ii) described above, the Dissemination Agent shall file a notice of failure to file no later than on the last Business Day of the six month period after the end of the Fiscal Year.

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

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

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

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

SECTION 4. Content and Timing of Annual Issuer Reports. The Annual Issuer Report for the Series 2019 Bonds shall contain or incorporate by reference, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent to file, the following:

(a) Within six months after the end of each Fiscal Year the following Annual Financial Information (any or all of which may be unaudited):

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

(A) For the Series 2019 Bonds, the maturity date or dates, the interest rate or rates, the original aggregate principal amount, the principal amount remaining Outstanding and the interest amount remaining Outstanding;

(B) The amounts in the funds and accounts securing the Series 2019 Bonds; and

(C) The assets and liabilities of the Trust Estate.

(ii) The principal and interest paid on the Series 2019 Bonds during such Fiscal Year and the minimum scheduled principal and interest required to be paid on the Series 2019 Bonds in the next Fiscal Year.

(iii) Any changes to the land use designation for the property in Improvement Area #1 from the purposes identified in the Service and Assessment Plan.

(iv) Updates to the information in the Service and Assessment Plan as most recently amended or supplemented (a "SAP Update"), including any changes to the methodology for levying the Assessments in Improvement Area #1.

(v) The aggregate taxable assessed valuation for parcels or lots within Improvement Area #1 based on the most recent certified tax roll available to the Issuer.

(vi) With respect to single-family residential lots, until building permits have been issued for parcels or lots representing, in the aggregate, ninety-five percent (95%) of the total Assessments levied within Improvement Area #1, such SAP Update shall include the following:

(A) the number of new homes completed in Improvement Area #1 during such Fiscal Year; and

(B) the aggregate number of new homes completed within Improvement Area #1 since filing the initial Annual Issuer Report for the Fiscal Year ended September 30, 2019.

(vii) Listing of any property or property owners in Improvement Area #1 representing more than five percent (5%) of the levy of Assessments, the amount of the levy of Assessments against such landowners, and the percentage of such Assessments relative to the entire levy of Assessments within Improvement Area #1, all as of the October 1 billing date for the Fiscal Year.

(viii) Collection and delinquency history of the Assessments within Improvement Area #1 for the past five Fiscal Years, in substantially the following format:

Collection and Delinquent History of Assessments

Collected in Fiscal Year Ending 9/30	Assessment Billed	Parcels Levied	Delinquent Amount as of 3/1	Delinquent Percentage as of 3/1	Delinquent Amount as of 9/1	Delinquent Percentage as of 9/1	Total Assessments Collected[(1)]
2019	$			—	—		$

[(1)] Collected as of _____, 20__. Includes $_____ attributable to Prepayments.

(ix) For each calendar year, if the total amount of Annual Installments that are delinquent as of September 1 in such calendar year is equal to or greater than ten (10%) of the total amount of Annual Installments due in such calendar year, a list of parcel numbers for which the Annual Installments are delinquent.

(x) Total amount of Prepayments collected, as of the February 15 of the calendar year immediately succeeding such Fiscal Year, in each case with respect to the most recent billing period (generally, October 1 of the preceding calendar year through January 31 of the current calendar year).

(xi) The amount of delinquent Assessments by Fiscal Year:

(A) which are subject to institution of foreclosure proceedings (but as to which such proceedings have not been instituted);

(B) for which foreclosure proceedings have been instituted but have not been concluded;

(C) which have been reduced to judgment but not collected;

(D) which have been reduced to judgment and collected; and

(E) the result of any foreclosure sales of assessed property within Improvement Area #1 if the assessed property sold at a foreclosure sale represents more than five percent (5%) of the total amount of Assessments.

(xii) A description of any amendment to this Disclosure Agreement and a copy of any restatements to the Issuer's audited financial statements during such Fiscal Year.

(b) If not provided with the financial information provided under subsection 4(a) above, if prepared and when available, the audited financial statements of the Issuer for the most recently ended Fiscal Year, prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer. If audited financial statements are not included with the financial information provided under subsection 4(a) above, unaudited financial statements shall be included with such financial information within the time period specified.

See Exhibit B hereto for a form for submitting the information set forth in the preceding paragraphs. The Issuer has designated P3Works, LLC as the initial Administrator. The Administrator, and if no Administrator is designated, Issuer's staff, shall prepare the Annual Financial Information. In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of the Annual Issuer Reports under this Section 4.

Any or all of the items listed above may be included by specific reference to other documents, including disclosure documents of debt issues of the Issuer, which have been submitted to and are publicly accessible from the MSRB. If the document included by reference is a final offering document, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, each of the following is a Listed Event with respect to the Series 2019 Bonds:

1. Principal and interest payment delinquencies.

2. Non-payment related defaults, if material.

3. Unscheduled draws on debt service reserves reflecting financial difficulties.

4. Unscheduled draws on credit enhancements reflecting financial difficulties.

5. Substitution of credit or liquidity providers, or their failure to perform.

6. Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2019 Bonds, or other material events affecting the tax status of the Series 2019 Bonds.

7. Modifications to rights of Owners, if material.

8. Bond calls, if material, and tender offers.

9. Defeasances.

10. Release, substitution, or sale of property securing repayment of the bonds, if material.

11. Rating changes.

12. Bankruptcy, insolvency, receivership or similar event of the Issuer.

13. The consummation of a merger, consolidation, or acquisition of the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

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

15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material.

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

The Issuer does not intend for any sale by the Landowner of real property within Improvement Area #1 in the ordinary course of the Landowner's business to be considered a significant event for the purposes of paragraph (10) above.

Any event described in paragraph (12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

The Issuer intends the words used in paragraphs (15) and (16) above and the definition of Financial Obligation to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

Upon the occurrence of a Listed Event, the Issuer shall promptly notify the Dissemination Agent in writing and the Issuer shall direct the Dissemination Agent to file a notice of such occurrence with the MSRB. The Dissemination Agent shall file such notice no later than the Business Day immediately following the day on which it receives written notice of such occurrence from the Issuer. Any such notice is required to be filed within ten (10) Business Days of the occurrence of such Listed Event.

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Dissemination Agent to disseminate such information as provided herein, and the date the Issuer desires for the Dissemination Agent to disseminate the information (which date shall not be more than ten (10) Business Days after the occurrence of the Listed Event or failure to file).

In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures made under this Section 5. In addition, the Issuer shall have the sole responsibility to ensure that any notice required to be filed under this Section 5 is filed within ten (10) Business Days of the occurrence of the Listed Event.

(b) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any Listed Event with respect to the Series 2019 Bonds, notify the Disclosure Representative of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the Disclosure Representative to do so. If the Dissemination Agent has been instructed by the Disclosure Representative on behalf of the Issuer to report the occurrence of a Listed Event under this subsection (b), the Dissemination Agent shall immediately file a notice of such occurrence with the MSRB. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Issuer and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Issuer as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, "actual knowledge" means the actual fact or statement of

knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Issuer, the Participating Underwriter, the Trustee, or any Owner or beneficial owner of any interests in the Series 2019 Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) If in response to a notice from the Dissemination Agent under subsection (b), the Issuer determines that the Listed Event under number 2, 7, 8 (as to bond calls only), 10, 13, 14 or 15 of subparagraph (a) above is not material under applicable federal securities laws, the Issuer shall promptly notify the Dissemination Agent and the Trustee (if the Dissemination Agent is not the Trustee) in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (b).

SECTION 6. Termination of Reporting Obligations. The obligations of the Issuer and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2019 Bonds, when the Issuer is no longer an obligated person with respect to the Series 2019 Bonds, or upon delivery by the Disclosure Representative to the Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. So long as any of the Series 2019 Bonds remain Outstanding, the Dissemination Agent may assume that the Issuer is an obligated person with respect to the Series 2019 Bonds until it receives written notice from the Disclosure Representative stating that the Issuer is no longer an obligated person with respect to the Series 2019 Bonds, and the Dissemination Agent may conclusively rely upon such written notice with no duty to make investigation or inquiry into any statements contained or matters referred to in such written notice. If such termination occurs prior to the final maturity of the Series 2019 Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event with respect to such series of Series 2019 Bonds under Section 5(a).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be HTS Continuing Disclosure Services, a division of Hilltop Securities Inc.

SECTION 8. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested by the Issuer), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2019 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the delivery of the Series 2019 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Series 2019 Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, impair the interests of the Owners or beneficial owners of the Series 2019 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next related Annual Issuer Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Issuer Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. No amendment which materially adversely affects the Dissemination Agent may be made without its prior written consent (which consent will not be unreasonably withheld or delayed).

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Issuer Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Issuer Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Issuer Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of any Participating Underwriter or the Owners of at least twenty-five (25%) aggregate principal amount of Outstanding Series 2019 Bonds, shall, upon being indemnified to its satisfaction) or any Owner or beneficial owner of the Series 2019 Bonds may, take such actions as may be necessary and appropriate to cause the Issuer, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Series 2019 Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action for mandamus or specific performance. A default under this Disclosure Agreement by the Issuer shall not be deemed a default under the Disclosure Agreement of Landowner by the Landowner, and a default under the Disclosure Agreement of Landowner by the Landowner shall not be deemed a default under this Disclosure Agreement by the Issuer.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this

Disclosure Agreement with respect to the Dissemination Agent. To the extent permitted by law, the Issuer agrees to hold harmless the Dissemination Agent, its officers, directors, employees and agents, but only with funds to be provided by the Landowner or from Assessments collected from the property owners in the District, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment in full of the Series 2019 Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The fact that the Dissemination Agent may have a banking or other business relationship with the Issuer or any person with whom the Issuer contracts in connection with the transaction described in the Indenture, apart from the relationship created by the Indenture or this Disclosure Agreement, shall not be construed to mean that the Dissemination Agent has actual knowledge of any event described in Section 5 above, except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Agreement.

(b) The Dissemination Agent may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Dissemination Agent shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT OR THE ISSUER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY SERIES 2019 BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER OR THE DISSEMINATION AGENT, RESPECTIVELY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT IS UNDER NO OBLIGATION NOR IS IT REQUIRED TO BRING SUCH AN ACTION.

SECTION 12. Assessment Timeline. The basic expected timeline for the collection of Assessments and the anticipated procedures for pursuing the collection of delinquent Assessments is set forth in Exhibit C which is intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Assessments.

SECTION 13. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer or Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future council member, officer, agent or employee of the Issuer or Dissemination Agent in other than that person's official capacity.

SECTION 14. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered

into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 15. Sovereign Immunity. The Dissemination Agent agrees that nothing in this Disclosure Agreement shall constitute or be construed as a waiver of the Issuer's sovereign or governmental immunities regarding liability or suit.

SECTION 16. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Series 2019 Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 17. Dissemination Agent Compensation. The fees and expenses incurred by the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement constitute Administrative Expenses and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Dissemination Agent has entered into a separate agreement with the Issuer, which agreement provides for the payment of the fees and expenses of the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement.

SECTION 18. Anti-Boycott Verification. The Dissemination Agent hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Disclosure Agreement is a contract for goods or services, will not boycott Israel during the term of this Disclosure Agreement. The foregoing verification is made solely to comply with Section 2270.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Dissemination Agent understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Dissemination Agent and exists to make a profit.

SECTION 19. Iran, Sudan and Foreign Terrorist Organizations. The Dissemination Agent represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

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

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

SECTION 20. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 21. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Signature pages follow]

CITY OF KYLE, TEXAS

By: _____
City Manager

HTS CONTINUING DISCLOSURE SERVICES,
A DIVISION OF HILLTOP SECURITIES INC.
(as Dissemination Agent)

By: _____
Authorized Officer

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL ISSUER REPORT

Name of Issuer:	City of Kyle, Texas
Name of Bond Issue:	Special Assessment Revenue Bonds, Series 2019 (6 Creeks Public Improvement District Improvement Area #1 Project)(the "Series 2019 Bonds")
CUSIP Nos.	[insert CUSIP NOs.]
Date of Delivery:	_____, 20__

NOTICE IS HEREBY GIVEN that the City of Kyle, Texas (the "Issuer"), has not provided [an Annual Issuer Report][annual audited financial statements] with respect to the Series 2019 Bonds as required by the Continuing Disclosure Agreement of Issuer dated _____, 2019, between the Issuer and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., as "Dissemination Agent." The Issuer anticipates that [the Annual Issuer Report][annual audited financial statements] will be filed by _____.

Dated: _____

HTS Continuing Disclosure Services, a division of
Hilltop Securities Inc.,
on behalf of the City of Kyle, Texas
(as Dissemination Agent)

By: _____

Title: _____

cc: City of Kyle, Texas

EXHIBIT B

CITY OF KYLE, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2019
(6 CREEKS PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)

ANNUAL ISSUER REPORT*

Delivery Date: _____, 20__

CUSIP NOSs: [insert CUSIP NOs.]

BONDS OUTSTANDING

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

INVESTMENTS

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

*****Excluding Audited Financial Statements of the Issuer

ASSETS AND LIABILITIES OF PLEDGED TRUST ESTATE

Bonds (Principal Balance)	_____
Funds and Accounts [list]	_____
TOTAL ASSETS	_____

LIABILITIES

Outstanding Bond Principal	_____
Outstanding Program Expenses (if any)	_____
TOTAL LIABILITIES	_____

EQUITY

Assets Less Liabilities	_____
Value to Debt Ratio	_____

Form of Accounting □ Cash □ Accrual □ Modified Accrual

ITEMS REQUIRED BY SECTIONS 4(a)(ii) – (vii)
[Insert a line item]

SECTION 4(a)(viii) COLLECTION AND DELINQUENCY HISTORY OF THE ASSESSMENTS WITHIN IMPROVEMENT AREA #1 FOR THE PAST FIVE FISCAL YEARS, IN THE FOLLOWING FORMAT:

Collection and Delinquent History of Assessments

Collected in Fiscal Year Ending 9/30	Assessment Billed	Parcels Levied	Delinquent Amount as of 3/1	Delinquent Percentage as of 3/1	Delinquent Amount as of 9/1	Delinquent Percentage as of 9/1	Total Assessments Collected[(1)]
2019	$			—	—		$

[(1)] Collected as of _____, 20__. Includes $_____ attributable to Prepayments.

ITEMS REQUIRED BY SECTIONS 4(a)(ix) – (xii) OF THE CONTINUING DISCLOSURE AGREEMENT OF ISSUER RELATING TO THE CITY OF KYLE, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2019, (6 CREEKS PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)
[Insert a line item for each applicable listing]

EXHIBIT C

BASIC EXPECTED TIMELINE FOR ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES[1]

Date	**Delinquency Clock (Days)**	**Activity**
January 31		Annual Installments of Assessments are due.
February 1	1	Annual Installments of Assessments Delinquent if not received.
February 15	15	Issuer forwards payment to Trustee for all collections received as of February 15, along with detailed breakdown. Subsequent payments and relevant details will follow monthly thereafter. Issuer and/or Administrator should be aware of actual and specific delinquencies. Issuer and/or Administrator should be aware if Reserve Fund needs to be utilized for debt service payments on March 1. **If there is to be a shortfall, the Trustee and Dissemination Agent should be immediately notified in writing.** Issuer and/or Administrator should also be aware if, based on collections, there will be a shortfall for September payment. Issuer and/or Administrator should determine if previously collected surplus funds, if any, plus actual collections will be fully adequate for debt service in March and September. At this point, if total delinquencies are under 5% and if there is adequate funding for March and September payments, no further action is anticipated for collection of Annual Installments of Assessments except that the Issuer or Administrator, working with the City Attorney or an appropriate designee, will begin process to cure deficiency. **For properties delinquent by more than one year or if the delinquency exceeds $10,000 the matter will be referred for commencement of foreclosure.** **If there are over 5% delinquencies or if there is inadequate funding in the Pledged Revenue**

[1] Illustrates anticipated dates and procedures for pursuing the collection of delinquent Annual Installments of Assessments, which dates and procedures are subject to adjustment by the Issuer.

		Fund for transfer to the Principal and Interest Account of such amounts as shall be required for the full March and September payments, the collection-foreclosure procedure will proceed against all delinquent properties.
March 15	43/44	Trustee pays bond interest payments to bondholders. Reserve Fund payment to Bond Fund may be required if Assessments are below approximately 50% collection rate. Issuer, or the Trustee, on behalf of the Issuer, to notify Dissemination Agent of the occurrence of draw on the Reserve Fund and, following receipt of such notice, Dissemination Agent to notify MSRB of such draw on the Fund for debt service. **Use of Reserve Fund for debt service payment should trigger commencement of foreclosure on delinquent properties.** Issuer determines whether or not any Annual Installments of Assessments are delinquent and, if such delinquencies exist, the Issuer commences as soon as practicable appropriate and legally permissible actions to obtain such delinquent Annual Installments of Assessments.
March 20	**48/49**	**Issuer and/or Administrator to notify Dissemination Agent for disclosure to MSRB of all delinquencies.** **If any property owner with ownership of property responsible for more than $10,000 of the Annual Installments of Assessments is delinquent or if a total of delinquencies is over 5%, or if it is expected that Reserve Fund moneys will need to be utilized for either the March or September bond payments, the Disclosure Representative shall work with City Attorney's office, or the appropriate designee, to satisfy payment of all delinquent Annual Installments of Assessments.**
April 15	**74/75**	**Preliminary Foreclosure activity commences, and Issuer to notify Dissemination Agent of the commencement of preliminary foreclosure activity.**

		If Dissemination Agent has not received Foreclosure Schedule and Plan of Collections, Dissemination Agent to request same from the Issuer.
May 1	90/91	If the Issuer has not provided the Dissemination Agent with Foreclosure Schedule and Plan of Collections, and if instructed by the bondholders under Section 11.2 of the Indenture, Dissemination Agent requests that the Issuer commence foreclosure or provide plan for collection.
May 15	104/105	The designated lawyers or law firm will be preparing the formal foreclosure documents and will provide periodic updates to the Dissemination Agent for dissemination to those bondholders who have requested to be notified of collections progress. The goal for the foreclosure actions is a filing by no later than June 1 (day 121/122).
June 1	**121/122**	**Foreclosure action to be filed with the court.**
June 15	**135/136**	**Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status in writing.** Dissemination Agent notifies bondholders.
July 1	151/152	If bondholders and Dissemination Agent have not been notified of a foreclosure action, Dissemination Agent will notify the Issuer that it is appropriate to file action.

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

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

APPENDIX E-2

FORM OF DISCLOSURE AGREEMENT OF THE LANDOWNER

CITY OF KYLE, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2019
(6 CREEKS PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

CONTINUING DISCLOSURE AGREEMENT OF LANDOWNER

This Continuing Disclosure Agreement of Landowner dated as of May 1, 2019 (this "Disclosure Agreement") is executed and delivered by and among HMBRR Development, Inc., a Texas corporation (as more particularly defined below, the "Landowner"), P3Works, LLC (as more particularly defined below, the "Administrator"), and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc. (as more particularly defined below, the "Dissemination Agent") with respect to the "City of Kyle, Texas, Special Assessment Revenue Bonds, Series 2019 (6 Creeks Public Improvement District Improvement Area #1 Project)" (the "Series 2019 Bonds"). The Landowner, the Administrator and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Landowner, the Administrator and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Series 2019 Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust, dated as of May 1, 2019, relating to the Series 2019 Bonds (the "Indenture"), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Administrative Expenses" shall have the meaning assigned to such term in the Indenture.

"Administrator" shall mean the employee or designee of the Issuer, identified in the Indenture, the Service and Assessment Plan, or any other agreement or document approved by the Issuer related to the duties or responsibilities of the administration of the District.

"Agreement of Sale and Purchase" shall mean, with respect to lots or land within Improvement Area #1, any agreement of sale and purchase between one or more Homebuilders and the Landowner to purchase lots or to purchase land, if the City has released construction plans and has approved construction for such land.

"Annual Installment(s)" shall have the meaning assigned to such term in the Indenture.

"Assessed Property" shall have the meaning assigned to such term in the Indenture.

"Assessment(s)" shall have the meaning assigned to such term in the Indenture.

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

"Certification Letter" shall mean a certification letter provided by the Landowner pursuant to Section 3, in substantially the form attached as Exhibit D.

"City" shall mean the City of Kyle, Texas.

"Designated Successors and Assigns" shall mean (i) an entity to which Landowner assigns (in writing) its rights and obligations contained in the Financing Agreement, (ii) any entity which is the successor by merger or otherwise to all or substantially all of Landowner's assets and liabilities including, but not limited to, any merger or acquisition pursuant to any public offering or reorganization to obtain financing and/or growth capital; or (iii) any entity which may have acquired all of the outstanding stock or ownership of assets of Landowner.

"Disclosure Agreement of Issuer" shall mean the Continuing Disclosure Agreement of the Issuer, dated as of May 1, 2019, executed and delivered by and between the Issuer and the Dissemination Agent.

"Dissemination Agent" shall mean HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

"District" shall mean 6 Creeks Public Improvement District.

"EMMA" shall mean the Electronic Municipal Market Access System currently available on the internet at http://emma.msrb.org.

"Financing Agreement" means that certain Blanco River Ranch Public Improvement District Financing Agreement, by and among the City, the Landowner, HMBRR, LP, and HMBRR, LP #2, dated as of July 18, 2017, as amended.

"Holdback Lot" means a lot within Improvement Area #1 that is: (a) retained by the Landowner for potential use as a model home lot, and (b) not made available by the Landowner for sale to Homebuilders or other third parties. For the avoidance of doubt, such a lot shall no longer be considered a Holdback Lot once the Landowner makes same available for sale to Homebuilders or other third parties.

"Homebuilder(s)" shall mean any third party merchant homebuilder who enters into an Agreement of Sale and Purchase with the Landowner, and the successors and assigns of such homebuilder under such Agreement of Sale and Purchase.

"Homebuilder Listed Event(s)" shall have the meaning set forth in Section 4(b) of this Disclosure Agreement.

"Improvement Area #1" shall have the meaning assigned to such term in the Indenture.

"Improvement Area #1 Improvements" shall have the meaning assigned to such term in the Indenture.

"Issuer" shall mean the City of Kyle, Texas.

"Landowner" shall mean HMBRR Development, Inc., a Texas corporation, together with its Designated Successors and Assigns.

"Listed Events" shall mean any of the events listed in Sections 4(a) and 4(b) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive continuing disclosure reporting pursuant to the Rule.

"Outstanding" shall have the meaning assigned to such term in the Indenture.

"Owner" shall mean the registered owner of any Series 2019 Bonds.

"Participating Underwriter" shall mean FMSbonds, Inc., and its successors and assigns.

"Private Improvements" shall mean the community center, swimming pool and related improvements to be constructed by or on behalf of the Landowner within the District to be owned and/or operated by a homeowners association.

"Quarterly Ending Date" shall mean each March 31, June 30, September 30 and December 31, beginning September 30, 2019.

"Quarterly Filing Date" shall mean for each Quarterly Ending Date, the fifteenth calendar day of the second month following such Quarterly Ending Date, being May 15, August 15, November 15, and February 15.

"Quarterly Information" shall have the meaning assigned to such term in Section 3 of this Disclosure Agreement.

"Quarterly Report" shall mean any Quarterly Report described in Section 3 of this Disclosure Agreement and substantially similar to that attached as Exhibit A hereto.

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

"SEC" shall mean the United States Securities and Exchange Commission.

"Service and Assessment Plan" shall have the meaning assigned to such term in the Indenture.

"Significant Homebuilder" shall mean a Homebuilder that then owns ten (10) or more lots within Improvement Area #1.

"Trustee" shall mean UMB Bank, N.A., or any successor trustee pursuant to the Indenture.

SECTION 3. Quarterly Reports.

(a) The Landowner with respect to its acquired real property, shall, at its cost and expense, provide, or cause to be provided, to the Administrator, not more than ten (10) days after each Quarterly Ending Date, beginning with September 30, 2019, the information required for the preparation of the Quarterly Report (the "Quarterly Information"). The Landowner shall provide, or cause to be provided, such Quarterly Information until the Landowner's obligations terminate pursuant to Section 6 of this Disclosure Agreement.

(b) The Administrator shall (i) prepare each Quarterly Report with the Quarterly Information provided by the Landowner pursuant to subsection (a) above and (ii) provide to the Landowner each Quarterly Report for review no later than twenty-five (25) days prior to each Quarterly Filing Date. The Landowner shall review the Quarterly Report and, upon such review, shall promptly, but no later than five (5) days prior to each Quarterly Filing Date, provide to the Administrator the Certification Letter and authorize the Administrator to provide such Quarterly Report and Certification Letter to the Issuer and Dissemination Agent pursuant to subsection (c) below. In all cases, the Landowner shall have the sole responsibility for the content, design and other elements comprising substantive contents of all of the Quarterly Information contained in the Quarterly Report.

(c) The Administrator shall provide to the Dissemination Agent, not less than five (5) days prior to each Quarterly Filing Date, the Quarterly Report containing the information described in this Section 3 and the Certification Letter provided by the Landowner. The Dissemination Agent shall file the Quarterly Report and the Certification Letter with the MSRB and provide a copy of such report to the Issuer and the Participating Underwriter within five (5) days of the Dissemination Agent's receipt thereof pursuant to this subsection 3(c); provided, however, that the Quarterly Report and the Certification Letter must be submitted to the MSRB not later than each Quarterly Filing Date. In the event that the Landowner or the Administrator does not provide the information required by subsection (a) or (b) of this Section, as applicable, in a timely manner and, as a result, either an incomplete Quarterly Report is filed with the MSRB, or a Quarterly Report is not filed with the MSRB by each Quarterly Filing Date, the Dissemination Agent shall, upon written notice from the Landowner or Administrator, as applicable, file a notice of failure to provide Quarterly Information or failure to file a Quarterly Report with the MSRB in substantially the form attached as Exhibit B, as soon as practicable. If the Landowner timely provides the required Quarterly Information to the Administrator as described in this Section 3, the failure of the Administrator to provide the information to the Dissemination Agent, or the failure of the Dissemination Agent to provide such information to the Participating Underwriter in a timely manner, shall not be deemed a default by the Landowner under this Disclosure Agreement.

(d) Such Quarterly Report shall be in a form similar to that as attached in Exhibit A hereof and shall include:

(i) The number of acres of land, parcels and/or lots in Improvement Area #1 subject to the Assessments as of the Quarterly Ending Date;

(ii) The landowner composition of Improvement Area #1, including:

A. The number of parcels and/or lots owned by each type of landowner (i.e., Landowner or Homebuilder), broken down by planned and actual parcels and/or lots;

B. The percentage of Annual Installments of Assessments relative to the total Annual Installments of Assessments for each type of landowner, as of the Quarterly Ending Date;

C. The number of acres of land owned by each type of landowner;

D. A listing of all Homebuilders, and the percentage of each Homebuilder's and the Landowner's Annual Installments of Assessments relative to the total Annual Installments of Assessments, as of the Quarterly Ending Date;

E. An explanation as to any change to the number of parcels and/or lots within Improvement Area #1 from the prior Quarterly Ending Date; and

F. The number of Holdback Lots retained by the Landowner;

(iii) For each parcel designated as single family residential, lot absorption statistics, including:

A. The number of lots platted in Improvement Area #1, on a current quarter and running total basis;

B. The number of lots in Improvement Area #1 owned by the Landowner closed with a Homebuilder, on a current quarter and running total basis;

C. The number of lots in Improvement Area #1 owned by the Landowner under contract with a Homebuilder;

D. The number of lots in Improvement Area #1 owned by the Landowner not closed or under contract with a Homebuilder; and

E. An explanation as to any change to the number of lots planned to be developed in Improvement Area #1 by the Landowner or any Homebuilder;

(iv) For each parcel designated as single family residential, for each Homebuilder, on a current quarter or running total basis:

A. The number of homes under construction in Improvement Area #1;

B. The number of homes constructed, but not under contract with homebuyers, in Improvement Area #1;

C. The number of homes under contract with homebuyers;

D. The number of homes closed with homebuyers (delivered to end users) in Improvement Area #1;

E. The increase in the number of homes closed with homebuyers (delivered to end users) in Improvement Area #1 from the prior Quarterly Ending Date;

F. The average sales price of homes; and

G. The number of completed homes in inventory not closed or under contract.

(v) With respect to the Private Improvements to be developed for use by the single family residential parcels:

A. Total expected construction budget;

B. Total costs spent to date;

C. Status of construction;

D. Expected or actual construction start date; and

E. Expected or actual construction completion date;

(vi) Materially adverse changes or determinations to permits/approvals for the development of Improvement Area #1 which necessitate changes to the land use plans of the Landowner;

(vii) The occurrence of any new or modified mortgage debt on the land owned by the Landowner within Improvement Area #1, including the amount, interest rate and terms of repayment; and

(e) With respect to the Improvement Area #1 Improvements, the Landowner shall provide or cause to be provided the following information to the Administrator for inclusion in each Quarterly Report:

(i) Total construction budget, including:

A. Budgeted and actual total costs of all Improvement Area #1 Improvements;

B. Budgeted and actual total costs of the Improvement Area #1 Improvements financed with the Series 2019 Bonds; and

C. Budgeted and actual total costs of Improvement Area #1 Improvements financed with other sources of funds (non-bond financed);

(ii) Total expected costs for design and engineering to be completed after delivery of the Series 2019 Bonds;

(iii) Forecast construction milestones by date;

(iv) Construction budget allocated to each progress milestone;

(v) Forecast completion date; and

(vi) Issuer acceptance date.

SECTION 4. Event Reporting Obligations of Landowner.

(a) Pursuant to the provisions of this Section 4, each of the following occurrences is a Listed Event with respect to the Series 2019 Bonds:

(i) Failure to pay any real property taxes or Assessments levied within Improvement Area #1 on a parcel owned by the Landowner; provided, however, that the exercise of any right of the Landowner as a landowner within Improvement Area #1 to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Listed Event under this Section 4 nor a breach or default of this Disclosure Agreement;

(ii) Material damage to or destruction of any development or improvements within Improvement Area #1, including the Improvement Area #1 Improvements [and the Private Improvements];

(iii) Material default by the Landowner on any loan with respect to the development or permanent financing of Improvement Area #1 undertaken by the Landowner;

(iv) Material default by the Landowner on any loan secured by property within Improvement Area #1 owned by the Landowner;

(v) The bankruptcy, insolvency or similar filing of the Landowner or any determination that the Landowner is unable to pay its debts as they become due;

(vi) The consummation of a merger, consolidation, or acquisition of the Landowner, or the sale of all or substantially all of the assets of the Landowner, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(vii) The filing of any lawsuit with a claim for damages, in excess of $1,000,000 against the Landowner that may adversely affect the completion of development of Improvement Area #1 or litigation that may materially adversely affect the financial condition of the Landowner; and

(viii) Any change in the legal structure, chief executive officer or controlling ownership of the Landowner.

(b) Pursuant to the provisions of this Section 4, each of the following occurrences related to any Significant Homebuilder is a Listed Event with respect to the Series 2019 Bonds (each, a "Homebuilder Listed Event"):

(i) Failure to pay any real property taxes or Assessments levied within Improvement Area #1 on a lot or parcel owned by such Significant Homebuilder; provided, however, that the exercise of any right of such Significant Homebuilder as a landowner within Improvement Area #1 to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Listed Event under this Section 4 nor a breach or default of this Disclosure Agreement;

(ii) The bankruptcy, insolvency or similar filing of such Significant Homebuilder or any determination that such Significant Homebuilder is unable to pay its debts as they become due;

(iii) The consummation of a merger, consolidation, or acquisition of such Significant Homebuilder or the sale of all or substantially all of the assets of such Significant Homebuilder, other than in the ordinary course of business;

(iv) Any change in the type of legal entity, chief executive officer or controlling ownership of such Significant Homebuilder; and

(v) Early termination of or material default by such Significant Homebuilder under an Agreement of Sale and Purchase.

The Landowner shall use commercially reasonable efforts to: (1) cause each Homebuilder to provide prompt notice to the Landowner of the occurrence of each Homebuilder Listed Event related to such Homebuilder, and (2) otherwise promptly become aware of the occurrence of each Homebuilder Listed Event. Without limiting the generality of the immediately preceding sentence, commercially reasonable efforts in such regard shall include, but not be limited to, ensuring that each Agreement of Sale and Purchase that is executed after the date hereof contains a provision obligating the applicable Homebuilder to provide prompt notice to the Landowner of the occurrence of each Homebuilder Listed Event related to such Homebuilder.

Whenever the Landowner obtains knowledge of the occurrence of a Listed Event, the Landowner shall promptly, and not more than five (5) Business Days after the Landowner obtains such knowledge, notify the Issuer, the Administrator and the Dissemination Agent in writing and the Landowner shall direct the Dissemination Agent to file a notice of such occurrence with the MSRB, in the manner hereinafter described, and provide a copy of such notice to the Issuer and the Participating Underwriter. Any such notice is required to be filed within ten (10) Business Days of the occurrence of such Listed Event.

Any notice under the preceding paragraph shall be accompanied with the text of the disclosure that the Landowner desires to make, the written authorization of the Landowner for the Dissemination Agent to disseminate such information as provided herein, and the date the Landowner desires for the Dissemination Agent to disseminate the information (which date shall not be more than ten (10) Business Days after the Landowner of the occurrence of the Listed Event).

In all cases, the Landowner shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures. In addition, the Landowner shall have the sole responsibility to ensure that any notice required to be filed with the MSRB under this Section 4 is actually filed within ten (10) Business Days of the occurrence of the Listed Event.

(c) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any Listed Event, notify the Issuer and the Landowner of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the Landowner to do so. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Landowner and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Landowner as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, "actual knowledge" means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Participating Underwriter, the Issuer, the Landowner or any Owner or beneficial owner of any interests in the Series 2019 Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(d) If the Dissemination Agent has been instructed by the Landowner to report the occurrence of a Listed Event in accordance with subsections (a) or (b) of this Section 4, the Dissemination Agent shall file, subject to written consent by the Issuer, a notice of such occurrence with the MSRB within one (1) Business Day of its receipt of such written instructions from the Landowner.

SECTION 5. Assumption of Reporting Obligations by Designated Successors and Assigns.

The Landowner and all Designated Successors and Assigns, if any, shall cause each of their respective Designated Successors and Assigns to assume the reporting obligations of the Landowner under this Disclosure Agreement.

SECTION 6. Termination of Reporting Obligations.

(a) The reporting obligations of the Landowner under this Disclosure Agreement shall terminate upon, the earlier of (i) the date when none of the Series 2019 Bonds remain Outstanding, or (ii) the Issuer's issuance of the certificate of occupancy for the last lot or parcel within Improvement Area #1 (excluding up to ten (10) Holdback Lots, but including each Holdback Lot in excess thereof).

(b) At such time that the reporting obligations of the Landowner terminate in accordance with subsection (a) or (b) of this Section 6, the Administrator shall provide written notice to the Landowner, the Issuer, the Trustee and the Dissemination Agent in substantially the form attached as Exhibit C, thereby, terminating the Landowner's reporting obligations under this Disclosure Agreement (the "Termination Notice"). If such Termination Notice occurs while any of the Series 2019 Bonds remain Outstanding, the Administrator shall immediately provide, or cause to be provided, the Termination Notice to the Dissemination Agent, and the Dissemination Agent shall provide such Termination Notice to the MSRB, the Issuer, the Trustee the Landowner, and the Participating Underwriter on or before the next succeeding Quarterly Filing Date.

(c) The obligations of the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate upon, the earlier of (i) the date when none of the Series 2019 Bonds remain Outstanding, or (ii) termination of the Landowner's reporting obligations in accordance with subsection (a) and (b) of this Section 6 and any Termination Notice required by subsection (b) of this Section 6 has been provided to the MSRB, the Issuer, the Trustee, the Landowner, and the Participating Underwriter.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out the obligations of the Landowner and the Administrator under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be HTS Continuing Disclosure Services, a division of Hilltop Securities Inc.

SECTION 8. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Landowner, the Administrator and the Dissemination Agent may jointly amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested by the Landowner or Administrator), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3 or 4, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Landowner, or the type of business conducted; and

(b) The amendment or waiver either (i) is approved by the Owners of the Series 2019 Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, impair the interests of the Owners or beneficial owners of the Series 2019 Bonds. No amendment which adversely affects the Dissemination Agent or the Issuer may be made without the respective party's prior written consent (which consent will not be unreasonably withheld or delayed).

(c) In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Administrator shall describe such amendment in the next related Quarterly Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the Landowner. The Landowner shall provide, or cause to be provided, at its cost and expense, an executed copy of any amendment or waiver entered into under this Section 8 to the Issuer, the Administrator and the Participating Underwriter.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Landowner from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in addition to that which is required by this Disclosure Agreement. If the Landowner chooses to include any information in any Quarterly Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Landowner shall have no obligation under this Disclosure Agreement to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 10. Content of Disclosures. In all cases, the Landowner shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures, whether provided under Section 3, 4 or 9 of this Disclosure Agreement.

SECTION 11. Default. In the event of a failure of the Landowner or Administrator to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Series 2019 Bonds, shall, upon being indemnified to its satisfaction), or any Owner or beneficial owner of the Series 2019 Bonds may, take such actions as may be necessary and appropriate to cause the Landowner and/or Administrator to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Series 2019 Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Landowner or Administrator to comply with this Disclosure Agreement shall be an action to mandamus or specific performance. A default under this Disclosure Agreement by the Landowner shall not be deemed a default under the Disclosure Agreement of Issuer by the Issuer, and a default under the Disclosure Agreement of Issuer by the Issuer shall not be deemed a default under this Disclosure Agreement by the Landowner or Administrator.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) The Dissemination Agent shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. The Landowner agrees to hold harmless the Dissemination Agent, its officers, directors, employees and agents against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's breach, negligence or willful misconduct. The obligations of the Landowner shall survive resignation or removal of the Dissemination Agent and payment in full of the Series 2019 Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Dissemination Agent shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Dissemination Agent hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Dissemination Agent and believed to be genuine and to have been signed or presented by the proper party or parties.

(b) Except as otherwise provided herein, the Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. The Landowner agrees to hold harmless the Administrator, its officers, directors, employees and agents against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Administrator's breach, negligence or willful

misconduct. The obligations of the Landowner shall survive resignation or removal of the Administrator and payment in full of the Series 2019 Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

(c) The Dissemination Agent or the Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Dissemination Agent and Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(d) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR OR THE LANDOWNER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY SERIES 2019 BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE LANDOWNER, THE DISSEMINATION AGENT OR THE ADMINISTRATOR, RESPECTIVELY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION.

SECTION 13. No Personal Liability. No covenant, stipulation, obligation or agreement of the Landowner, the Administrator or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future officer, agent or employee of the Landowner, the Administrator or Dissemination Agent in other than that person's official capacity.

SECTION 14. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 15. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Landowner, the Administrator, the Dissemination Agent, the Issuer, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Series 2019 Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 16. Dissemination Agent Compensation. The fees and expenses incurred by the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement constitute Administrative Expenses and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Dissemination Agent has entered into a separate agreement with the Issuer, which agreement provides for the payment of the fees and expenses of the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement.

SECTION 17. Administrator Compensation. The fees and expenses incurred by the Administrator for its services rendered in accordance with this Disclosure Agreement constitute Administrative Expenses and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Administrator has entered into a separate agreement with the Issuer, which agreement governs the administration of the District, including the payment of the fees and expenses of the Administrator for its services rendered in accordance with this Disclosure Agreement.

SECTION 18. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 19. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Signature pages follow.]

HTS CONTINUING DISCLOSURE SERVICES,
A DIVISION OF HILLTOP SECURITIES INC.
(as Dissemination Agent)

By: _____
Authorized Officer

HMBRR DEVELOPMENT, INC., A TEXAS CORPORATION,
(as Landowner)

By:

By:

By: _____

P3WORKS, LLC
(as Administrator)

By: _____
Name: _____
Title: _____

EXHIBIT A

CITY OF KYLE, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2019
(6 CREEKS PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)

LANDOWNER QUARTERLY REPORT
[*INSERT QUARTERLY ENDING DATE*]

Delivery Date: _____, 20__

CUSIP Numbers: [Insert CUSIP Numbers]

DISSEMINATION AGENT

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

TABLE 3(d)(i)

ASSESSMENT PER LOT TYPE OVERVIEW (as of [*Insert Quarterly Ending Date*])	
NUMBER OF PARCELS AND/OR LOTS IN IMPROVEMENT AREA #1 SUBJECT TO ASSESSMENTS:	
Lot Type	
50' x 120'	
55' x 120'	
60' x 120'	
70' x 120'	
[Future SF Lots]	
Total SF Lots:	

[Remainder of page intentionally left blank]

TABLE 3(d)(ii)

LANDOWNER COMPOSITION (as of [*Insert Quarterly Ending Date*]) OF IMPROVEMENT AREA #1				
Landowner Composition	Planned Parcels/Lots	Actual Parcel/Lots	% of Annual Installments	Acreage
Owned by Homebuilder				
50’ x 120’				
55’ x 120’				
60’ x 120’				
70’ x 120’				
Total Homebuilder Owned Lots:				
Owned by Landowner				
50’ x 120’				
55’ x 120’				
60’ x 120’				
70’ x 120’				
Total Landowner Owned SF Lots:				
Total Development				

Notations:

- Listing of all Homebuilders and the percentage of each Homebuilder’s and the Landowner’s Annual Installments of Assessments relative to the total Annual Installments of Assessments, as of the [*Insert Quarterly Ending Date*]
- Explanation as to any change to the number of parcels and/or lots within Improvement Area #1 from the prior Quarterly Ending Date
- For lots owned by Landowner, include the number of lots constituting “Holdback Lots” for each lot type.

[Remainder of page intentionally left blank]

FOR EACH PARCEL DESIGNATED AS SINGLE FAMILY RESIDENTIAL:

TABLE 3(d)(iii)

LANDOWNER ABSORPTION STATISTICS FOR SINGLE FAMILY RESIDENTIAL IN IMPROVEMENT AREA #1					
	Number of Platted Lots	Closed to Homebuilder	Increase from [*insert prior Quarterly Ending Date*]	Under Contract w/ Homebuilder	Not Closed or Under Contract
Quarter Ending _____, 20__					
50’ x 120’					
55’ x 120’					
60’ x 120’					
70’ x 120’					
Total Lots:					
Total Absorption:					
50’ x 120’			N/A	N/A	N/A
55’ x 120’			N/A	N/A	N/A
60’ x 120’			N/A	N/A	N/A
70’ x 120’			N/A	N/A	N/A
Total Lots:			N/A	N/A	N/A
Notation: - Explanation as to any changes to the number of lots planned to be developed in Improvement Area #1 by the Landowner or Homebuilder					

[Remainder of page intentionally left blank]

TABLE 3(d)(iv)

HOMEBUILDER ABSORPTION STATISTICS FOR SINGLE FAMILY RESIDENTIAL IN IMPROVEMENT AREA #1							
	Under Construction	Fully Constructed	Under Contract w/ End-User	Closed to End-user	Increase from [*insert prior Quarterly Ending Date*]	Average Sales Price of Home	Inventory not Closed or Under Contract
Quarter Ending _____, 20__							
[Homebuilder]							
50’ x 120’							
55’ x 120’							
60’ x 120’							
70’ x 120’							
Total Lots:						N/A	
Total Absorption:							
50’ x 120’							
55’ x 120’							
60’ x 120’							
70’ x 120’							
Total Lots:						N/A	
Notation: - Create table for each Homebuilder							

STATUS OF DEVELOPMENT:

TABLE 3(d)(v)

STATUS OF PRIVATE IMPROVEMENTS					
Private Improvement	Expected Construction Budget	Total Costs Spent to Date	Status of Construction	Expected or Actual Construction Start Date	Expected or Actual Construction Completion Date

[Remainder of page intentionally left blank]

TABLE 3(d)(vi)

PERMITS/APPROVALS	
Change or Determination to Permit/Approval	Description of the Change to the Land Use Plan

TABLE 3(d)(vii)

OCCURRENCE OF ANY NEW OR MODIFIED MORTGAGE DEBT				
Borrower	Lender	Amount	Interest Rate	Repayment Terms

STATUS OF IMPROVEMENT AREA #1 IMPROVEMENTS:

TABLE 3(e)

IMPROVEMENT AREA #1 IMPROVEMENTS OVERVIEW		
	Budgeted	Actual
Total Costs required to complete Improvement Area #1 Improvements:	$_____	$_____
Cost of Improvement Area #1 Improvements Financed with the Series 2019 Bonds:	$_____	$_____
Cost of Improvement Area #1 Improvements Financed with other Sources of Funds (non-bond financed):	$_____	$_____
Notations (information pursuant to 3(e)(ii) – (vi)): - Total expected costs for design and engineering to be completed after delivery of the Series 2019 Bonds - Forecast construction milestones by date - Construction budget allocated to such milestones - Forecast completion date - Issuer acceptance date		

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO
[PROVIDE QUARTERLY INFORMATION][FILE QUARTERLY REPORT]

[DATE]

Name of Issuer:	City of Kyle, Texas
Name of Bond Issue:	Special Assessment Revenue Bonds, Series 2019 (6 Creeks Public Improvement District Improvement Area #1 Project) (the "Series 2019 Bonds")
CUSIP Nos.	[insert CUSIP NOs.]
Date of Delivery:	_____, 20__

NOTICE IS HEREBY GIVEN that [HMBRR Development, Inc., a Texas corporation][1] (the "Landowner") has not provided the [Quarterly Information][Quarterly Report] for the period ending on [*Insert Quarterly Filing Date*] with respect to the Series 2019 Bonds as required by the Continuing Disclosure Agreement of Landowner dated _____, 2019, by and among the Landowner, P3Works, LLC, as the "Administrator" and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., as "Dissemination Agent". The Landowner anticipates that the [Quarterly Information][Quarterly Report] will be [provided][filed] by _____.

Dated: _____

HTS Continuing Disclosure Services, a division of
Hilltop Securities Inc.
on behalf of the Landowner
(as Dissemination Agent)

By: _____

Title: _____

cc: City of Kyle, Texas

[1] If applicable, replace with applicable Designated Successors and Assigns.

EXHIBIT C

TERMINATION NOTICE

[DATE]

Name of Issuer:	City of Kyle, Texas
Name of Bond Issue:	Special Assessment Revenue Bonds, Series 2019 (6 Creeks Public Improvement District Improvement Area #1 Project)
CUSIP Nos.	[insert CUSIP NOs.]
Date of Delivery:	_____, 20__

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

UMB Bank, N.A.

City of Kyle, Texas
100 W. Center Street
Kyle, Texas 78640

NOTICE IS HEREBY GIVEN by [HMBRR Development, Inc., a Texas corporation][1] (the "Landowner"), that the City of Kyle, Texas has issued the certificate of occupancy for the last lot or parcel (excluding lots utilized for model homes upon which a model home has actually been constructed) within Improvement Area #1 (as defined in the hereinafter defined Continuing Disclosure Agreement), thereby terminating the Landowner's reporting obligations under the Continuing Disclosure Agreement of Landowner (the "Continuing Disclosure Agreement"), dated _____, 2019, by and among the Landowner, P3Works, LLC and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc.

Dated: _____

P3Works, LLC
on behalf of the Landowner
(as Administrator)

By: _____

Title: _____

[1] If applicable, replace with applicable Designated Successors and Assigns.

EXHIBIT D

CERTIFICATION LETTER

[DATE]

Name of Issuer:	City of Kyle, Texas
Name of Bond Issue:	Special Assessment Revenue Bonds, Series 2019 (6 Creeks Public Improvement District Improvement Area #1 Project)
CUSIP Nos.	[insert CUSIP NOs.]
Quarterly Ending Date:	_____, 20__

Re: Quarterly Report for 6 Creeks Public Improvement District

To whom it may concern:

Pursuant to the Continuing Disclosure Agreement of the Landowner dated _____, 2019 by and among [HMBRR Development, Inc., a Texas corporation][1] (the "Landowner"), P3Works, LLC (the "Administrator") and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc. (the "Dissemination Agent"), this letter constitutes the certificate stating that the Quarterly Information, provided by the Landowner, contained in this Quarterly Report herein submitted by the Administrator, on behalf of the Landowner, constitutes the Quarterly Report required to be furnished by the Landowner. Any and all Quarterly Information, provided by the Landowner, contained in this Quarterly Report for the three month period ending on [*Insert Quarterly Ending Date*], to the best of my knowledge, is true and correct, as of [insert date].

Please do not hesitate to contact our office if you have and questions or comments.

HMBRR Development, Inc., a Texas corporation

By:
By:
By: _____

[1] If applicable, replace with applicable Designated Successors and Assigns.

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

APPENDIX F

APPRAISAL OF IMPROVEMENT AREA #1

AN APPRAISAL REPORT

OF

6 CREEKS, PHASE 1,
(FORMERLY KNOWN AS BLANCO RIVER RANCH)

BEING 110 EXISTING RESIDENTIAL LOTS ON 34.362 ACRES OF LAND IN SECTION 1;
121 PROPOSED RESIDENTIAL LOTS ON 27.916 ACRES IN SECTION 2; AND
103 PROPOSED RESIDENTIAL LOTS ON 34.361 ACRES IN SECTION 3;
LOCATED ALONG THE WEST LINE OF OLD STAGE COACH ROAD
AT 6 CREEKS BOULEVARD, IN THE ETJ OF KYLE, HAYS COUNTY, TEXAS 78640

FOR

MR. R.R. "TRIPP" DAVENPORT, III
FMSBONDS, INC.
100 CRESCENT COURT, SUITE 700
DALLAS, TEXAS 75201

BY

BARLETTA & ASSOCIATES, INC.
1313 CAMPBELL ROAD, BUILDING C
HOUSTON, TEXAS 77055-6429

B&A FILE NUMBER: C6663-04

AS OF

TRANSMITTAL DATE OF APPRAISAL: FEBRUARY 27, 2019
"AS IS" EFFECTIVE DATE OF VALUE: MARCH 15, 2019
PROSPECTIVE "UPON COMPLETION" DATE- PHASE 1, SECTION 2: DECEMBER 15, 2019
PROSPECTIVE "UPON COMPLETION" DATE- PHASE 1, SECTION 3: JUNE 15, 2019

February 27, 2019

Mr. R.R. "Tripp" Davenport, III
FMSbonds, Inc.
100 Crescent Court, Suite 700
Dallas, Texas 75201

RE: An Appraisal Report of **6 Creeks, Phase 1 (formerly known as Blanco River Ranch), being 110 existing residential lots on 34.362 acres in Section 1; 121 proposed residential lots on 27.916 acres in Section 2; and 103 proposed residential lots on 34.361 acres in Section 3;** located along the west line of Old Stage Coach Road at 6 Creeks Boulevard, in the ETJ of Kyle, Hays County, Texas 78640. **Of the 110 subject lots in Section 1, 73 lots have typical dimensions of 50' x 120', or 6,000 SF; and 37 lots have typical dimensions of 60' x 120', or 7,200 SF. Of the 120 proposed subject lots in Section 2, 89 lots will have typical dimensions of 50' x 120', or 6,000 SF; and 32 lots will have typical dimensions of 60' x 120', or 7,200 SF. Of the 103 proposed subject lots in Section 3, 52 lots will have typical dimensions of 55' x 120', or 6,600 SF; and 51 lots will have typical dimensions of 70' x 130', or 9,100 SF.**

B&A File No. C6663-04

Dear Mr. Davenport:

At your request, I have physically visited and prepared an appraisal of the above-captioned property, gathered comparable market data, and conducted a study of the market area for the purpose of providing my opinion of the **"As Is" Market Value of the 110 existing subject lots in Section 1; as well as the "Upon Completion" Market Values in Bulk of the 121 proposed lots in Section 2; and the 103 proposed subject lots in Section 3,** in compliance with the FMSbonds, Inc., Appraisal Instructions; the Uniform Standards of Professional Appraisal Practice; and the Appraisal Institute's Code of Professional Ethics.

To conclude, it is my opinion that the **"As Is" and "Upon Completion" Bulk Market Values** of the fee simple interest in the subject properties, as of the indicated effective dates, are as follows:

Description	Market Value	Effective Date
110 Residential Lots in Section 1, "As Is" in Bulk	$7,780,000	2/15/2019
121 Residential Lots in Section 2, "Upon Completion," in Bulk	$7,500,000	12/15/2019
103 Residential Lots in Section 3, "Upon Completion," in Bulk	$7,210,000	6/15/2019

At the request of the client, the "As Is" Market Values of the 27.916-acre Section 2 site, and the 34.361-acre Section 3 site have not been valued herein.

Extraordinary Assumptions:

1.) A portion of the subject property is proposed as a residential subdivision, with a prospective completion date. In this appraisal report, I have projected market conditions at the prospective time of completion that would be anticipated by typical market participants. In a similar fashion, I have projected the retail valuation of the individual subject lots, absorption period and holding costs, based on projected conditions that are anticipated by typical market participants. Further, unknown circumstances may change the anticipated date of completion to another date, which may have market conditions that are different from those which are expected on the anticipated date of completion that is reflected in this report. Because actual future market conditions may deviate from those which are anticipated by typical market participants, this appraisal is subject to a review of market conditions and current sale data that will be available on the prospective or actual date of completion.

2.) This appraisal is subject to the proposed improvements being completed in a timely and professional workmanlike manner and that the proposed improvements do not deviate significantly from those described herein.

3.) This appraisal assumes that the marketing plan is for new homes with a price-point range of approximately $260,000 to $450,000, and M/I Homes, Trendmaker Homes, Highland Homes and MHI, or comparable builders, are the new home builders.

4.) I was not provided a copy of the developer’s cost estimates, and the concluded Market Values contained herein are subject to a review of the actual cost estimates.

5.) A deviation from any of the extraordinary assumptions stated above might have an affect on the Market Value conclusions contained herein.

Market Value is defined by FIRREA as follows:

Market Value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

(1) buyer and seller are typically motivated;
(2) both parties are well informed or well advised, and acting in what they consider their own best interests;
(3) a reasonable time is allowed for exposure in the open market;
(4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

(5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

It has been a pleasure serving you, and if I can be of further assistance, please call me.

Sincerely,

BARLETTA & ASSOCIATES, INC.

Phillip F. Barletta, MAI, SRA
President
State Certified, TX-1320197-G

CERTIFICATION

USPAP CERTIFICATION

I certify that, to the best of my knowledge and belief, the following:

1. The statement of facts contained in this report is true and correct.

2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.

3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.

4. In November 2018, I appraised 6 Creeks, Phase 1, being 110 nearly complete residential lots on 34.362 acres in Section 1; 120 proposed residential lots on 27.916 acres in Section 2; 103 proposed residential lots on 34.361 acres in Section 3; and 146 paper lots on 39.08 acres of excess land (B&A File C6529-02). I have provided no other real estate services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.

7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice.*

9. Phillip F. Barletta, MAI, SRA made an unaccompanied visit to the subject property on March 15, 2019.

10. Dwayne Guarino provided research assistance to the person signing this certification.

11. This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

12. The appraiser has had extensive experience in appraising proposed and existing residential subdivision properties in the Austin region, and is State General

Certified; thus, he is well qualified to appraise the subject property and fully satisfies the Competency Rule of the Uniform Standards of Professional Appraisal.

AI CERTIFICATION

1. The reported analyses, opinions and conclusions were developed, and this report has also been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
2. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
3. As of the date of this report, Phillip F. Barletta, MAI, SRA has completed the continuing education program for Designated Members of the Appraisal Institute.

The appraiser hereby certifies regulatory compliance and it is my opinion that the **"As Is" Market Value of the 110 existing subject lots in Section 1; as well as the "Upon Completion" Market Values in Bulk of the 121 proposed lots in Section 2; and the 103 proposed subject lots in Section 3,** subject to the conditions stated herein, as of the indicated effective dates, are as follows:

Description	Market Value	Effective Date
110 Residential Lots in Section 1, "As Is" in Bulk	$7,780,000	2/15/2019
121 Residential Lots in Section 2, "Upon Completion," in Bulk	$7,500,000	12/15/2019
103 Residential Lots in Section 3, "Upon Completion," in Bulk	$7,210,000	6/15/2019

Extraordinary Assumptions:

1.) A portion of the subject property is proposed as a residential subdivision, with a prospective completion date. In this appraisal report, I have projected market conditions at the prospective time of completion that would be anticipated by typical market participants. In a similar fashion, I have projected the retail valuation of the individual subject lots, absorption period and holding costs, based on projected conditions that are anticipated by typical market participants. Further, unknown circumstances may change the anticipated date of completion to another date, which may have market conditions that are different from those which are expected on the anticipated date of completion that is reflected in this report. Because actual future market conditions may deviate from those which are anticipated by typical market participants, this appraisal is subject to a review of market conditions and current sale data that will be available on the prospective or actual date of completion.

2.) This appraisal is subject to the proposed improvements being completed in a timely and professional workmanlike manner and that the proposed improvements do not deviate significantly from those described herein.

3.) This appraisal assumes that the marketing plan is for new homes with a price-point range of approximately $260,000 to $450,000, and M/I Homes, Trendmaker

Homes, Highland Homes and MHI, or comparable builders, are the new home builders.

4.) I was not provided a copy of the developer's cost estimates, and the concluded Market Values contained herein are subject to a review of the actual cost estimates.

5.) A deviation from any of the extraordinary assumptions stated above might have an affect on the Market Value conclusions contained herein.

BARLETTA & ASSOCIATES, INC.

Phillip F. Barletta, MAI, SRA
President
State Certified, TX-1320197-G

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following conditions:

1. This Appraisal Report is intended to comply with the reporting requirements set forth under the Uniform Standards of Professional Appraisal Practice, Standard Rule 2-2 (a). As such, this report does, in fact, include narrative discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraisers' opinions of value. Supporting documentation concerning the data, reasoning, and analyses is included in this report. The appraiser is not responsible for unauthorized use of this report.

2. No responsibility is assumed for legal or title consideration. Titles to the properties are assumed to be good and marketable unless otherwise stated in this report.

3. The properties are appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.

4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.

5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.

6. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.

7. It is assumed that there are no hidden or unapparent conditions of the subject property, subsoil, or structures that render them more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.

8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.

9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this Appraisal Report.

10. It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.

11. Any sketches in this report may show approximate dimensions and is included to assist the reader in visualizing the properties. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No surveys have been made for the purpose of this report.

12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the properties described and that there is no encroachment or trespass unless otherwise stated in this report.

13. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the properties. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the properties that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.

14. Unless otherwise stated in this report, the subject property are appraised without specific compliance surveys having been conducted to determine if the properties are or are not in conformance with the requirements of the Americans With Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's' value, marketability, or utility.

15. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.

16. The distributions, if any, of the total valuations in this report between land and improvements apply only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

17. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraisers, and in any event, only with proper written qualification and only in its entirety.

18. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, new sales, or other media without prior written consent and approval of the appraiser.

19. This appraisal assumes that there are no significant wetlands and/or endangered species or habitats issues affecting the subject sites.

20. Texas is a non-disclosure state. It is important that the intended users of this appraisal understand that in Texas, there is no legal requirement for grantors or grantees to disclose any information relative to a transfer of real property. As a result, no data source provides absolute coverage of all transactions. It is possible that there are sales data of which we are unaware, or were non-verifiable. My sources provide the data typically available to appraisers in the ordinary course of business.

Extraordinary Assumptions:

1.) A portion of the subject property is proposed as a residential subdivision, with a prospective completion date. In this appraisal report, I have projected market conditions at the prospective time of completion that would be anticipated by typical market participants. In a similar fashion, I have projected the retail valuation of the individual subject lots, absorption period and holding costs, based on projected conditions that are anticipated by typical market participants. Further, unknown circumstances may change the anticipated date of completion to another date, which may have market conditions that are different from those which are expected on the anticipated date of completion that is reflected in this report. Because actual future market conditions may deviate from those which are anticipated by typical market participants, this appraisal is subject to a review of market conditions and current sale data that will be available on the prospective or actual date of completion.

2.) This appraisal is subject to the proposed improvements being completed in a timely and professional workmanlike manner and that the proposed improvements do not deviate significantly from those described herein.

3.) This appraisal assumes that the marketing plan is for new homes with a price-point range of approximately $260,000 to $450,000, and M/I Homes, Trendmaker Homes, Highland Homes and MHI, or comparable builders, are the new home builders.

4.) I was not provided a copy of the developer's cost estimates, and the concluded Market Values contained herein are subject to a review of the actual cost estimates.

5.) A deviation from any of the extraordinary assumptions stated above might have an affect on the Market Value conclusions contained herein.

SUMMARY OF SALIENT FACTS AND CONDITIONS

Property Name:	6 Creeks Subdivision
Developer:	HMBRR Development, Inc.
PID Name:	6 Creeks PID, Phase 1 Project
Type of Property:	6 Creeks, Phase 1 (formerly known as Blanco River Ranch), being 110 existing residential lots on 34.362 acres in Section 1; 121 proposed residential lots on 27.916 acres in Section 2; and 103 proposed residential lots on 34.361 acres in Section 3. Of the 110 subject lots in Section 1, 73 lots have typical dimensions of 50' x 120', or 6,000 SF; and 37 lots have typical dimensions of 60' x 120', or 7,200 SF. Of the 121 proposed subject lots in Section 2, 89 lots will have typical dimensions of 50' x 120', or 6,000 SF; and 32 lots will have typical dimensions of 60' x 120', or 7,200 SF. Of the 103 proposed subject lots in Section 3, 52 lots will have typical dimensions of 55' x 120', or 6,600 SF; and 51 lots will have typical dimensions of 70' x 130', or 9,100 SF.
Mapsco Reference:	Hays County – 699 F, G, K & L
Postal Address:	Kyle, Texas 78640
Location:	6 Creeks Subdivision is located along the west line of Old Stage Coach Road at 6 Creeks Boulevard, in the ETJ of Kyle, Hays County, Texas 78640.
Zoning:	None (Kyle ETJ)
Restrictions:	None adverse known.

Tract Sizes

-Phase 1, Section 1:	34.362 Acres (110 total lots)
-Density:	3.20 lots per acre.
-Phase 1, Section 2:	27.916 Acres (121 total lots)
-Density:	4.33 lots per acre.
-Phase 1, Section 3:	34.361 Acres (103 total lots)
-Density:	3.00 lots per acre.

Subject Lot Mix:	No.	Description	Typical Dimensions	Avg. Size
Phase 1, Section 1:	73	Existing	50' x 120'	6,000 SF
	37	Existing	60' x 120'	7,200 SF
	110	**Total/Average**		**6,404 SF**

Subject Lot Mix:	No.	Description	Typical Dimensions	Avg. Size
Phase 1, Section 2	89	Proposed	50' x 120'	6,000 SF
	32	Proposed	60' x 120'	7,200 SF
	121	**Total/Average**		**6,317 SF**

Subject Lot Mix:	No.	Description	Typical Dimensions	Avg. Size
Phase 1, Section 3	52	Proposed	55' x 120'	6,600 SF
	51	Proposed	70' x 130'	9,100 SF
	103	**Total/Average**		**7,838 SF**

Appraisal Dates:

- As Is Date of Value: March 15, 2019
- Date of Report Transmittal: February 27, 2019
- "As Is" Date of Value, Section 1: March 15, 2018
- Prospective "Upon Completion" Date of Value, Section 2: December 15, 2019
- Prospective "Upon Completion" Date of Value, Section 3: June 15, 2019

Purpose of the Appraisal: To provide an opinion of the "As Is" and "Upon Completion" Market Values per the U.S.P.A.P., the FMSbonds, Inc. Appraisal Guidelines, and the Appraisal Institute's Code of Professional Ethics.

Rights Appraised: Fee Simple Estate

Floodplain: Zone "X," outside of the 500-year floodplain, according to FEMA Map No. 48209C0270F, dated 9/2/2005.

Utilities/Services

Sanitary Sewer & Water: City of Kyle
Electricity: Pedernales Electric Co-Op
Natural Gas: Center Point Energy
Telephone Service: AT&T, Verizon and others
Police Protection: Hays County Sheriff's Dept.
Fire Protection: Hays County Emergency Districts #5 & #9
School District: Hays Consolidated I.S.D.

New Home Price Range: $260,000 to $450,000

Lot Status: A total of 101 lots out of the 110 existing lots in 6 Creeks, Phase 1, Section 1 were purchased by M/I Homes and Trendmaker Homes between February 5, 2019 and February 7, 2019. M/I Homes purchased a total of 51 lots on February 7, 2019 in a single bulk transaction. Trendmaker Homes purchased 35 lots on February 5, 2019, and an additional 15 lots on February 5, 2019, in a separate transaction. The remaining 9 lots in Section 1 are hold lots, and will eventually be sold at a later date.

CONCLUSION: The subject subdivision has a suburban location in the rapidly growing Kyle/Buda market area. No detrimental zoning, encroachments, or restrictions were noted, which would represent an adverse influence to the subject lots for starter to lower move-up-priced housing.

IDENTIFICATION OF THE SUBJECT PROPERTY

The subject property consists of **6 Creeks, Phase 1 (formerly known as Blanco River Ranch), being 110 existing residential lots on 34.362 acres in Section 1; 121 proposed residential lots on 27.916 acres in Section 2; and 103 proposed residential lots on 34.361 acres in Section 3;** located along the west line of Old Stage Coach Road at 6 Creeks Boulevard, in the ETJ of Kyle, Hays County, Texas 78640. **Of the 110 subject lots in Section 1, 73 lots have typical dimensions of 50' x 120', or 6,000 SF; and 37 lots have typical dimensions of 60' x 120', or 7,200 SF. Of the 121 proposed subject lots in Section 2, 89 lots will have typical dimensions of 50' x 120', or 6,000 SF; and 32 lots will have typical dimensions of 60' x 120', or 7,200 SF. Of the 103 proposed subject lots in Section 3, 52 lots will have typical dimensions of 55' x 120', or 6,600 SF; and 51 lots will have typical dimensions of 70' x 130', or 9,100 SF.**

The subject 110 existing Section 1 lots are legally described as

> Lots 12-17, Block A; Lots 2-8, Block B; Lots 1-43, Block C; Lots -13, Block D; Lots 1-18, Block E; Lots 1-7, Block F; and Lots 1-16, Block G, 6 Creeks, Phase 1, Section 1, Hays County, Texas.

The subject 121 proposed Section 2 lots are legally described as:

> Lots 7-11, Block A; Lots 46-52, Block C; Lots 8-42, Block F; Lots 1-28; Block H; Lots 1-9, Block I; Lots 1-7, Block J; Lots 1-15, Block K; Lots 1-9, 42 & 43, Block L; and Lots 1-4, Block M, 6 Creeks, Phase 1, Section 2, Hays County, Texas.

The subject 103 proposed Section 3 lots are legally described as:

> Lots 1-49, Block G; Lots 1-10, Block H; and Lots 1-44, Block I, 6 Creeks, Phase 1, Section 3, Hays County, Texas.

HISTORY OF THE SUBJECT PROPERTY

A total of 101 lots out of the 110 existing lots in 6 Creeks, Phase 1, Section 1 were purchased by M/I Homes and Trendmaker Homes between February 5, 2019 and February 7, 2019. M/I Homes purchased a total of 51 lots on February 7, 2019 in a single bulk transaction. Trendmaker Homes purchased 35 lots on February 5, 2019, and an

additional 15 lots on February 5, 2019, in a separate transaction. The remaining 8 lots in Section 1 are hold lots, and will eventually be sold at a later date.

Title to the Sections 2 and 3 subject lots and land is vested with HMBRR Development, Inc. (Blake Magee Company), which is developing 6 Creeks. **The Phase 1, 250.00-acre parent tract, which will eventually be developed into 720 residential lots, was purchased for $10,000,000 from Blanco River Ranch, LLC, on September 22, 2017 (Clerk's Files #201717034173 and #201717034176), or $40,000 per acre, or $13,889 per paper lot.**

All of the proposed lots in 6 Creeks, Phase 1, Sections 2 and 3 are now under contract to 4 prominent production home builders in the Austin region. **Phase 1, Section 2 will be substantially complete by approximately December 15, 2019. Phase 1, Section 3 will be completed between Sections 1 and 2, in June 2019.**

M/I Homes and Trendmaker Homes purchased the 50' lots and 60' lots in 6 Creeks, Phase 1, Section 1, and will also purchase the Phase 1, Section 2. Of the 110 lots in Section 1, M/I Homes purchased 51 lots, and Trendmaker Homes purchasing 51 lots, for a total of 102 lots. The remaining 9 lots in Section 1 are hold lots, and will eventually be sold at a later date. The purchase prices for 6 Creeks, Phase 1, Section 1 are summarized as follows:

Section	Builder	No. Lots	Lot Size	$/Lot	$/FF	Initial Takedown	Builder Fees/Lot
1	M/I	35	50'	$61,250	$1,225	35	$5,326
1	M/I	16	60'	$73,500	$1,225	16	$5,426
	Total/Average	**51**	**53.14'**	**$65,093**	**$1,225**	**51**	**$5,357**
1	Trendmaker	35	50'	$61,250	$1,225	35	$5,326
1	Trendmaker	15	60'	$73,500	$1,225	15	$5,426
	Total/Average	**50**	**53.14'**	**$65,093**	**$1,225**	**50**	**$5,356**

Note that each builder purchased their respective lots in 6 Creeks, Phase 1, Section 1 in bulk. The builder fees are based on $2,000 per lot for amenity fees; $2,826 per lot for

wastewater impact fees; and $10 PFF for marketing fees, or $500 per 50' lot, and $600 per 60' lot.

The 121 proposed lots in 6 Creeks, Phase 1, Section 2 will also be sold to M/I Homes and Trendmaker Homes. **Again, these lots are scheduled for substantial completion by December 15, 2019.** Each builder will purchase 44, 50' lots (88 lots total), and 16, 60' lots (32 lots total.) The remaining one lot will be purchased either by Trendmaker Homes of M/I Homes. The purchase price for the 6 Creeks, Phase 1, Section 2 lots will be equal to the Section 1 lot prices, escalated at 7.0% per year, beginning upon substantial of Section 1. **Thus, the purchase price will be ($1,225 PFF x 1.07 = $1,311 PFF) $1,311 PFF, or $65,550 per lot for the 50' lots, and $78,660 per lot for the 60' lots. Like Section 1.**

Highland Homes and MHI are purchasing the 55' lots and 70' lots in 6 Creeks, Phase 1, Section 3. The purchase prices for 6 Creeks, Phase 1, Section 3 are summarized as follows:

Section	Builder	No. Lots	Lot Size	$/Lot	$/FF	Initial Takedown	Builder Fees
3	MHI	26	55'	$68,750	$1,250	6	$5,376
3	MHI	25	70'	$87,500	$1,250	4	$5,526
	Total/Average	**51**	**62.35'**	**$77,941**	**$1,250**	**10**	**$5,450**
3	Highland	26	55'	$68,750	$1,250	6	$5,376
3	Highland	26	70'	$87,500	$1,250	4	$5,526
	Total/Average	**52**	**62.50'**	**$78,125**	**$1,250**	**10**	**$5,451**

The builder fees are based on $2,000 per lot for amenity fees; $2,826 per lot for wastewater impact fees; and $10 PFF for marketing fees, or $550 per 55' lot, and $700 per 70' lot.

Of the 103 lots in Section 3, **MHI** is purchasing 26, 55' lots and 25, 70' lots, for a total of **51 lots. Highland Homes** is purchasing 26, 55' lots and 26, 70' lots, for a total of **52 lots.** The contractual takedown for the subject lots is summarized as follows:

MHI Takedown – Phase 1, Section 3			
Date	**# 55' Lots**	**# 70' Lots**	**Total**
SCD*	6	4	10
SCD + 105 Days	6	4	10
SCD + 195 Days	6	4	10
SCD + 285 Days	6	4	10
SCD + 375 Days	2	9	11
Total	**26**	**25**	**51**

***Substantial Completion Date**

Highland Homes Takedown – Phase 1, Section 3			
Date	**# 55' Lots**	**# 70' Lots**	**Total**
SCD*	6	4	10
SCD + 105 Days	6	4	10
SCD + 195 Days	6	4	10
SCD + 285 Days	6	4	10
SCD + 375 Days	2	10	12
Total	**26**	**26**	**52**

***Substantial Completion Date**

I am not aware of any other transactions involving the subject property over the past three years.

INTENDED USE/USER OF THE APPRAISAL

This appraisal is intended to offer my opinion of the **"As Is" Market Value of the 110 existing subject lots in Section 1; as well as the "Upon Completion" Market Values in Bulk of the 121 proposed lots in Section 2; and the 103 proposed subject lots in Section 3,** to the client, FMSbonds, Inc., for the underwriting of the City's proposed 6 Creeks Public Improvement District (PID) Bond transaction. The use of the appraisal by anyone other than Mr. Tripp Davenport, III (c/o FMSbonds, Inc.), or the City is prohibited, except as provided herein. Additionally, we confirm our permission to use the final Appraisal Report in the offer and sale of public securities, secured by the special

assessments levied on property within the PID, and we confirm that we will execute, subject to our approval of the same, a certificate related to the use of the appraisal for such purpose, as provided by the client. Any other party is an unintended unauthorized user.

SCOPE OF WORK OF THE APPRAISAL

The scope of work of the appraisal is the process to support my opinion of the "As Is" and the "Upon Completion" Bulk Market Values of the subject lots in Phase 1, Sections 1, 2 and 3, employing the Sales Comparison Approach, and the Income Approach (DCF), in a narrative Appraisal Report format. In preparing this appraisal, the appraiser:

- contacted with Ms. Amy Lynn Payne and Mr. Blake Magee (512/481-0303; x36), with HMBRR (Blake Magee Company), both of whom provided significant physical, financial and historical data to the appraiser for this valuation analysis;
- visited the subject property, and the surrounding market area, unaccompanied;
- was provided plats of the subject properties;
- was not provided site-specific cost estimates for the subject Sections 2 and 3;
- viewed and photographed the subject site from the interior and the perimeter, and viewed aerial photographs;
- analyzed macro and micro market conditions of this region and market area;
- interviewed active market participants;
- gathered relevant available information on current comparable builder retail lot sales and lot absorption data, referencing such publications as the Austin Metrostudy;
- referenced other publications and services such as Austin MLS, MapPro, Realty Rates.com, Enriched Data, Loop Net, Google Earth, the Travis and Hays County appraisal districts, the Travis and Hays County clerk's office, and the appraiser's extensive data base, among other services;
- confirmed and analyzed the data and applied the most applicable approaches to value; i.e., the Sales Comparison Approach and the Income Approach; and
- concluded the **"As Is" Market Values of the 110 existing subject lots in Section 1; as well as the "Upon Completion" Market Values in Bulk of the 121 proposed lots in Section 2; and the 103 proposed subject lots in Section 3,** for reasonable exposure periods.

The Cost Approach was not developed, per the request of the client, and as I was not provided specific development costs for the individual sections in 6 Creeks, Phase 1, nor the PID Reimbursements. The subject lots represent the initial phase of the 720 lots to be developed in 6 Creeks. Typically, development costs for the

initial phase of a subdivision are front-loaded, with much of the costs being attributable to improvements that benefit the latter phases. Further, the subject development benefits greatly from the PID Reimbursements. I was not provided the amounts of the PID Reimbursement, the timing of the reimbursements, nor was I engaged to appraise the PID Reimbursements. The absence of the Cost Approach does not reduce the credibility of the Market Value conclusions in this appraisal.

PROPERTY RIGHTS APPRAISED

The property rights appraised are the ***Fee Simple Estate***. Fee Simple Estate is defined by The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, published in 2015, Page 90, as follows:

> Absolute ownership unencumbered by any other interest or, estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.

DEFINITION OF "MARKET VALUE"

As referred to herein, ***Market Value*** is defined by FIRREA, as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

(1) buyer and seller are typically motivated;
(2) both parties are well informed or well advised, and acting in what they consider their own best interests;
(3) a reasonable time is allowed for exposure in the open market;
(4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
(5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

DEFINITION OF "SUM OF RETAIL VALUES"

As referred to herein, ***Sum of Retail Values*** is defined by The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, published in 2015, Page 226, as follows:

> The sum of the separate and distinct market value opinions of each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction, it is simply the total of the individual market value conclusions.

DEFINITION OF "AS IS" MARKET VALUE ON APPRAISAL DATE

As referred to herein, ***"As Is" Market Value*** is defined by The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, published in 2015, Page 13, as follows:

> The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraised date.

DEFINITION OF "BULK VALUE"

As referred to herein, ***"Bulk Value"*** is defined by The Dictionary of Real Estate Appraisal, Sixth Edition, revised 2015, by the Appraisal Institute, Page 27, as follows:

> The value of multiple units, subdivided plots, or properties in a portfolio as though sold together in a single transaction.

DATES OF THE APPRAISAL

The effective date of this appraisal is March 15, 2019 for the "As Is" Market Value. The prospective "Upon Completion" effective date of **6 Creeks, Phase 1, Section 2 is December 15, 2019;** and the prospective "Upon Completion" effective date of **6 Creeks, Phase 1, Section 3 is June 15, 2019.** The date of transmittal of the report is February 27, 2019.

ZONING AND RESTRICTIONS

The subject 6 Creeks is located within the Kyle ETJ and is not zoned. The subject lots and land are assumed to be deed restricted, but I am not aware of any adverse deed restrictions which would preclude development of the land and lots to their highest and best uses.

AD VALOREM TAX DATA

The subject lots in 6 Creeks, Phase 1, Section 1 are not yet assessed by Hays Central Appraisal District (HCAD). For 2018, The subject residential development tracts are a portion of a larger 341.24-acre tract identified by HCAD under Account Numbers R156317

and R156027, and is described as a total of 46.651 acres, with a total assessed value of $4,070,590, and an agricultural use value of $37,640. The taxing authorities affecting the subject property include Hays County, Hays C.I.S.D., Hays County Emergency Service District #5, Hays County Emergency Service District #9, Hays County Special Road District, and Austin Community College. In addition, the subject lots will be assessed by the City of Kyle – PID Assessor, with a projected equivalent tax rate of assessments - $0.85 per $100 assessed.

Tax Assessments & Taxes: The tax rates, including the projected City of Kyle – PID Assessor, are as follows:

TAXING AUTHORITY	2018 TAX RATE
Hays County	$0.3899
Hays C.I.S.D.	$1.5377
Hays County Emergency Service District #5	$0.1000
Hays County Emergency Service District #9	$0.0600
Hays County Special Road District	$0.0438
Austin Community College	$0.1048
City of Kyle – PID Assessor (Projected)	$0.8500
TOTAL:	**$3.0862**

Rollback Taxes: The subject development tracts **are** shown to carry an agricultural exemption; **thus, a 5-year rollback in taxes will be applicable.**

MARKET AREA ANALYSIS

Market Area Defined: According to The Dictionary of Real Estate Appraisal, Sixth Edition, by the Appraisal Institute, 2015, page 139, a ***market area*** is defined as: "The geographic region from which a majority demand comes and in which the majority of competition is located. Depending on the market, a market area may be further subdivided into components such as primary, secondary, and tertiary market areas, or the competitive market area may be distinguished from the general market area."

Boundaries: In order to discuss a market area, the boundaries must be established in order to distinguish it from the rest of the community. The subject market area takes in the municipalities of easterly Dripping Springs and the Village of Bear Creek, and is located approximately 30 miles southwest of Austin's Central Business District. Hays County contains an area of 693.5 miles, and the subject market area constitutes the eastern portion of Hays County. The market area boundaries are generally delineated as follows:

U.S Highway 290 to the north;
Onion Creek to the south;
Hays County/Travis County line to the northeast; and
F.M. 12 to the west

The subject market area is located about 25 miles southwest of downtown Austin, Texas, in far southwest Travis County and northeast Hays County. This is a rapidly growing suburban area that is directly in the path of Austin's southwesterly expansion into the more rural sectors of the defined counties. The subject site is situated in the far western portion of the described market area.

Major Streets: The subject market area is approximately 45% built-up, with a general mix of predominantly residential and supportive commercial interests. The primary access into and through the market area is U.S. Highway 290. This is a four-lane highway which extends west from Austin into Dripping Springs, through the town of Fredricksburg, and terminates at the intersection of I.H. 10 in Kerr County. This is a heavily traveled thoroughfare, with the highest concentrations of commercial and residential developments in the market area. Headwaters at Barton Creek is located along the south line of U.S. Highway 290, just inside the Hays County line. The remainder of the market area is well

served by a network of county maintained roadways, which are typically asphalt paved, with open ditches or wide shoulders for drainage. Several road projects are currently underway, which have direct impact on the subject property. In late 2013, U.S. Highway 290 was widened to four lanes plus a center turn-lane from the Hays County line into Dripping Springs.

Land Use: Hays County is located between the Edwards Plateau and the Black Prairie Region, divided by the Balcones Escarpment. As such, most of the land within the market area is rolling terrain with steep topographical variances, rendering much of the area unusable, and very low density. Elevations vary from 1,100' to over 1,400' within the area. Further, most of the area is over the Edwards Aquifer, and development is severely restricted.

Services/Utilities: Police and fire protection is provided by the City of Dripping Springs for the area situated within the city limits. The area beyond the city limits is patrolled and serviced by the Hays County Sheriffs' Department. A variety of volunteer fire departments and various fire/EMS districts provide emergency medical services and fire protection. There are no hospitals within the market area, but the South Austin Medical Center is located just east of the subject area along U.S. Highway 290.

Water and wastewater for the areas outside of the city limits is provided by WCIDs, MUDs, or private well and septic systems. This is typical of the more recent residential subdivisions now being developed in the market area. Electricity to the area is by Pedernales Electric Cooperative, and typically Verizon provides telephone service. Natural gas is provided by several local gas companies.

Education: The market area is served by the highly-acclaimed Dripping Springs Independent School District, and the Hays Consolidated Independent School District, both of which are highly acclaimed. Enrollment has surged in both districts as population trends have moved south and west. All school levels (primary, intermediate, middle and high school) are rated "exemplary," which is the highest rating offered by the Texas Education

Agency. Austin Community College, Southwestern University, St. Edwards University and The University of Texas are all conveniently located to the subject market area.

Residential: According to the *Austin Metrostudy*, 4th Quarter 2018, 6 Creeks is within the Southwest Market Area, and within the Hays West Submarket. The Hays West Submarket is very small, containing only 16 subdivisions. The subject is within the Kyle ETJ; thus the larger Kyle/Buda Submarket, with 66 subdivisions, has also been considered to appropriately reflect current residential trends. The Kyle/Buda Submarket is within the South Market Area.

The subject's Southwest Market Area accounted for 8.63% of all starts and 9.61% of all closings over the past 12 months in the greater Austin area. Over the past four quarters, the Southwest Market Area had 1,418 starts and 1,553 closings, for a vacant developed lot inventory of 22.0 months, and a housing inventory of 7.1 months.

The Hays West Submarket accounted for 105 of those starts (7.40%) and 65 closings (4.19%), with a vacant developed lot inventory oversupply of 42.5 months, and a housing inventory of 16.1 months. It is noteworthy that estate lot subdivisions are prevalent in this submarket, which are traditionally a slower selling product line, thus adding to the VDL inventory.

The Kyle/Buda Submarket accounted for 1,423 starts and 1,255 closings, with a vacant developed lot inventory undersupply of 16.1 months, and a housing inventory of 7.3 months. Comparatively, the overall Austin lot inventory now stands at 18.1 months. Historically, a 20 to 24-month supply of vacant developed lots indicates an equilibrium condition. Thus, the vacant developed lot inventory in the Hays West Submarket is oversupplied, but the Southwest Market Area is in equilibrium. Again, with a 16.1-month VDL inventory, the Kyle/Buda Submarket is notably undersupplied. The Southwest Market Area and the Hays West and Kyle/Buda submarkets are summarized below:

Market Area/ Submarket		3Q 2017	4Q 2017	1Q 2018	2Q 2018	3Q 2018	4Q 2018	Annual Rates/ Inventory Supply (Mos.)
Southwest Market Area	Starts	398	310	389	392	325	312	1,418
	Closings	358	297	459	420	352	322	1,553
	Housing Inv.	1,039	1,051	981	953	926	916	7.1 Mos.
	VDL Inv.	2,576	2,489	2,319	2,427	2,701	2,600	22.0 Mos.
Hays West Submarket	Starts	18	26	28	24	28	25	105
	Closings	25	5	4	8	23	30	65
	Housing Inv.	26	47	71	87	92	87	16.1 Mos.
	VDL Inv.	280	374	340	316	288	372	42.5 Mos.
South Market Area	Starts	512	237	357	535	470	394	1,756
	Closings	462	354	346	424	364	362	1,496
	Housing Inv.	902	785	796	907	1,013	1,045	8.4 Mos.
	VDL Inv.	1,702	2,147	2,149	2,134	2,260	2,455	16.8 Mos.
Kyle/Buda Submarket	Starts	401	185	325	466	348	284	1,423
	Closings	417	318	286	350	310	309	1,255
	Housing Inv.	730	597	636	752	790	765	7.3 Mos.
	VDL Inv.	1,438	1,879	1,850	1,636	1,720	1,912	16.1 Mos.

Source: Austin Metrostudy, 4th Quarter, 2018

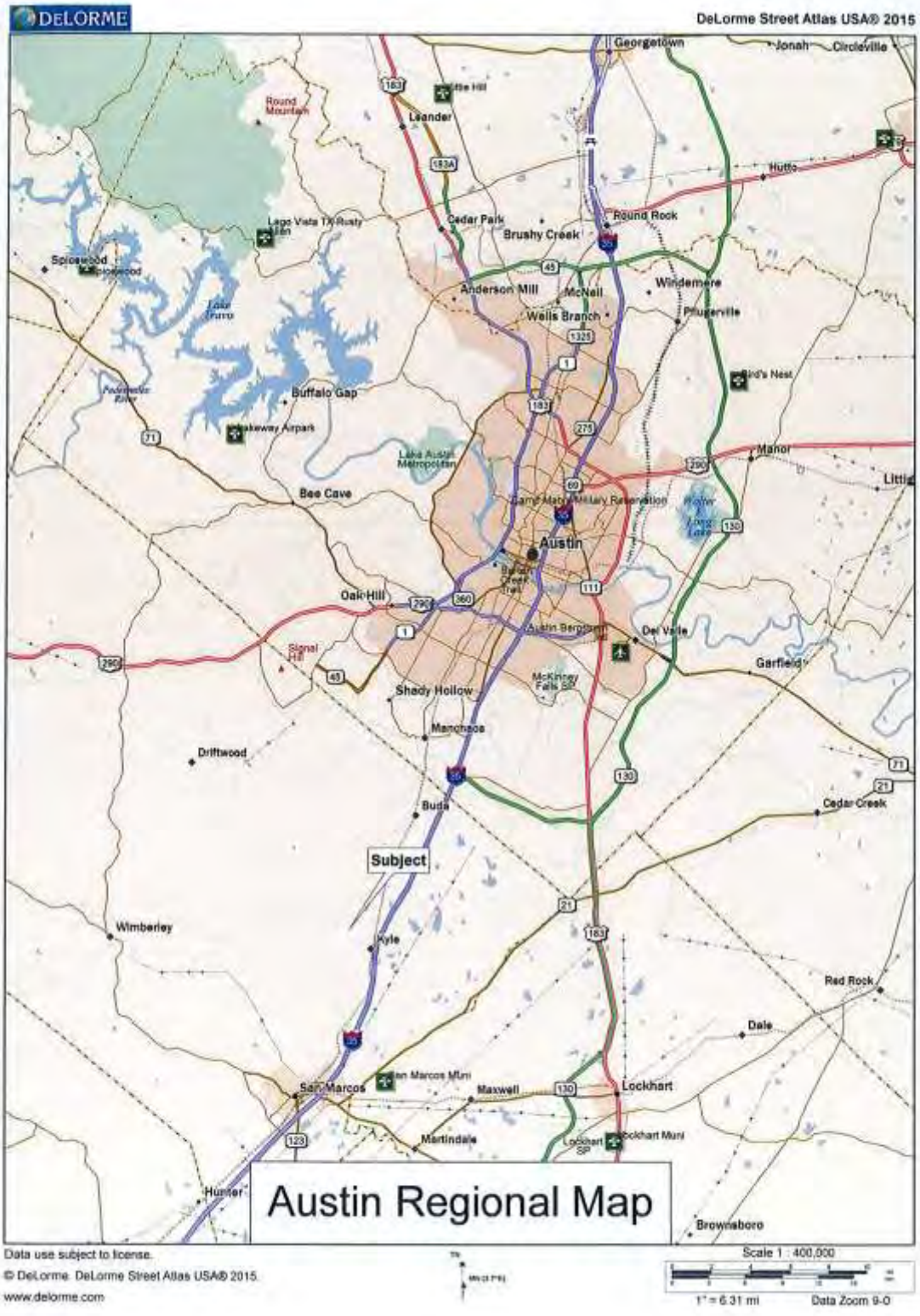
Note that within the Hays West Submarket starts within the 4th Quarter 2018 decreased a modest 3.85% from 4th Quarter 2017, and closings increased 650% over the same time period. Again, this submarket is so small, that any slight change has a notably profound impact on a percentage basis. The vacant developed lot inventory has remained relatively constant over the past 4 quarters, but still stands at 42.5 months, which is considered to be notably oversupplied. Again, estate lot subdivisions are prevalent in this submarket, which are traditionally a slower selling product line, thus adding to the VDL inventory.

Within the Kyle/Buda Submarket starts within the 4th Quarter 2018 increased 53.51% from 4th Quarter 2017, and closings decreased a modest 2.83% over the same time period.

CONCLUSION

The subject market area is best characterized as a suburban growth corridor in the direct path of Austin's south/southwest expansion. The market area is considered to be in a rapid growth stage of its life cycle, and is expected to continue as such into the foreseeable future. No adverse or detrimental influences were noted, and no adverse zoning or other

restrictions are present that would have a negative effect on area development. City services and utilities are, for the most part, available in sufficient capacity to accommodate future growth, and I am unaware of any adverse conditions or environmental hazards that would prohibit future development. Overall, the market area is expected to be viable for future residential and eventual further supportive commercial development, as economic conditions remain upbeat during 2019, and beyond.

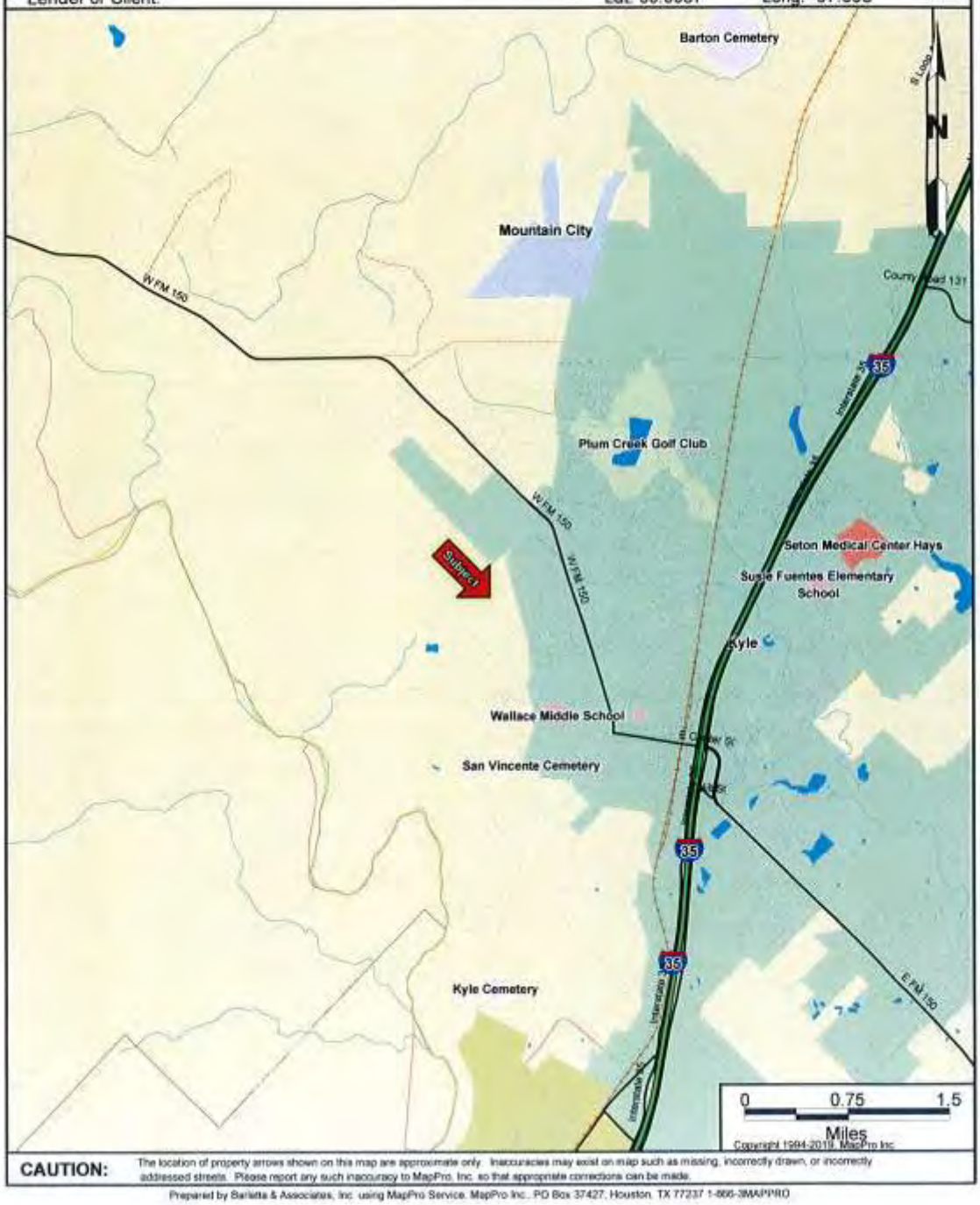

DeLorme
DeLorme Street Atlas USA® 2015
Georgetown
Jonah
Circleville
Round Mountain
Leander
Hutto
Cedar Park
Brushy Creek
Round Rock
Spicewood
Anderson Mill
McNeil
Windemere
Wells Branch
Pflugerville
Lake Travis
Buffalo Gap
Lakeway Airport
Bird's Nest
Manor
Lake Austin Metropolitan
Bee Cave
Camp Mabry Military Reservation
Austin
Oak Hill
Austin Bergstrom
Del Valle
Garfield
Signal Hill
Shady Hollow
McKinney Falls SP
Manchaca
Driftwood
Buda
Cedar Creek
Subject
Wimberley
Kyle
Red Rock
Dale
San Marcos
Maxwell
Lockhart
Martindale
Lockhart Muni
Hunter
Austin Regional Map
Brownsboro
Data use subject to license.
© DeLorme. DeLorme Street Atlas USA® 2015
www.delorme.com
Scale 1 : 400,000
1" = 6.31 mi
Data Zoom 9-0

LOCATION MAP

File No. C6663

LOCATION MAP

Borrower or Owner:
Subject Address: 1000 Old Stage Coach — Census Tract: 109.05
City: Kyle — County: Hays — State: TX — Zip Code: 78640
Lender or Client: — Lat: 30.0037 — Long: -97.898



CAUTION: The location of property arrows shown on this map are approximate only. Inaccuracies may exist on map such as missing, incorrectly drawn, or incorrectly addressed streets. Please report any such inaccuracy to MapPro, Inc. so that appropriate corrections can be made.

Prepared by Barletta & Associates, Inc. using MapPro Service. MapPro Inc., PO Box 37427, Houston, TX 77237 1-866-3MAPPRO

ANALYSIS OF 6 CREEKS, PHASE 1, SECTION 1, 110 EXISTING RESIDENTIAL LOTS ON 34.362 ACRES, "AS IS"

Type of Property:	**6 Creeks, Phase 1, Section 1, being 110 existing residential lots on 34.362 acres,** in the Kyle ETJ of Hays County, Texas 78640.
Mapsco Reference:	Hays County – 699 F, G, K & L
Postal Address:	Kyle, Texas 78640
Location:	6 Creeks Subdivision is located along the west line of Old Stage Coach Road at 6 Creeks Boulevard, in the ETJ of Kyle, Hays County, Texas 78640.
Tract Size:	34.362 Acres (110 total lots)
Density:	3.20 lots per acre.

Subject Lot Mix:

	No.	Description	Typical Dimensions	Avg. Size
Phase 1, Section 1:	73	Existing	50' x 120'	6,000 SF
	37	Existing	60' x 120'	7,200 SF
	110	**Total/Average**		**6,404 SF**

Utilities/Services

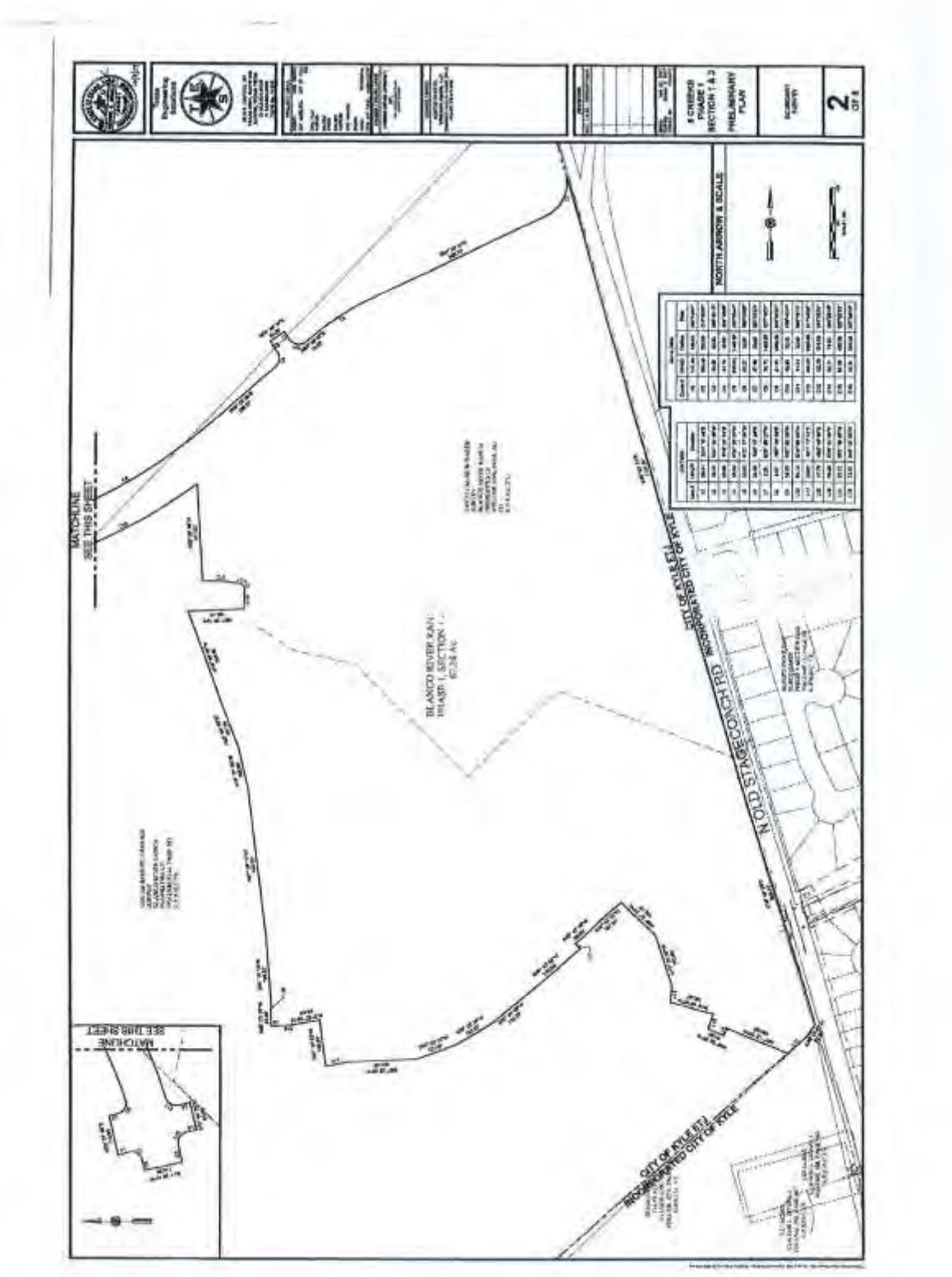
Sanitary Sewer & Water:	City of Kyle
Electricity:	Pedernales Electric Co-Op
Natural Gas:	Center Point Energy
Telephone Service:	AT&T, Verizon and others
Police Protection:	Hays County Sheriff's Dept.
Fire Protection:	Hays County Emergency Districts #5 & #9
School District:	Hays Consolidated I.S.D.

Accessibility:	The subject is accessible via Old Stage Coach Road.
Topography:	Functionally level, and above street grade.
Zoning:	None (City of Kyle ETJ).
Restrictions:	I am not aware of any adverse deed restrictions on the subject lots.
Floodplain:	Zone "X," outside of the 500-year floodplain, according to FEMA Map No. 48209C0270F, dated 9/2/2005.
Soil/Subsoils:	There are no known soil or subsoil conditions, which would adversely affect development.

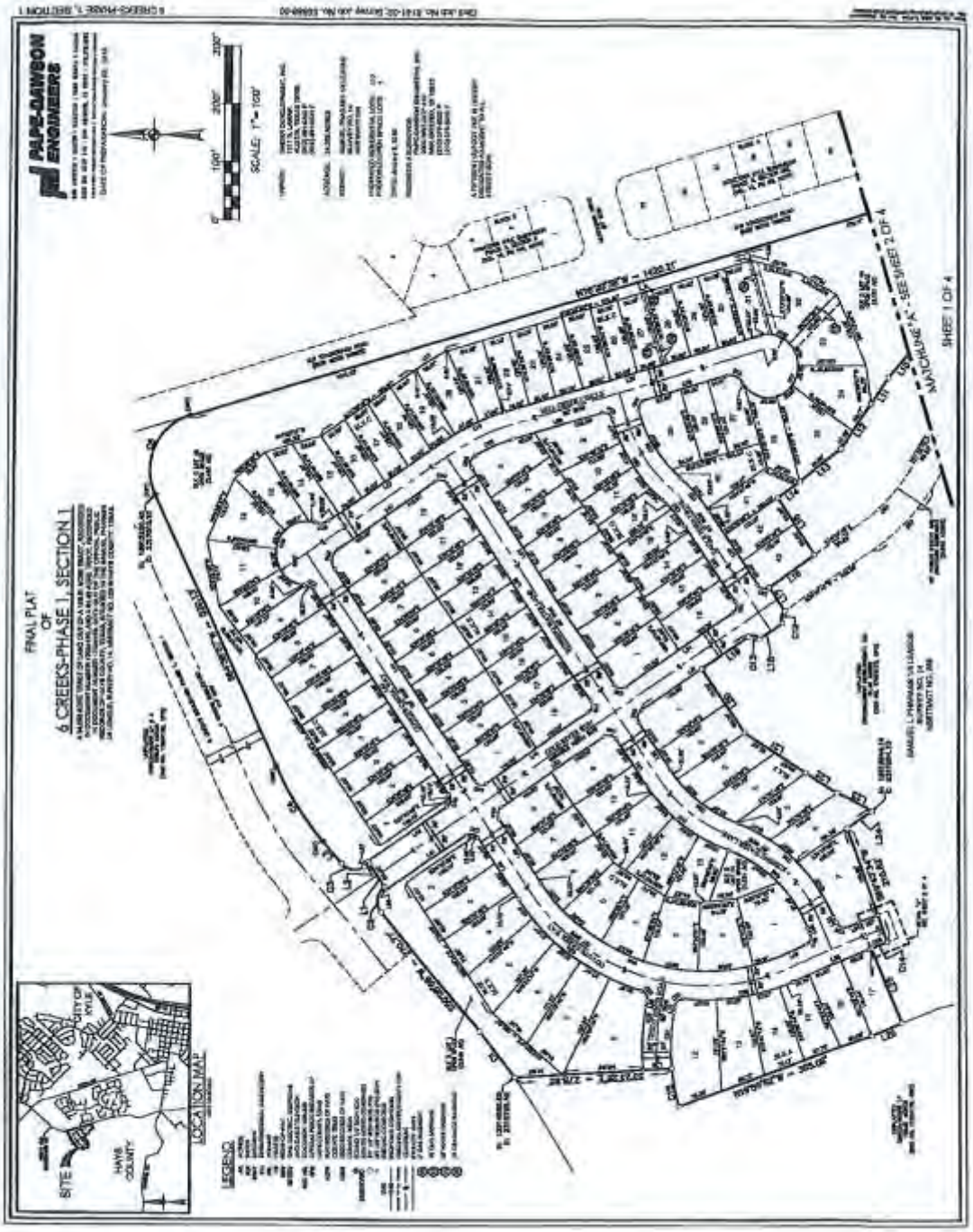
Easements: I observed no easements that would adversely affect the value or use of the subject 110 existing lots.

Conclusion: The subject 6 Creeks subdivision has a good suburban location in the growing Kyle/Buda area of far south Austin, within the Hays Consolidated I.S.D. All public utilities are available, and no detrimental zoning, encroachments, or restrictions were noted, which would represent an adverse influence to residential construction for starter-priced production homes in the range of $260,000 to $450,000, as proposed.

6 CREEKS SURVEY



6 CREEKS, PHASE 1, SECTION 1 PLAT

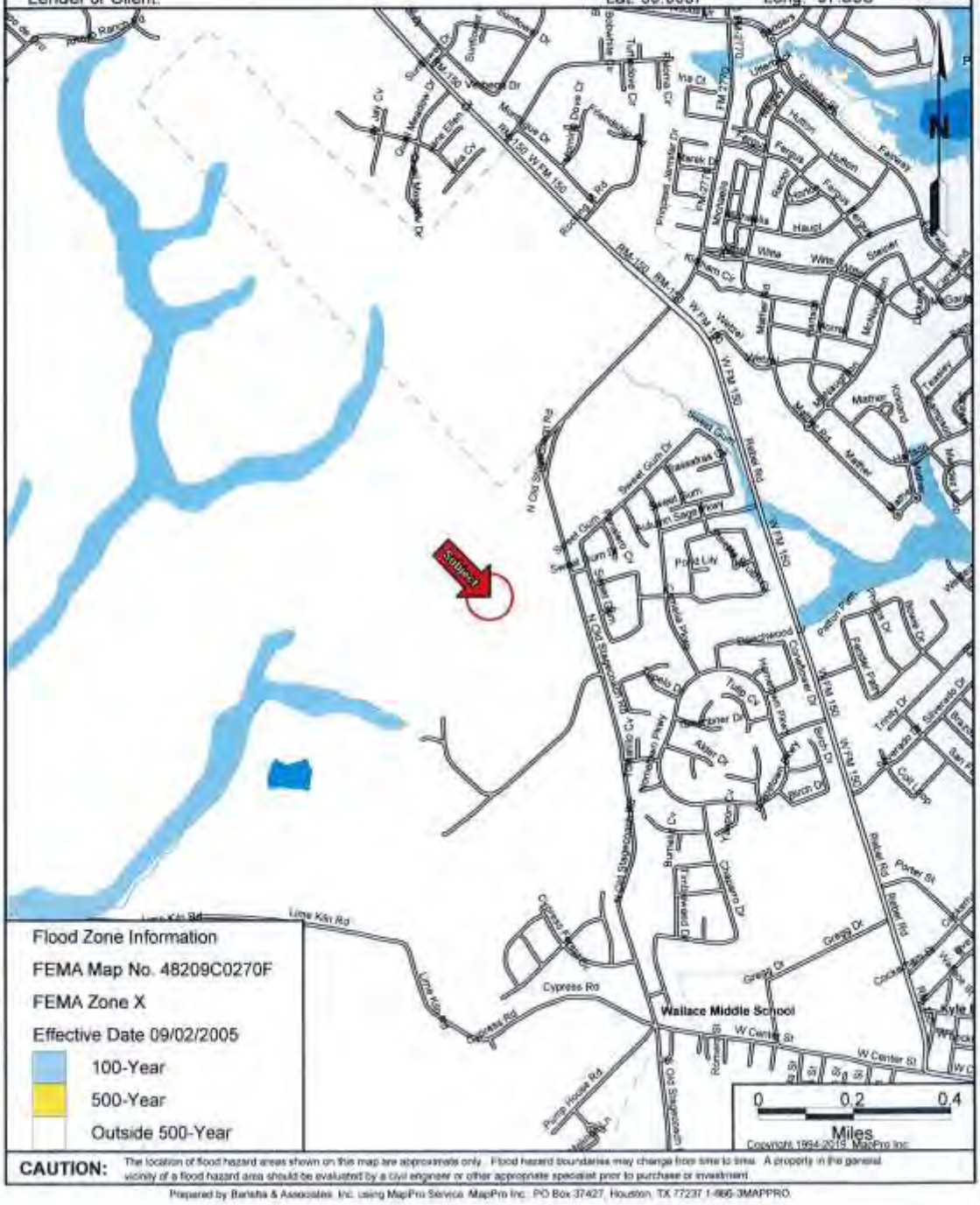


FLOOD MAP

File No. C6663

FLOOD MAP

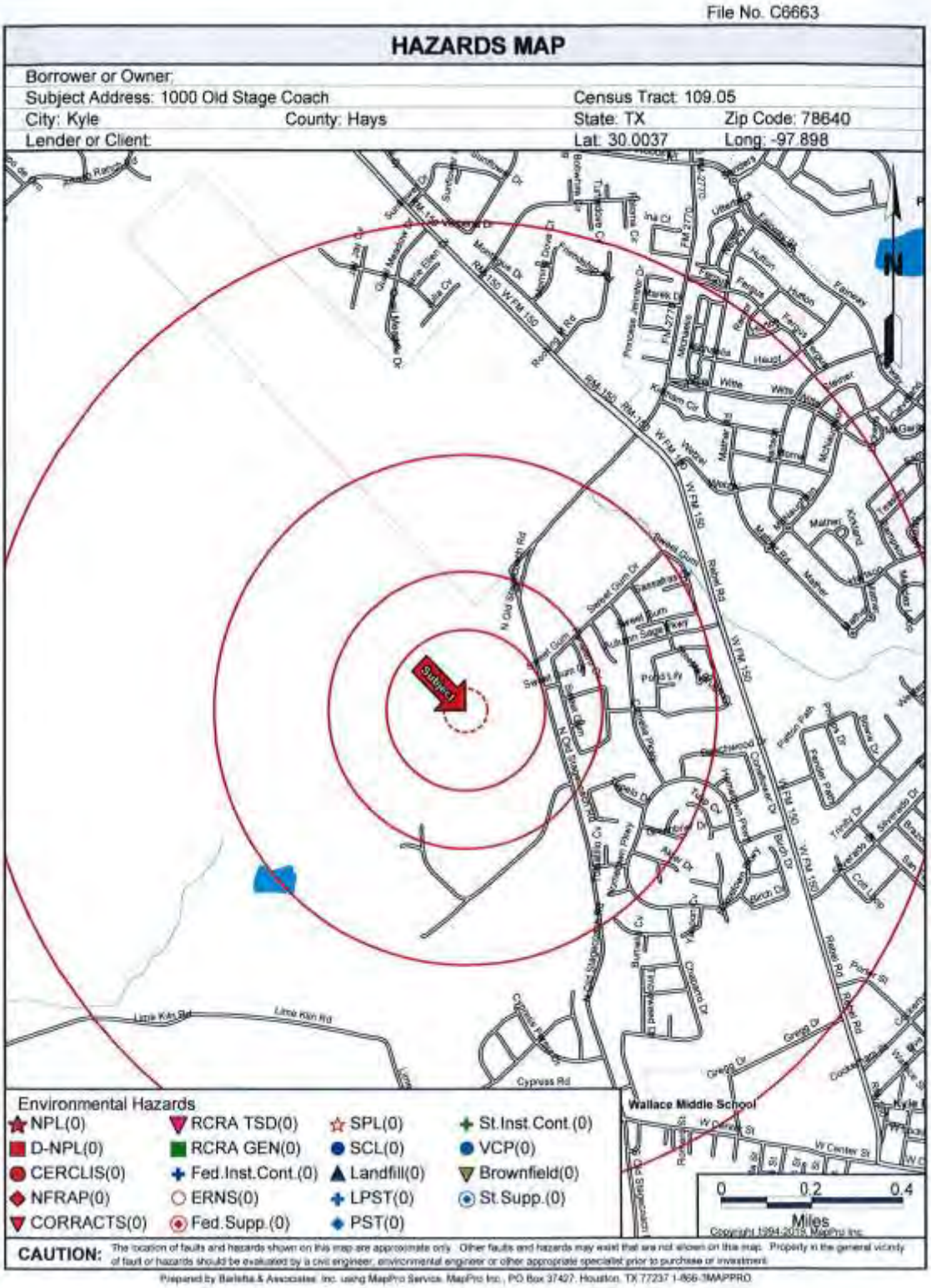
Borrower or Owner:
Subject Address: 1000 Old Stage Coach — Census Tract: 109.05
City: Kyle — County: Hays — State: TX — Zip Code: 78640
Lender or Client: — Lat: 30.0037 — Long: -97.898



CAUTION: The location of flood hazard areas shown on this map are approximate only. Flood hazard boundaries may change from time to time. A property in the general vicinity of a flood hazard area should be evaluated by a civil engineer or other appropriate specialist prior to purchase or investment.

Prepared by Barletta & Associates, Inc. using MapPro Service. MapPro Inc., PO Box 37427, Houston, TX 77237 1-866-3MAPPRO.

HAZARDS MAP


File No. C6663
HAZARDS MAP
Borrower or Owner:
Subject Address: 1000 Old Stage Coach
City: Kyle
County: Hays
Lender or Client:
Census Tract: 109.05
State: TX
Zip Code: 78640
Lat: 30.0037
Long: -97.898
Subject
Wallace Middle School
Environmental Hazards
NPL(0)
D-NPL(0)
CERCLIS(0)
NFRAP(0)
CORRACTS(0)
RCRA TSD(0)
RCRA GEN(0)
Fed.Inst.Cont.(0)
ERNS(0)
Fed.Supp.(0)
SPL(0)
SCL(0)
Landfill(0)
LPST(0)
PST(0)
St.Inst.Cont.(0)
VCP(0)
Brownfield(0)
St.Supp.(0)
0
0.2
0.4
Miles
CAUTION:
The location of faults and hazards shown on this map are approximate only. Other faults and hazards may exist that are not shown on this map. Property in the general vicinity of fault or hazards should be evaluated by a civil engineer, environmental engineer or other appropriate specialist prior to purchase or investment.
Prepared by Barletta & Associates, Inc. using MapPro Service. MapPro Inc., PO Box 37427, Houston, TX 77237 1-866-3MAPPRO

ANALYSIS OF 6 CREEKS, PHASE 1, SECTION 2
121 PAPER LOTS ON 32.78 ACRES OF ENTITLED RESIDENTIAL LAND, "AS IS"

Again, the subject Phase 1, Section 2 development tract consists of 121 paper lots on 32.78 acres, in 6 Creeks.

Mapsco Reference:	Hays County – 699 F, G, K & L
Postal Address:	Kyle, Texas 78640
Location:	6 Creeks Subdivision is located along the west line of Old Stage Coach Road at 6 Creeks Boulevard, in the ETJ of Kyle, Hays County, Texas 78640.
Tract Size:	27.916 Acres (121 total lots)
Density:	4.33 lots per acre.

Subject Lot Mix:

	No.	Description	Typical Dimensions	Avg. Size
Phase 1, Section 2	89	Proposed	50' x 120'	6,000 SF
	32	Proposed	60' x 120'	7,200 SF
	121	**Total/Average**		**6,317 SF**

Utilities/Services

Sanitary Sewer & Water:	City of Kyle
Electricity:	Pedernales Electric Co-Op
Natural Gas:	Center Point Energy
Telephone Service:	AT&T, Verizon and others
Police Protection:	Hays County Sheriff's Dept.
Fire Protection:	Hays County Emergency Districts #5 & #9
School District:	Hays Consolidated I.S.D.

Accessibility:	6 Creeks, Phase 1, Section 2, is located adjacent to 6 Creeks, Phase 1, Section 1, and is accessible via Old Stage Coach Road, and via residential streets within 6 Creeks, Phase 1, Section 1.
Topography:	Level to slightly sloping.
Zoning:	None (City of Kyle ETJ).
Restrictions:	I am not aware of any adverse deed restrictions on the subject development tract.
Floodplain:	Zone "X," outside of the 500-year floodplain, according to FEMA Map No. 48209C0270F, dated 9/2/2005.
Soil/Subsoils:	There are no known soil or subsoil conditions, which would adversely affect development.

Easements: I observed no easements that would adversely affect the value or use of the subject development tract.

Conclusion: The subject 6 Creeks subdivision has a good suburban location in the growing Kyle/Buda area of far south Austin, within the Hays Consolidated I.S.D. All public utilities are available, and no detrimental zoning, encroachments, or restrictions were noted, which would represent an adverse influence to near-term residential lot development, for sale to 3rd party production home builders.

ANALYSIS OF 6 CREEKS, PHASE 1, SECTION 2
121 PROPOSED RESIDENTIAL LOTS, "UPON COMPLETION"

Type of Property:	**6 Creeks, Phase 1, Section 2, being 121 proposed residential lots on 27.916 acres,** in the Kyle ETJ of Hays County, Texas 78640.
Mapsco Reference:	Hays County – 699 F, G, K & L
Postal Address:	Kyle, Texas 78640
Location:	6 Creeks Subdivision is located along the west line of Old Stage Coach Road at 6 Creeks Boulevard, in the ETJ of Kyle, Hays County, Texas 78640.
Tract Size:	27.916 Acres (121 total lots)
Density:	4.33 lots per acre.

Subject Lot Mix:

	No.	Description	Typical Dimensions	Avg. Size
Phase 1, Section 2	89	Proposed	50' x 120'	6,000 SF
	32	Proposed	60' x 120'	7,200 SF
	121	**Total/Average**		**6,317 SF**

Utilities/Services

Sanitary Sewer & Water:	City of Kyle
Electricity:	Pedernales Electric Co-Op
Natural Gas:	Center Point Energy
Telephone Service:	AT&T, Verizon and others
Police Protection:	Hays County Sheriff's Dept.
Fire Protection:	Hays County Emergency Districts #5 & #9
School District:	Hays Consolidated I.S.D.

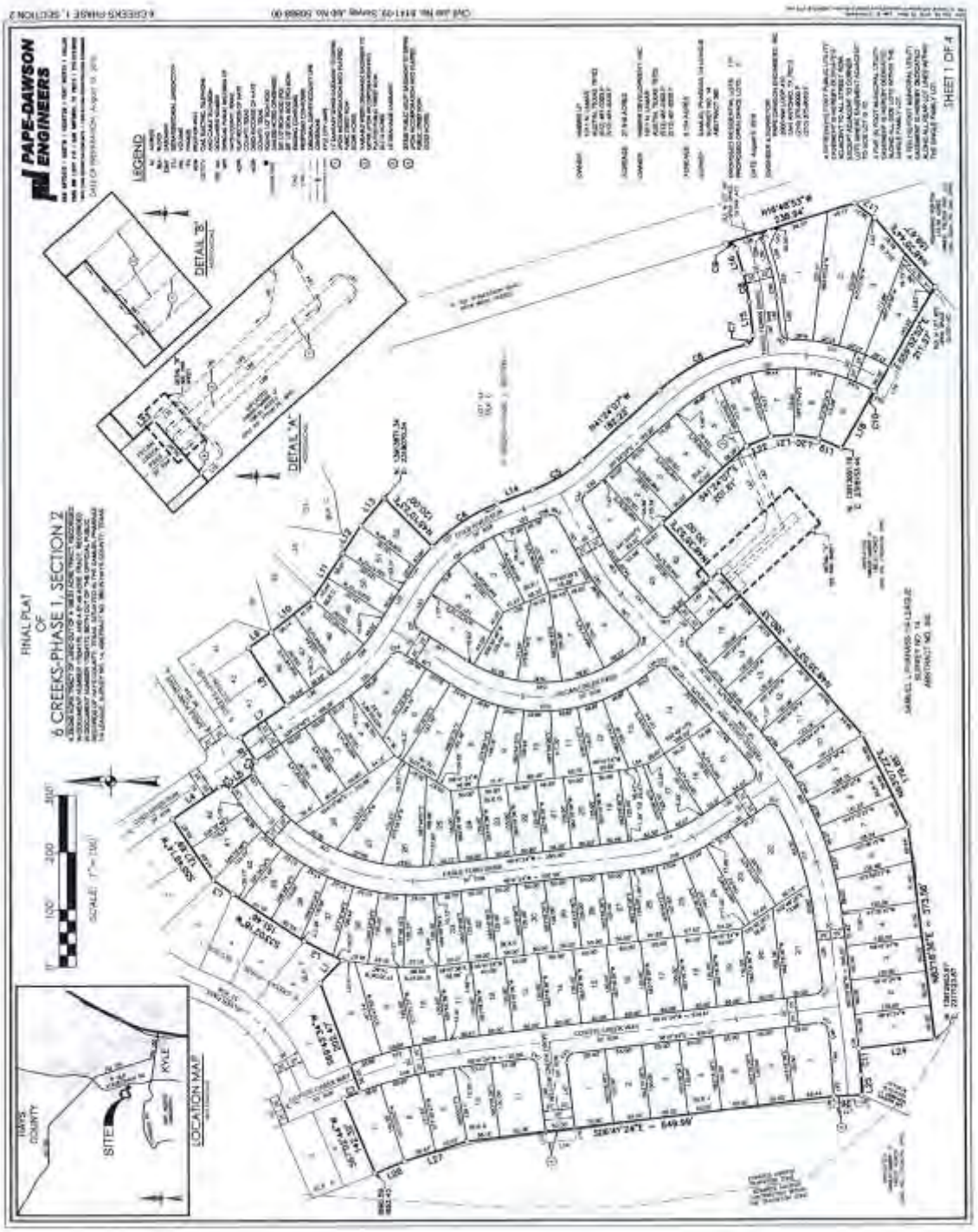
Accessibility:	6 Creeks, Phase 1, Section 2, is located adjacent to 6 Creeks, Phase 1, Section 1, and is accessible via Old Stage Coach Road, and via residential streets within 6 Creeks, Phase 1, Section 1.
Topography:	The proposed lots are assumed to be functionally level, and above street grade.
Zoning:	None as is (City of Kyle ETJ).
Restrictions:	I am not aware of any adverse deed restrictions on the subject proposed lots.
Floodplain:	Zone "X," outside of the 500-year floodplain, according to FEMA Map No. 48209C0270F, dated 9/2/2005.

Soil/Subsoils: There are no known soil or subsoil conditions, which would adversely affect development.

Easements: I observed no easements that would adversely affect the value or use of the subject proposed lots.

Conclusion: The subject 6 Creeks subdivision has a good suburban location in the growing Kyle/Buda area of far south Austin, within the Hays Consolidated I.S.D. All public utilities are available, and no detrimental zoning, encroachments, or restrictions were noted, which would represent an adverse influence to residential construction for starter-priced production homes in the range of $260,000 to $450,000, as proposed.

6 CREEKS, PHASE 1, SECTION 2 PLAT



ANALYSIS OF 6 CREEKS, PHASE 1, SECTION 3
103 PAPER LOTS ON 34.361 ACRES OF ENTITLED RESIDENTIAL LAND, "AS IS"

Again, the subject Phase 1, Section 3 development tract consists of 103 paper lots on 34.361 acres, in 6 Creeks.

Mapsco Reference:	Hays County – 699 F, G, K & L
Postal Address:	Kyle, Texas 78640
Location:	6 Creeks Subdivision is located along the west line of Old Stage Coach Road at 6 Creeks Boulevard, in the ETJ of Kyle, Hays County, Texas 78640.
Tract Size:	34.3618 Acres (103 total lots)
Density:	3.00 lots per acre.

Subject Lot Mix:

	No.	Description	Typical Dimensions	Avg. Size
Phase 1, Section 3	52	Proposed	55' x 120'	6,600 SF
	51	Proposed	70' x 130'	9,100 SF
	103	**Total/Average**		**7,838 SF**

Utilities/Services

Sanitary Sewer & Water:	City of Kyle
Electricity:	Pedernales Electric Co-Op
Natural Gas:	Center Point Energy
Telephone Service:	AT&T, Verizon and others
Police Protection:	Hays County Sheriff's Dept.
Fire Protection:	Hays County Emergency Districts #5 & #9
School District:	Hays Consolidated I.S.D.

Accessibility:	6 Creeks, Phase 1, Section 3, is located adjacent to 6 Creeks, Phase 1, Section 2, and will be accessible via residential streets to be constructed within 6 Creeks, Phase 1, Section 2.
Topography:	Level to slightly sloping.
Zoning:	None (City of Kyle ETJ).
Restrictions:	I am not aware of any adverse deed restrictions on the subject development tract.
Floodplain:	Zone "X," outside of the 500-year floodplain, according to FEMA Map No. 48209C0270F, dated 9/2/2005.
Soil/Subsoils:	There are no known soil or subsoil conditions, which would adversely affect development.

Easements: I observed no easements that would adversely affect the value or use of the subject development tract.

Conclusion: The subject 6 Creeks subdivision has a good suburban location in the growing Kyle/Buda area of far south Austin, within the Hays Consolidated I.S.D. All public utilities are available, and no detrimental zoning, encroachments, or restrictions were noted, which would represent an adverse influence to near-term residential lot development, for sale to 3rd party production home builders.

ANALYSIS OF 6 CREEKS, PHASE 1, SECTION 3
103 PROPOSED RESIDENTIAL LOTS, "UPON COMPLETION"

Type of Property:	**6 Creeks, Phase 1, Section 3, being 103 proposed residential lots on 34.361 acres,** in the Kyle ETJ of Hays County, Texas 78640.
Mapsco Reference:	Hays County – 699 F, G, K & L
Postal Address:	Kyle, Texas 78640
Location:	6 Creeks Subdivision is located along the west line of Old Stage Coach Road at 6 Creeks Boulevard, in the ETJ of Kyle, Hays County, Texas 78640.
Tract Size:	34.361 Acres (103 total lots)
Density:	3.00 lots per acre.

Subject Lot Mix:

	No.	Description	Typical Dimensions	Avg. Size
Phase 1, Section 3	52	Proposed	55' x 120'	6,600 SF
	51	Proposed	70' x 130'	9,100 SF
	103	**Total/Average**		**7,838 SF**

Utilities/Services

Sanitary Sewer & Water:	City of Kyle
Electricity:	Pedernales Electric Co-Op
Natural Gas:	Center Point Energy
Telephone Service:	AT&T, Verizon and others
Police Protection:	Hays County Sheriff's Dept.
Fire Protection:	Hays County Emergency Districts #5 & #9
School District:	Hays Consolidated I.S.D.

Accessibility:	6 Creeks, Phase 1, Section 3, is located adjacent to 6 Creeks, Phase 1, Section 2, and will be accessible via residential streets to be constructed within 6 Creeks, Phase 1, Section 2.
Topography:	The proposed lots are assumed to be functionally level, and above street grade.
Zoning:	None as is (City of Kyle ETJ).
Restrictions:	I am not aware of any adverse deed restrictions on the subject proposed lots.
Floodplain:	Zone "X," outside of the 500-year floodplain, according to FEMA Map No. 48209C0270F, dated 9/2/2005.

Soil/Subsoils: There are no known soil or subsoil conditions, which would adversely affect development.

Easements: I observed no easements that would adversely affect the value or use of the subject proposed lots.

Conclusion: The subject 6 Creeks subdivision has a good suburban location in the growing Kyle/Buda area of far south Austin, within the Hays Consolidated I.S.D. All public utilities are available, and no detrimental zoning, encroachments, or restrictions were noted, which would represent an adverse influence to residential construction for starter-priced production homes in the range of $260,000 to $450,000, as proposed.

6 CREEKS, PHASE 1, SECTION 3 PLAT

.

. AERIAL PHOTOGRAPHS

Creedmoor
Niederwald
Buda
Mountain City
Kyle
Subject
1000 Old Stagecoach Road
Uhland
Camino Rd
Google Earth
2018 Google

SUBJECT PROPERTY PHOTOGRAPHS

The entry to 6 Creeks from Old Stage Coach Road

Northerly and southerly views of Old Stage Coach Road

M/I Homes model home lot and interior views of Section 1 finished lots

Interior views of the Section 1 finished lots

Interior views of 6 Creeks, Section 3 lots under development

Interior views of 6 Creeks future lots

6 Creeks, Phase 1, Section 2

6 Creeks, Phase 1, Section 3

HIGHEST AND BEST USE

The **"Highest and Best Use"** is defined and described as:

> The reasonably probable use of property, that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. (The Dictionary of Real Estate Appraisal, Sixth Edition, 2015, page 109, Appraisal Institute).

The definition immediately above applies specifically to the highest and best use of land. It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

Implied within these definitions is recognition of the contribution of that specific use to community environment or to community development goals in addition wealth maximization to individual property owners. Also implied is that the determination of the highest and best use results from the appraiser's judgment and analytical skill, i.e., that the use determined from analysis represents an opinion, not a fact to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based. In the context of most probable selling price (market value) another appropriate term to reflect highest and best use would be "most probable use." In the current context of investment value, an alternative term would be "most profitable use".

In order to reasonably determine the "highest and best use" of the subject, legally permissible uses, physically possible uses, financial feasible uses and the maximally productive use are considered.

LEGALLY PERMISSIBLE

Zoning/Restrictions: Zoning regulations, deed restrictions, adverse easements, historical districts, building codes, and environmental regulations often limit the potential uses of a property. Zoning regulations, deed restrictions, adverse easements, historical districts, building codes, and environmental regulations often limit the potential uses of a property. The subject 6 Creeks is located within the Kyle ETJ and is not zoned. The subject

lots and land are assumed to be deed restricted, but I am not aware of any adverse deed restrictions which would preclude development of the land and lots to their highest and best uses.

PHYSICALLY POSSIBLE

Site size, shape, topography, location, and the availability of utilities are generally held as the most important factors in determining uses by which land may be developed. Some small sites, because of their limited size, can only reach their optimum use as part of an assemblage with adjacent tracts. Conversely, larger sites are not restricted by size, allowing for a wider range of possible uses.

The subject property consists of **6 Creeks, Phase 1 (formerly known as Blanco River Ranch), being 110 existing residential lots on 34.362 acres in Section 1; 121 proposed residential lots on 27.916 acres in Section 2; and 103 proposed residential lots on 34.361 acres in Section 3;** located along the west line of Old Stage Coach Road at 6 Creeks Boulevard, in the ETJ of Kyle, Hays County, Texas 78640. **Of the 110 subject lots in Section 1, 73 lots have typical dimensions of 50' x 120', or 6,000 SF; and 37 lots have typical dimensions of 60' x 120', or 7,200 SF. Of the 121 proposed subject lots in Section 2, 89 lots will have typical dimensions of 50' x 120', or 6,000 SF; and 32 lots will have typical dimensions of 60' x 120', or 7,200 SF. Of the 103 proposed subject lots in Section 3, 52 lots will have typical dimensions of 55' x 120', or 6,600 SF; and 51 lots will have typical dimensions of 70' x 130', or 9,100 SF.**

A total of 101 lots out of the 110 existing lots in 6 Creeks, Phase 1, Section 1 were purchased by M/I Homes and Trendmaker Homes between February 5, 2019 and February 7, 2019. M/I Homes purchased a total of 51 lots on February 7, 2019 in a single bulk transaction. Trendmaker Homes purchased 35 lots on February 5, 2019, and an additional 15 lots on February 5, 2019, in a separate transaction. The remaining 9 lots in Section 1 are hold lots, and will eventually be sold at a later date. The subject proposed lots will have all public utilities are available via the City of Kyle in sufficient capacity for a

low-density residential development. The subject site is unencumbered by any adverse easements, and is within the highly regarded Hays Consolidated ISD.

FINANCIALLY FEASIBLE

Any use, which produces a positive rate of return, is regarded as feasible from a financial point of view. Other important factors include the possible and legal uses as well as the location, size, shape, and street frontage. The general character of the market area and adjacent land uses also provide indications of feasible use. This data along with other market data form the basis for analysis of various alternate investment returns.

According to the *Austin Metrostudy*, 4th Quarter 2018, 6 Creeks is within the Southwest Market Area, and within the Hays West Submarket. The Hays West Submarket is very small, containing only 16 subdivisions. The subject is within the Kyle ETJ; thus the larger Kyle/Buda Submarket, with 66 subdivisions, has also been considered to appropriately reflect current residential trends.

The subject's Southwest Market Area accounted for 8.63% of all starts and 9.61% of all closings over the past 12 months in the greater Austin area. Over the past four quarters, the Southwest Market Area had 1,418 starts and 1,553 closings, for a vacant developed lot inventory of 22.0 months, and a housing inventory of 7.1 months.

The Hays West Submarket accounted for 105 of those starts (7.40%) and 65 closings (4.19%), with a vacant developed lot inventory oversupply of 42.5 months, and a housing inventory of 16.1 months. It is noteworthy that estate lot subdivisions are prevalent in this submarket, which are traditionally a slower selling product line, thus adding to the VDL inventory.

The Kyle/Buda Submarket accounted for 1,423 starts and 1,255 closings, with a vacant developed lot inventory undersupply of 16.1 months, and a housing inventory of 7.3 months. Comparatively, the overall Austin lot inventory now stands at 18.1 months. Historically, a 20 to 24-month supply of vacant developed lots indicates an equilibrium

condition. Thus, the vacant developed lot inventory in the Hays West Submarket is oversupplied, but the Southwest Market Area is in equilibrium. Again, with a 16.1-month VDL inventory, the Kyle/Buda Submarket is notably undersupplied. The Southwest Market Area and the Hays West and Kyle/Buda submarkets are summarized below:

Market Area/ Submarket		3Q 2017	4Q 2017	1Q 2018	2Q 2018	3Q 2018	4Q 2018	Annual Rates/ Inventory Supply (Mos.)
Southwest Market Area	Starts	398	310	389	392	325	312	1,418
	Closings	358	297	459	420	352	322	1,553
	Housing Inv.	1,039	1,051	981	953	926	916	7.1 Mos.
	VDL Inv.	2,576	2,489	2,319	2,427	2,701	2,600	22.0 Mos.
Hays West Submarket	Starts	18	26	28	24	28	25	105
	Closings	25	5	4	8	23	30	65
	Housing Inv.	26	47	71	87	92	87	16.1 Mos.
	VDL Inv.	280	374	340	316	288	372	42.5 Mos.
South Market Area	Starts	512	237	357	535	470	394	1,756
	Closings	462	354	346	424	364	362	1,496
	Housing Inv.	902	785	796	907	1,013	1,045	8.4 Mos.
	VDL Inv.	1,702	2,147	2,149	2,134	2,260	2,455	16.8 Mos.
Kyle/Buda Submarket	Starts	401	185	325	466	348	284	1,423
	Closings	417	318	286	350	310	309	1,255
	Housing Inv.	730	597	636	752	790	765	7.3 Mos.
	VDL Inv.	1,438	1,879	1,850	1,636	1,720	1,912	16.1 Mos.

Source: Austin Metrostudy, 4th Quarter, 2018

Note that within the Hays West Submarket starts within the 4th Quarter 2018 decreased a modest 3.85% from 4th Quarter 2017, and closings increased 650% over the same time period. Again, this submarket is so small, that any slight change has a notably profound impact on a percentage basis. The vacant developed lot inventory has remained relatively constant over the past 4 quarters, but still stands at 42.5 months, which is considered to be notably oversupplied. Again, estate lot subdivisions are prevalent in this submarket, which are traditionally a slower selling product line, thus adding to the VDL inventory.

Within the Kyle/Buda Submarket starts within the 4th Quarter 2018 increased 53.51% from 4th Quarter 2017, and closings decreased a modest 2.83% over the same time period.

MAXIMALLY PRODUCTIVE HIGHEST & BEST USE CONCLUSION

The usage that produces the highest value is the maximally productive use, which is the highest and best use for the subject sites. The physically possible and legally permissible uses of the subject existing and proposed residential lots restrict the lots solely for residential use, which is the highest and best use.

As mentioned, 6 Creeks, Phase 1 is deed restricted for residential lot development. Of the 110 existing lots in Phase 1, Section 1, 101 have already been sold to two prominent Austin-area production home builders. All of the proposed lots are now under contract to four prominent Austin-area production home builders. Further, 6 Creeks is planned as a multi-phase master-planned subdivision, which will eventually yield 720 residential lots, along with master-planned amenities, recreational areas, green belts and parks. Thus, the maximally productive use of the subject development tracts is for residential lot development for lot sales to 3rd party home builders, as proposed, and as economic conditions and demand warrant.

SALES COMPARISON APPROACH – BUILDER RETAIL LOT SALES VALUATION

The Sales Comparison Approach is “The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison.” (The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, 2015, p. 207).

The rationale for this approach, based on the principle of substitution, is that a probable purchaser would not be justified in paying more for an individual retail lot than the cost of acquiring a substitute property of similar utility and characteristics, as that of the typical subject lot.

Again, knowledgeable individuals active in the area, which include real estate brokers, appraisers, developers, and builders, were consulted for information that would aid in the investigation. All of the data presented was confirmed for accuracy. On the following pages are details concerning the comparable lot sales that have been used for the establishment of the subject's typical or base Builder Retail Lot Value conclusion.

BUILDER LOT TAKEDOWN SALE NUMBER ONE

Subdivision Name: 6 Creeks, Phase 1, Section 1

Mapsco Map: Austin Mapsco 699 F

Location: Along the west line of Old Stage Coach Road at 6 Creeks Boulevard, in the ETJ of Kyle, Hays County, Texas 78640.

Grantor: HMBRR Development

Grantee: M/I Homes

New SFR Price Range: $260,000 to $450,000

Sales Data:

No. of Lots	Lot Dimensions	Purchase Price/Lot	Purchase Price/FF	Sales Date
35	50’ x 120'	$61,250	$1,225	2/2019
16	60’ x 120'	$73,500	$1,225	2/2019
51				

Financing: Cash to seller

Utilities: All available

School District: Hays Consolidated I.S.D.

Zoning/Restrictions: None/6 Creeks Deed Restrictions

Floodplain: No

Confirmation: Independence Title File #1903049

Comments: This is the February 7, 2019 bulk takedown of 51 lots by M/I Homes. Builder lot fees are $5,326 per 50’ lot, and $5,426 per 60’ lot.

BUILDER LOT TAKEDOWN SALE NUMBER TWO

Subdivision Name: 6 Creeks, Phase 1, Section 1

Mapsco Map: Austin Mapsco 699 F

Location: Along the west line of Old Stage Coach Road at 6 Creeks Boulevard, in the ETJ of Kyle, Hays County, Texas 78640.

Grantor: HMBRR Development

Grantee: Trendmaker Homes

New SFR Price Range: $260,000 to $450,000

Sales Data:

No. of Lots	Lot Dimensions	Purchase Price/Lot	Purchase Price/FF	Sales Date
35	50’ x 120'	$61,250	$1,225	2/2019
15	60’ x 120'	$73,500	$1,225	2/2019
50				

Financing: Cash to seller

Utilities: All available

School District: Hays Consolidated I.S.D.

Zoning/Restrictions: None/6 Creeks Deed Restrictions

Floodplain: No

Confirmation: Independence Title File #1903049

Comments: This is the February 5, 2019 bulk takedown of 50 lots by Trendmaker Homes. Builder lot fees are $5,326 per 50’ lot, and $5,426 per 60’ lot.

BUILDER LOT TAKEDOWN SALE NUMBER THREE

Subdivision Name: Sunfield, Phase 2, Section 9

Mapsco Map: Austin Mapsco 763 G

Location: South of Sunwheat Boulevard at Sunfield Parkway, in the Buda ETJ, Hays County, Texas 78610.

Grantor: 2428 SF PH 1, LLC

Grantee: Chesmar Homes

New SFR Price Range: $292,000 to $336,000

Sales Data:

No. of Lots	Lot Dimensions	Purchase Price/Lot	Purchase Price/FF	Sales Date
3	60’ x 120'	$68,886	$1,148	10/10/2018

Financing: Cash to seller

Utilities: All available

School District: Hays Consolidated I.S.D.

Zoning/Restrictions: None/Sunfield Deed Restrictions

Floodplain: No

Confirmation: Builder/Contract; Clerk’s File #201818036264

Comments: This is the quarterly takedown of 3 lots by Chesmar Homes, out of the 22 lots they are committed to in Section 9. Per the builder, there is a 6% annual escalator beginning January 25, 2018.

BUILDER LOT TAKEDOWN SALE NUMBER FOUR

Subdivision Name: Sunfield, Phase 2, Section 8

Mapsco Map: Austin Mapsco 763 G

Location: Southeast of Sunfield Parkway, at Sunwheat Boulevard, in the Buda ETJ, Hays County, Texas 78610.

Grantor: 2428 SF PH 1, LLC

Grantee: Castlerock Communities

New SFR Price Range: $239,000 to $304,000

Sales Data:

No. of Lots	Lot Dimensions	Purchase Price/Lot	Purchase Price/FF	Sales Date
28	50’ x 120'	$55,000	$1,100	5/18/2018

Financing: Cash to seller

Utilities: All available

School District: Hays Consolidated I.S.D.

Zoning/Restrictions: None/Sunfield Deed Restrictions

Floodplain: No

Confirmation: Builder/Contract; Clerk’s File #201818017662

Comments: This is the initial bulk takedown of 28 lots by Castlerock Communities, out of the 55 lots they are committed to in Section 8. Per the builder, there is a 6% annual escalator beginning May 18, 2018.

BUILDER LOT TAKEDOWN SALE NUMBER FIVE

Subdivision Name: Crosswinds, Phase 1

Mapsco Map: Hays County 661 P

Location: Along the south line of Windy Hill Road (C.R. 131) at Crosswinds Parkway, within the Kyle ETJ, Hays County, Texas 78640.

Grantor: Development Solutions CW, LLC

Grantee: Highland Homes

New SFR Price Range: $210,000 to $340,000

Sales Data:

No. of Lots	Lot Dimensions	Purchase Price/Lot	Purchase Price/FF	Sales Date
4	60' x 120'	$60,116	$1,002	12/21/2018

Financing: Cash to seller

Utilities: All available

School District: Hays Consolidated I.S.D.

Zoning/Restrictions: None/Crosswinds deed restrictions

Floodplain: No

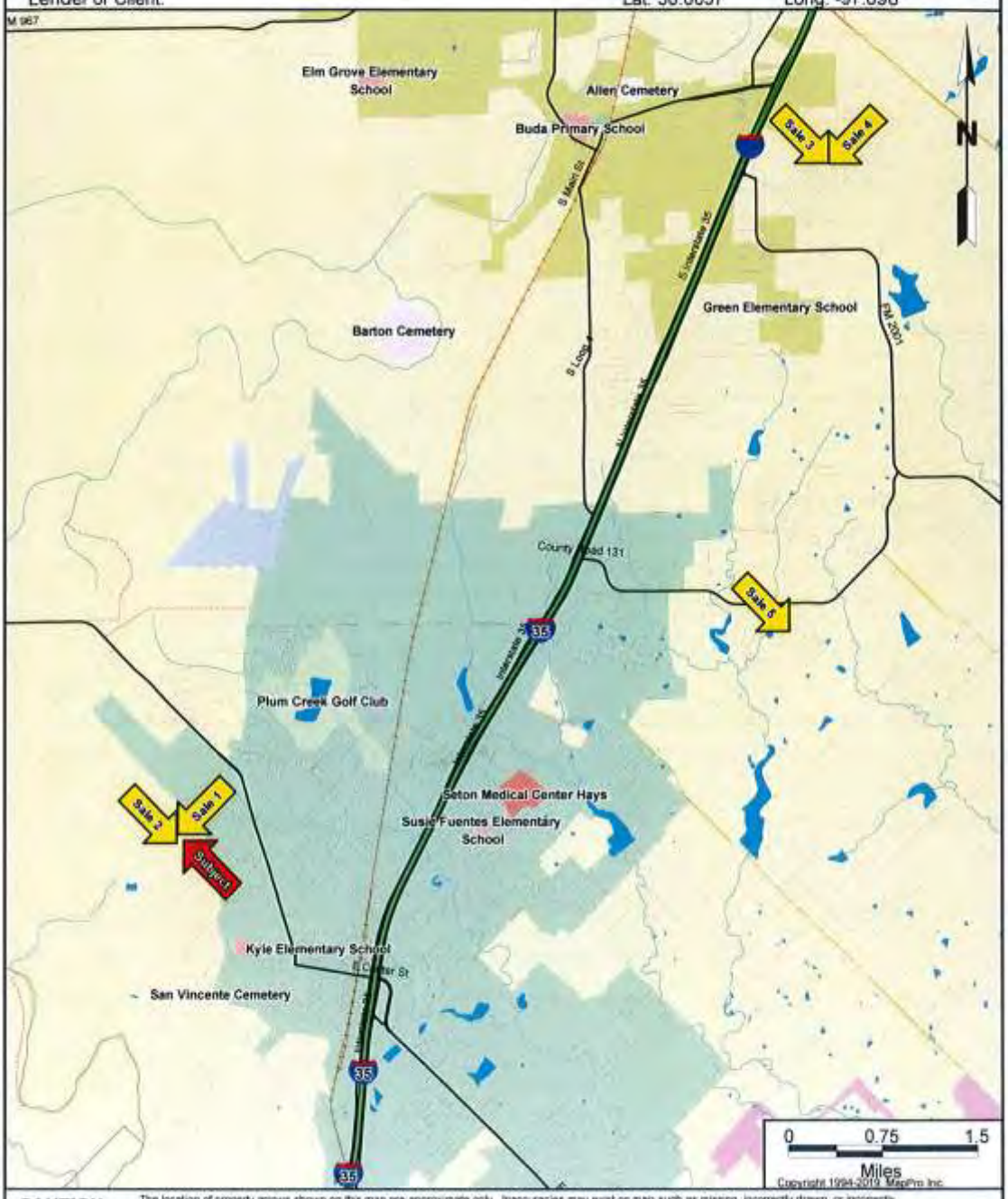
Confirmation: Clerk's File #201818044588; #201818044666; #201818044788 & #20190000362.

Comments: This is a partial quarterly takedown out of a 5-lot commitment. The annual escalator is 6.0% annually, beginning January 31, 2017.

File No. C6663 Lot Sales

LOCATION MAP

Borrower or Owner:
Subject Address: 1000 Old Stage Coach — Census Tract: 109.05
City: Kyle — County: Hays — State: TX — Zip Code: 78640
Lender or Client: — Lat: 30.0037 — Long: -97.898



CAUTION: The location of property arrows shown on this map are approximate only. Inaccuracies may exist on map such as missing, incorrectly drawn, or incorrectly addressed streets. Please report any such inaccuracy to MapPro, Inc. so that appropriate corrections can be made.

Prepared by Barletta & Associates, Inc. using MapPro Service. MapPro Inc., PO Box 37427, Houston, TX 77237 1-866-3MAPPRO.

BUILDER TAKEDOWN LOT SALES ANALYSES

The Builder Takedown Lot Sales illustrated on the preceding pages are considered to be representative of the best available data for comparison to the subject lots, and are summarized on the following chart:

BUILDER TAKEDOWN LOT SALES SUMMARY

LOT SALE	SALE DATE	SUBDIVISION	SALE TYPE	NO. LOTS	LOT SIZE	LOT PRICE	LOT PRICE PFF
1	1Q 2019	6 Creeks, Ph. 1, Sec. 1	Takedown	51	50' & 60' x 120'	$65,093	$1,225
2	1Q 2019	6 Creeks, Ph. 1, Sec. 1	Takedown	50	50' & 60' x 120'	$64,025	$1,225
3	4Q 2018	Sunfield, Phase 2, Sec. 9	Takedown	3	60' x 120'	$68,886	$1,148
4	2Q 2018	Sunfield, Phase 2, Sec. 8	Takedown	28	50' x 120'	$55,000	$1,100
5	4Q 2018	Crosswinds, Phase 1	Takedown	4	60' x 120'	$60,116	$1,002

The market data was first analyzed to determine the best unit of comparison, and the features inherent to a given property causing a property's sale price to vary relative to another property. Sales comparison was then used to estimate representative and reasonable measures for adjustment factors or differences between the comparable sales and subject lots. The best units of comparison for Builder Takedown Lot Sales are the total sales price per lot, or the price per front foot. Of these various units of comparison, it was determined that the price per front foot was the most applicable. The categories found to be prevalent for adjustment analysis were cumulative adjustments such as Real Property Rights Conveyed, Financing (cash equivalent consideration), Conditions of Sale (motivation), and Time (sale date); and additive market related conditions adjustments such as Location, Size and Overall Property Characteristics (physical). Adjustments are made on a cumulative basis for the first four categories listed, and then on an additive basis on the remaining categories.

CUMULATIVE ADJUSTMENTS

Real Property Rights Conveyed: The comparability of property interests must first be considered when utilizing sales for adjustment analysis. The real property rights conveyed of the sales were all found to feature fee simple interest. **Therefore, no adjustment is necessary for this category,** as it is considered that each sale adequately represents market prices and market activity in the subject area for fee simple estates.

Financing/Cash Equivalent Considerations: Prior to adjusting for various categories applicable in the adjustment grid, each sale was reviewed with respect to financing terms and supplemental acquisition costs. When favorable financing occurred, the sale was adjusted to reflect the cash equivalent price in terms of U.S. dollars that the seller actually received. Generally cash equivalency is arrived at by applying present value factors to the stream of income generated by the seller offering favorable financing. All monies are brought back to the present value if the seller were to sell for cash or cash equivalency. **No consideration for financing was required in this analysis.**

Conditions of Sale: This category, as well as the previous two categories, is related to motivation of the parties in the transaction to agree on the sales price at the date of sale. The conditions and reasons for a sale are factors, which can have a direct impact on the sales price. Buyers and sellers motivation for acquisition or disposition of a property can cause large differences in the actual sales price versus market value. Extraction of an appropriate adjustment for special sales conditions is generally difficult to ascertain. Pairing of sales is typically the best method in establishing an adjustment. However, when sales are scarce and/or significant differences in the properties are evident, additional considerations must be reviewed. Such considerations typically relate to additional information provided by the buyer and/or seller, which may be difficult to measure, but must be considered, analyzed, and reasonably adjusted. As mentioned, the subject lots in 6 Creeks, Phase 1, Section 1 were purchased in bulk. **Lot Sales 1, 2, 3, 4, and 5 are typical builder bulk and retail lot takedowns, warranting no extractable adjustments.**

Date of Sale: A time adjustment is required if changes occur in market conditions between the time of sale of a comparable property, and the effective date of the appraisal of the subject property. Under such circumstances, the price of the comparable property would be different at the date of appraisal, and an adjustment is warranted to the cash equivalent sales price for the sale to be used as a comparable. **Lot Sales 3, 4 and 5 are each adjusted at a rate of 7% per year, or 1.75% per quarter,** which is supported by the annual escalators to which active builders in the Kyle/Buda and San Marcos market areas have agreed, including from within the subject 6 Creeks.

ADDITIVE ADJUSTMENTS

Location: Factors, which often have an effect on lot values, include proximity to schools, the specific school district, shopping, market area amenities, and employment centers. Accessibility is an important consideration as well, particularly within market areas such as the subject. In addition to these elements, lots located in well-established subdivisions with higher priced homes tend to likewise command higher prices than otherwise equal lots in less desirable subdivisions.

Lot Sales 1 and 2 are located within 6 Creeks, and are not adjusted. Lot Sales 3 and 4 are located within the Buda ETJ in Sunfield, and are considered slightly inferior to the subject's Kyle locale, **warranting a +5% adjustment to each. Lot Sales 5** is located in Crosswinds, which has a significantly lower and inferior development, with a somewhat remote, secondary location along Windy Hill Road, **warranting a +20% adjustment.**

Size: Developers and home builders are now negotiating residential lot sales on a per-front-foot (PFF) basis, and the comparables clearly support this trend. Given that I have elected to use a Price Per FF methodology, **adjustments for lot size are not warranted for the data set presented.**

School District: Like the subject lots, **Lot Sales 1, 2, 3, 4 and 5** are located within the Hays Consolidated I.S.D., **warranting no adjustments.**

Physical Characteristics: Other factors, which can have an effect on lot values include drainage, shape with respect to development potential, adverse easements, cul-de-sac location, corner lots, location with respect to flood hazard areas and especially in this market area is the hillside view consideration. All of the lot sales can be described as very similar in overall physical characteristics compared to the subject lots, **thus requiring no adjustment for this category.**

LOT SALES ADJUSTMENT GRID

The following Lot Sales Adjustment Grid illustrates the adjustments that were extracted and applied in the analyses of the comparable Builder Lot Sales to the typical subject 50' x 120' lot, and 60' x 120' lot, "As Is," in 6 Creeks, Phase 1, Section 1.

TAKEDOWN LOT SALES ADJUSTMENT GRID 6 CREEKS, PHASE 1, SECTION 1 – 50' LOTS & 60' LOTS, "AS IS"						
MARKET DATA	**SUBJECT**	**SALE 1**	**SALE 2**	**SALE 3**	**SALE 4**	**SALE 5**
Sale Price PFF	-	$1,225	$1,225	$1,148	$1,100	$1,002
Sales Date Adjustment	1Q/2019 -	1Q/2019 0%	1Q/2019 0%	4Q/2018 +1.75%	2Q/2018 +5.25%	4Q/2018 +1.75%
Adjusted Sale Price PFF	**-**	**$1,225**	**$1,225**	**$1,168**	**$1,158**	**$10208**
Financing Adjustment	- -	CTS 0%	CTS 0%	CTS 0%	CTS 0%	CTS 0%
Conditions of Sale Adjustment	Bulk -	51 Bulk Lot Takedown 0%	50 Bulk Lot Takedown 0%	3 Lot Takedown 0%	28 Bulk Lot Takedown 0%	3 Lot Takedown 0%
Adjusted Sale Price PFF	**-**	**$1,225**	**$1,225**	**$1,168**	**$1,158**	**$1,020**
Location Adjustment	6 Creeks -	6 Creeks 0%	6 Creeks 0%	Sunfield +5%	Sunfield +5%	Crosswinds +20%
Lot Size (FF) Adjustment	50' & 60' -	50' & 60' 0%	50' & 60' 0%	60' 0%	50' 0%	60' 0%
School District Adjustment	Hays C.I.S.D. -	Hays C.I.S.D 0%	Hays C.I.S.D 0%	Hays C.I.S.D 0%	Hays C.I.S.D 0%	Hays C.I.S.D 0%
Physical Characteristics Adjustment	Typical -	Equal 0%	Equal 0%	Equal 0%	Equal 0%	Equal 0%
Net Adjustment	**-**	**0%**	**0%**	**+5%**	**+5%**	**+20%**
Indicated Sale Price PFF	**-**	**$1,225**	**$1,225**	**$1,226**	**$1,216**	**$1,224**
Indicated Mean Price PFF	**$1,223**					
Indicated Median Price PFF	**$1,225**					

BUILDER LOT VALUE CONCLUSION, "AS IS": The sales presented indicate a range of $1,216 PFF to $1,226 PFF, with a mean of $1,223 PFF, and a median indication of $1,225 PFF. Recall that 101 of the 110 subject 50' and 60' lots were recently purchased for $1,225 PFF, on a quasi-bulk lot basis. After considering the physical characteristics of the subject lots; the supply and demand for these lots in the market area; as well as the recent purchase price of 101 of the 110 subject lots in Phase 1, Section 1 at 1,225 PFF; it is my

opinion that the Base Market Value of a typical **50' and 60' subject lot**, as of March 15, 2019, is **$1,225 PFF,** under a 2-builder bulk purchase scenario.

Thus, the **"As Is" Builder Base Lot Market Value** for a typical **50' and 60' subject lot** in 6 Creeks, Phase 1, Section 1, is concluded at **$1,225 per Front Foot,** as follows:

Lot Size		Bulk Value PFF		Indicated Base Lot Value
50' x 120'	x	$1,225	=	$61,250
60' x 120'	x	$1,225	=	$73,500

As mentioned previously, of the 110 lots in the subject 6 Creeks, Phase 1, Section 1, 101 lots have already been purchased in bulk (51 lots by M/I and 50 lots by Trendmaker), and the remaining 9 lots are designated as hold lots. Thus, all 110 lots will be off-market, and effectively sold-out, and **no discounting is warranted for the 6 Creeks, Phase 1, Section 1 lots.**

In addition to the lot purchase price, each builder has agreed to certain lot fees, which are based on $2,000 per lot for amenity fees; $2,826 per lot for wastewater impact fees; and $10 PFF for marketing fees, or $500 per 50' lot, and $600 per 60' lot, summarized as follows:

Section	Builder	No. Lots	Lot Size	$/Lot	$/FF	Initial Takedown	Builder Fees/Lot
1	M/I	35	50'	$61,250	$1,225	35	$5,326
1	M/I	16	60'	$73,500	$1,225	16	$5,426
	Total/Average	**51**	**53.14'**	**$65,093**	**$1,225**	**51**	**$5,357**
1	Trendmaker	35	50'	$61,250	$1,225	35	$5,326
1	Trendmaker	15	60'	$73,500	$1,225	15	$5,426
	Total/Average	**50**	**53.14'**	**$65,093**	**$1,225**	**50**	**$5,356**

"AS IS" BULK MARKET VALUE – 6 CREEKS, PHASE 1, SECTION 1

The 110 subject existing lots in 6 Creeks, Phase 1, Section 1 have an **"As Is" Bulk Market Value, including all builder fees,** computed as follows:

No.	Description	Lot Size		Lot Value		Sum of Lot Revenue
73	Existinge	50' × 120'	@	$61,250	/ Lot =	$4,471,250
37	Existing	60' × 120'	@	$73,500	/ Lot =	$2,719,500
110	**Total/Average:**		**@**	**$65,370**	**/ Lot =**	**$7,190,750**
	Plus Builder Fees for 110 Lots:		**@**	**$ 5,357**	**/ Lot =**	**$ 589,270**
110	**Total/Average:**		**@**	**$70,727**	**/ Lot =**	**$7,780,020**
	"As Is" Market Value Rounded:					**$7,780,000**

Thus, the "As Is" Market Value in Bulk of the 110 subject lots in 6 Creeks, Phase 1, Section 1 is concluded at $7,780,000.

PHASE 1, SECTION 2 BUILDER RETAIL LOT VALUE CONCLUSIONS, "UPON COMPLETION": The subject lots in 6 Creeks, Phase 1, Section 2 are scheduled for substantial completion by December 15, 2019. The purchase price for the 6 Creeks, Phase 1, Section 2 lots will be equal to the Section 1 lot prices, escalated at 7.0% per year, beginning in February 2019. **Thus, the purchase price will be ($1,225 PFF x 1.07 = $1,311 PFF) $1,311 PFF, or $65,550 per lot for the 50' lots, and $78,660 per lot for the 60' lots.**

SUM OF LOT REVENUE, PHASE 1, SECTION 2, "UPON COMPLETION"

The 121 proposed subject lots in 6 Creeks, Phase 1, Section 2 being appraised in this report, have an aggregate sum of the lot revenue, "Upon Completion," computed as follows:

6 Creeks, Phase 1, Section 2

No.	Description	Lot Size		Lot Value		Sum of Lot Revenue
89	Proposed	50' × 120'	@	$65,550 / Lot =		$5,833,950
32	Proposed	60' × 120'	@	$78,660 / Lot =		$2,517,120
121	**Total/Average:**		**@**	**$69,017 / Lot =**		**$8,351,079**

PHASE 1, SECTION 3 BUILDER LOT VALUE CONCLUSIONS, "UPON COMPLETION": The subject lots in 6 Creeks, Phase 1, Section 3 are scheduled for substantial completion by June 15, 2019, or 6 months after the Phase 1, Section 1 lots are developed. **Recall that the lot value of the Phase 1, Section 1 lots were concluded at $1,225 PFF, in bulk**. **The Phase 1, Section 3 lots are now under contract for $1,250 PFF**, which is reasonable when considering the contract purchase price of the Phase 1, Section 1 lots at $1,225 PFF in bulk, and considering that all future lots in 6 Creeks will be subject to a 7% annual escalator. Thus, it is my opinion that the Lot Market Value of a typical **55' and 70' subject lot**, as of June 15, 2019, is **$1,250 PFF.** The **55' subject lots** have a Lot Market Value of ($1,250 PFF x 55 FF = $68,750) **$68,750 per lot,** and the **70' subject lots** have a Lot Market Value of ($1,250 PFF x 70 FF = $87,500) **$87,500 per lot.**

SUM OF LOT REVENUE, PHASE 1, SECTION 3, "UPON COMPLETION"

The 103 proposed subject lots in 6 Creeks, Phase 1, Section 3 being appraised in this report, have an aggregate sum of the lot revenue, "Upon Completion," computed as follows:

6 Creeks, Phase 1, Section 3

No.	Description	Lot Size		Base Lot Value		Sum of Lot Revenue
52	Proposed	55' × 120'	@	$68,750	/ Lot =	$3,575,000
51	Proposed	70' × 120'	@	$87,500	/ Lot =	$4,462,500
103	**Total/Average:**		**@**	**$78,034**	**/ Lot =**	**$8,037,500**

INCOME APPROACH – BUILDER RETAIL LOT SELL-OUT ANALYSIS

The Bulk Market Value for the subject lots, or sold collectively to a single purchaser, is determined by discounting the net sales proceeds of the aggregate gross retail lot value arrived at previously. The discounting is necessary to reflect the absorption period, required yield, and related expenses incurred during the sell-out term. The following is a discussion of each of these categories and assumptions applicable thereto:

ABSORPTION

Generally, in developments such as the subject, an absorption period is required in order to promote and eventually sell-out the subject lots on an individual lot basis. To determine the rates at which the subject single-family lots will be absorbed into the market, various publications tracking local market activity, as well as the historical activity in the subject Southwest market area and the surrounding similar developments were reviewed and analyzed, per the Austin Metrostudy 4th Quarter 2018.

Subdivision	Lot Size	No. Builders	Price Range ($1,000's)	12-Month Closings	Closings Per Quarter	Closings Per Builder Per Quarter
Crosswinds	40' – 60'	3	$210 - $340	89	22.25	7.42
Cypress Forest	55' – 80'	2	$285 - $456	46	11.50	5.75
Stonefield	45' – 55'	1	$230 - $324	41	10.25	10.25
Sunfield/Creekview	60' – 80'	2	$282 - $425	44	11.00	5.50
Sunfield	45' - 60'	6	$206 - $410	191	47.75	7.96
White Oak Preserve	50'	1	$281 - $351	53	13.25	13.25

Source: Austin Metrostudy, 4th Quarter 2018

These absorption comparables indicate annual absorption of 41 to 191 lots, with an average of 77.33 closings per year, or 19.33 closings per quarter. On a per-builder basis, the absorption comparables indicate a range of 5.50 lots to 13.25 lots, with an average of 8.36 lot closings per quarter, per builder. As mentioned, there is currently a 16.1-month supply of VDL inventory in the Kyle/Buda Submarket, which is considered to be a notable undersupply of lots.

Like the subject 6 Creeks, Phase 1, Section 1 lots, the proposed lots in 6 Creeks, Phase 1, Section 2 will also be sold to M/I Homes and Trendmaker Homes. **Again, these lots are scheduled for substantial completion by December 15, 2019, or in approximately 10 months from the effective date of this Appraisal Report.** Each builder will purchase 44, 50' lots (88 lots total), and 16, 60' lots (32 lots total). 121The one remaining lot will be purchased either by Trendmaker Homes or M/I Homes. The purchase price for the 6 Creeks, Phase 1, Section 2 lots will be equal to the Section 1 lot prices, escalated at 7.0% per year, beginning upon substantial of Section 1. **Thus, the purchase price will be ($1,225 PFF x 1.07 = $1,311 PFF) $1,311 PFF, or $65,550 per lot for the 50' lots, and $78,660 per lot for the 60' lots.**

Like the Phase 1, Section 1 lots, the Phase 1, Section 2 lots are also to be purchased in bulk upon substantial. However, it is highly probable that there will still be lots in inventory from Phase 1, Section 1 by both builders, which will directly compete with the Phase 1, Section 2 lots. **Thus, discounting is warranted for the Phase 1, Section 2 lots.**

Phase 1, Section 2 Absorption: Based on the indications of the comparables, and considering that contractually the subject lots are to be purchased in bulk, I have prudently projected the 6 Creeks, Phase 1, Section 2 subject lots to be absorbed within 8 quarterly periods (2.50 years), at a rate of about 15 lots per quarter (7.50 lots per builder), beginning 3 months (1 quarterly period) after their substantial completion, in order to further deplete the lots in inventory in Phase 1, Section 1. Thus, the inferred demand absorption of the 121 proposed lots in 6 Creeks, Phase 1, Section 2 is summarized as follows:

6 Creeks, Phase 1, Section 2 Absorption										
Quarterly Period	0	1	2	3	4	5	6	7	8	Total
50' & 60' Lot Absorption	0	15	15	15	15	15	15	15	16	121

Phase 1, Section 3 Absorption: Discounting is also warranted for the Phase 1, Section 3 lots, as the lots are being purchased on a takedown basis. Of the 103 lots in Section 3, **MHI** is purchasing 26, 55' lots and 25, 70' lots, for a total of **51 lots. Highland Homes** is

purchasing 26, 55' lots and 26, 70' lots, for a total of **52 lots.** The contractual takedown for the subject lots is summarized as follows:

MHI Takedown – Phase 1, Section 3			
Date	**# 55' Lots**	**# 70' Lots**	**Total**
SCD*	6	4	10
SCD + 105 Days	6	4	10
SCD + 195 Days	6	4	10
SCD + 285 Days	6	4	10
SCD + 375 Days	2	9	11
Total	**26**	**25**	**51**

***Substantial Completion Date**

Highland Homes Takedown – Phase 1, Section 3			
Date	**# 55' Lots**	**# 70' Lots**	**Total**
SCD*	6	4	10
SCD + 105 Days	6	4	10
SCD + 195 Days	6	4	10
SCD + 285 Days	6	4	10
SCD + 375 Days	2	10	12
Total	**26**	**26**	**52**

***Substantial Completion Date**

Based on the indications of the comparables, and considering the contractual takedown for the subject lots, I have prudently projected the 6 Creeks, Phase 1, Section 3 subject lots to be absorbed within 8 quarterly periods (2.50 years), at a rate of about 14 lots per quarter (7.0 lots per builder), beginning 6 months (2 quarterly periods) after the initial takedown of 20 lots. Thus, the inferred demand absorption of the 103 proposed lots in 6 Creeks, Phase 1, Section 3 is summarized as follows:

6 Creeks, Phase 1, Section 3 Absorption										
Quarterly Period	0	1	2	3	4	5	6	7	8	Total
55' & 70' Lot Absorption	20	0	0	14	14	14	14	14	13	103

INTERNAL RATE OF RETURN (IRR)

I referenced the Developer's Survey conducted by RealtyRates.com for the 1st Quarter 2019.

RealtyRates.com DEVELOPER SURVEY - 1st Quarter 2019* Texas - Subdivisions & PUDs						
	Actual Rates			Pro-Forma Rates		
	Min	Max	Avg	Min	Max	Avg
Site-Built Residential	14.83%	33.98%	22.63%	14.24%	32.62%	21.72%
-100 Units	14.83%	29.29%	21.62%	14.24%	28.12%	20.76%
100-500 Units	15.20%	32.22%	22.77%	14.60%	30.93%	21.85%
500+ Units	15.58%	33.69%	23.15%	14.95%	32.34%	22.23%
Mixed Use	15.95%	33.98%	22.97%	15.31%	32.62%	22.05%
Manufactured Housing	14.96%	36.42%	23.81%	14.36%	34.96%	22.86%
-100 Units	14.96%	31.67%	22.85%	14.36%	30.40%	21.93%
100-500 Units	15.33%	34.84%	24.08%	14.72%	33.44%	23.12%
500+ Units	15.70%	36.42%	24.50%	15.08%	34.96%	23.52%
Business Parks	14.96%	33.29%	22.40%	14.36%	31.96%	21.50%
-100 Acres	14.96%	28.95%	21.51%	14.36%	27.79%	20.65%
100-500 Acres	15.33%	31.85%	22.64%	14.72%	30.57%	21.74%
500+ Acres	15.70%	33.29%	23.03%	15.08%	31.96%	22.11%
Industrial Parks	15.05%	28.98%	20.49%	14.44%	27.82%	19.67%
-100 Acres	15.05%	25.20%	19.72%	14.44%	24.19%	18.93%
100-500 Acres	15.42%	27.72%	20.71%	14.80%	26.61%	19.88%
500+ Acres	15.80%	28.98%	21.05%	15.17%	27.82%	20.20%

*4th Quarter 2018 Data

Copyright 2019 RealtyRates.com™

As indicated within the RealtyRates.com survey, developers and builders reported modeling proforma internal rates of return ranging from 14.60% to 30.93%, with an average of 21.85% for site-built residential developments with between 100 and 500 units.

These same developers and builders reported actual internal rates of return ranging from 15.20% to 32.22%, with an average of 22.77%.

Based on the availability of alternative investment yields, and considering the relative risk of the subject residential development investment in the Greater Austin region and the subject market area, it is the appraiser's opinion that an overall **IRR of 16.0%** is most appropriate for the subject proposed lots in 6 Creeks, Phase 1, Section 2, and Section 3 cash flows, inclusive of profit.

On the following pages are the discounted cash flow (DCF) analyses builder retail sell-out of the subject proposed lots in 6 Creeks, Phase 1, Section 3, followed by the discounted cash flow (DCF) analyses builder retail sell-out of the subject proposed lots in 6 Creeks, Phase 1, Section 2 lots, along with a discussion of the various absorption, carrying expenses, and yield assumptions to discount the cash flow builder retail sell-out of the proposed subject lots, "Upon Completion."

DISCOUNTED CASH FLOW ASSUMPTIONS

Sum of the Lot Revenue: The Sum of the Base Lot Revenue is the undiscounted cumulative total of the subject proposed lots in 6 Creeks, Phase 1, Section 2, and Phase 1, Section 3, summarized as follows:

6 Creeks, Phase 1, Section 2

No.	Description	Lot Size		Lot Value		Sum of Lot Revenue
89	Proposed	50' × 120'	@	$65,550	/ Lot =	$5,833,950
32	Proposed	60' × 120'	@	$78,660	/ Lot =	$2,517,120
121	**Total/Average:**		**@**	**$69,017**	**/ Lot =**	**$8,351,079**

6 Creeks, Phase 1, Section 3

No.	Description	Lot Size		Base Lot Value		Sum of Lot Revenue
52	Proposed	55' × 120'	@	$68,750	/ Lot =	$3,575,000
51	Proposed	70' × 120'	@	$87,500	/ Lot =	$4,462,500
103	**Total/Average:**		**@**	**$78,034**	**/ Lot =**	**$8,037,500**

Builder Fees: In addition to the base price, **all builders in 6 Creeks will pay certain builder fees.** The builder fees for **Phase 1, Section 2** are based on $2,000 per lot for amenity fees; $2,826 per lot for wastewater impact fees; and $10 PFF for marketing fees, or $500 per 50' lot, and $600 per 60' lot, and **amount to an average builder fee per lot of $5,352.**

The builder fees for **Phase 1, Section 3** are based on $2,000 per lot for amenity fees; $2,826 per lot for wastewater impact fees; and $10 PFF for marketing fees, or $550 per 55' lot, and $700 per 70' lot, and **amount to an average builder fee per lot of $5,450.**

Absorption Period: The absorption period projected for the subject lots' sell-out is based on the vacant lot inventory and absorption projections, as detailed in the prior section of this appraisal.

Growths: The retail lot revenues have been escalated over the projected sell-out at **1.75% per quarter, or 7.0% per year,** which is well supported by current trends in the Kyle/Buda

Submarket, including the subject 6 Creeks, whereby builders have agreed to annual escalators ranging from 6% to 7%.

Beginning Lot Inventory: The Beginning Lot Inventory is the total number of lots in inventory on the first day of each quarterly period.

Lot Sales Per Period: The Lots Sales per Period is the total number of lots sold or absorbed during each quarterly period.

Ending Lot Inventory: The Ending Inventory is the total number of lots in inventory on the last day of each quarterly period.

Average Lots Held Per Period: The Average Lots Held per Period is the average of Beginning Lot Inventory and Ending Lot Inventory.

Starting Inventory (Dollars): The Starting Inventory is expressed in terms of dollars by multiplying the Average Lot Value by the Beginning Lot Inventory, and is a carry-over of the Ending Inventory balance.

Average Inventory Held (Dollars): The Average Inventory Held in Dollars is the average of the Starting Inventory (dollars) and the Ending Inventory (dollars).

Ending Inventory (Dollars): The Ending Inventory is expressed in terms of dollars by subtracting the periodic Sales (dollars) from the Starting Lot Inventory (dollars).

Periodic Sales Income: The total Quarterly Sales are the revenue generated during the period, before sales expense deductions.

SALES EXPENSES

Marketing/Closing Costs: Herein, I have projected broker commissions at 3.0% of periodic sales. The closing costs and marketing costs of the subject lots were estimated at 2.0% of the periodic sales, for a total of **5.0%** for marketing and closing costs.

Taxes: The subject lots are not yet assessed by Hays Central Appraisal District (HCAD). HCAD typically discounts lots held in bulk, and herein, **I have projected the assessed lot value at 70% of the concluded Retail Lot Value.** The projected assessed lot values are considered to be reasonable, despite being significantly less than the concluded bulk market value on a per lot basis herein.

The tax expense is based on the projected assessed lot value, multiplied by the tax rate per $100, and divided by four to reflect quarterly taxes. The tax rate for the subject lots is based on the 2017 total tax rate of $3.0862 per $100 of value, which is rounded to **$3.09 per $100**.

Administrative Expense: This category reflects incidental expenses including bank charges, accounting and legal fees, office expenses, etc., which are typically incurred by the developer throughout the holding period. These expenses are typically relatively minor; thus, we have projected this expense at **0.5% of quarterly lot sales revenue**.

Maintenance: The subject subdivision is part of the 6 Creeks Subdivision Homeowners Association. The HOA dues to the developer for vacant lots are estimated at $200 per lot per year or **$50 per lot per quarterly period**.

DISCOUNTED CASH FLOW ANALYSIS

See the following page for the discounted cash flow (DCF) analyses builder retail sell-out of the 121 subject proposed lots in 6 Creeks, Phase 1, Section 2, “Upon Completion,” followed by the discounted cash flow (DCF) analyses builder retail sell-out of the 103 subject proposed lots in 6 Creeks, Phase 1, Section 3, “Upon Completion.”

6 CREEKS, PHASE 1, SECTION 2

121 PROPOSED LOTS

DISCOUNTED SELL-OUT CASH FLOW ANALYSIS
6 CREEKS, PHASE 1, SECTION 2 - 121 LOTS, "UPON COMPLETION"

TOTAL NO. OF LOTS:	121								
GROSS RETAIL REVENUE:	$8,351,070								
ABSORPTION PERIOD:	8 QUARTERS								
INTERNAL RATE OF RETURN:	16.0%								
ASSESSED VALUE PER LOT:	$48,350	$48,350	$48,350	$48,350	$48,350	$48,350	$48,350	$48,350	$48,350
EFFECTIVE TAX RATE/$100:	$3.09	$3.09	$3.09	$3.09	$3.09	$3.09	$3.09	$3.09	$3.09
MAINTENANCE (LOT/QUARTER):	$50	$50	$50	$50	$50	$50	$50	$50	$50
BUILDER FEES PER LOT:	$5,352	$5,352	$5,352	$5,352	$5,352	$5,352	$5,352	$5,352	$5,352
QUARTERLY PERIOD:	ZERO	ONE	TWO	THREE	FOUR	FIVE	SIX	SEVEN	EIGHT
STARTING INVENTORY:	121.0	121.0	106.0	91.0	76.0	61.0	46.0	31.0	16.0
LOT SALES/PERIOD:	0.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	16.0
ENDING INVENTORY:	121.0	106.0	91.0	76.0	61.0	46.0	31.0	16.0	0.0
AVG. LOTS HELD/PERIOD:	121.0	113.5	98.5	83.5	68.5	53.5	38.5	23.5	8.0
SALES APPRECIATION:	0.00%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
STARTING INVENTORY:	$8,351,070	$8,497,214	$7,574,107	$6,616,090	$5,622,222	$4,591,543	$3,523,069	$2,415,791	$1,268,680
AVG. LOT VALUE:	$69,017	$70,225	$71,454	$72,704	$73,977	$75,271	$76,588	$77,929	$79,292
AVG. INVENTORY HELD:	$8,351,070	$7,970,527	$7,038,204	$6,070,808	$5,067,398	$4,027,009	$2,948,655	$1,831,325	$634,340
ENDING INVENTORY:	$8,351,070	$7,443,840	$6,502,300	$5,525,526	$4,512,573	$3,462,475	$2,374,242	$1,246,860	$0
QUARTERLY SALES:	$0	$1,053,374	$1,071,808	$1,090,564	$1,109,649	$1,129,068	$1,148,827	$1,168,931	$1,268,680
BUILDER FEES:	$0	$80,280	$80,280	$80,280	$80,280	$80,280	$80,280	$80,280	$85,632
TOTAL REVENUES:	$0	$1,133,654	$1,152,088	$1,170,844	$1,189,929	$1,209,348	$1,229,107	$1,249,211	$1,354,312
LESS EXPENSES:									
a) MKTING/CLOSING (5.0%):	$0	$52,669	$53,590	$54,528	$55,482	$56,453	$57,441	$58,447	$63,434
b) TAXES/AVG. INV HELD.:	$0	$42,393	$36,790	$31,188	$25,585	$19,982	$14,380	$8,777	$2,988
c) ADMINISTRATIVE (0.5%):	$0	$5,668	$5,760	$5,854	$5,950	$6,047	$6,146	$6,246	$6,772
c) MAINTENANCE:	$0	$5,675	$4,925	$4,175	$3,425	$2,675	$1,925	$1,175	$400
TOTAL EXPENSES:	$0	$106,405	$101,066	$95,745	$90,442	$85,158	$79,892	$74,645	$73,594
NET SALES INCOME:	$0	$1,027,249	$1,051,022	$1,075,099	$1,099,487	$1,124,190	$1,149,215	$1,174,566	$1,280,718
QUARTERLY IRR AT 16.0%:	1.00	0.961538	0.924556	0.888996	0.854804	0.821927	0.790315	0.759918	0.730690
DISCOUNTED SALES:	$0	$987,739	$971,729	$955,759	$939,846	$924,003	$908,241	$892,574	$935,808
TOTAL NPV OF SALES "UPON COMPLETION":	$7,515,700								
ROUNDED TO:	**$7,500,000**								
VALUE PER LOT:	**$61,983**								

6 CREEKS, PHASE 1, SECTION 3

103 PROPOSED LOTS

DISCOUNTED SELL-OUT CASH FLOW ANALYSIS
6 CREEKS, PHASE 1, SECTION 3 - 103 LOTS, "UPON COMPLETION"

TOTAL NO. OF LOTS:	103								
GROSS RETAIL REVENUE:	$8,037,500								
ABSORPTION PERIOD:	8 QUARTERS								
INTERNAL RATE OF RETURN:	16.0%								
ASSESSED VALUE PER LOT:	$54,624	$54,624	$54,624	$54,624	$54,624	$54,624	$54,624	$54,624	$54,624
EFFECTIVE TAX RATE/$100:	$3.09	$3.09	$3.09	$3.09	$3.09	$3.09	$3.09	$3.09	$3.09
MAINTENANCE (LOT/QUARTER):	$50	$50	$50	$50	$50	$50	$50	$50	$50
BUILDER FEES PER LOT:	$5,450	$5,450	$5,450	$5,450	$5,450	$5,450	$5,450	$5,450	$5,450
QUARTERLY PERIOD:	ZERO	ONE	TWO	THREE	FOUR	FIVE	SIX	SEVEN	EIGHT
STARTING INVENTORY:	103.0	83.0	83.0	83.0	69.0	55.0	41.0	27.0	13.0
LOT SALES/PERIOD:	20.0	0.0	0.0	14.0	14.0	14.0	14.0	14.0	13.0
ENDING INVENTORY:	83.0	83.0	83.0	69.0	55.0	41.0	27.0	13.0	0.0
AVG. LOTS HELD/PERIOD:	93.0	83.0	83.0	76.0	62.0	48.0	34.0	20.0	6.5
SALES APPRECIATION:	0.00%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
STARTING INVENTORY:	$8,037,500	$6,590,165	$6,705,493	$6,822,839	$5,771,258	$4,680,783	$3,550,374	$2,378,967	$1,165,474
AVG. LOT VALUE:	$78,034	$79,400	$80,789	$82,203	$83,641	$85,105	$86,594	$88,110	$89,652
AVG. INVENTORY HELD:	$7,257,160	$6,590,165	$6,705,493	$6,247,419	$5,185,768	$4,085,047	$2,944,213	$1,762,198	$582,737
ENDING INVENTORY:	$6,476,820	$6,590,165	$6,705,493	$5,671,998	$4,600,278	$3,489,311	$2,338,051	$1,145,429	$0
QUARTERLY SALES:	$1,560,680	$0	$0	$1,150,840	$1,170,980	$1,191,472	$1,212,323	$1,233,539	$1,165,474
BUILDER FEES:	$109,000	$0	$0	$76,300	$76,300	$76,300	$76,300	$76,300	$70,850
TOTAL REVENUES:	$1,669,680	$0	$0	$1,227,140	$1,247,280	$1,267,772	$1,288,623	$1,309,839	$1,236,324
LESS EXPENSES:									
a) MKTING/CLOSING (5.0%):	$78,034	$0	$0	$57,542	$58,549	$59,574	$60,616	$61,677	$58,274
b) TAXES/AVG. INV HELD.:	$0	$35,024	$35,024	$32,070	$26,162	$20,255	$14,347	$8,439	$2,743
c) ADMINISTRATIVE (0.5%):	$8,348	$0	$0	$6,136	$6,236	$6,339	$6,443	$6,549	$6,182
c) MAINTENANCE:	$0	$4,150	$4,150	$3,800	$3,100	$2,400	$1,700	$1,000	$325
TOTAL EXPENSES:	$86,382	$39,174	$39,174	$99,547	$94,048	$88,567	$83,106	$77,666	$67,523
NET SALES INCOME:	$1,583,297	($39,174)	($39,174)	$1,127,593	$1,153,232	$1,179,205	$1,205,517	$1,232,173	$1,168,801
QUARTERLY IRR AT 16.0%:	1.00	0.961538	0.924556	0.888996	0.854804	0.821927	0.790315	0.759918	0.730690
DISCOUNTED SALES:	$1,583,297	($37,667)	($36,218)	$1,002,426	$985,788	$969,221	$952,737	$936,350	$854,031
TOTAL NPV OF SALES "UPON COMPLETION"	$7,209,965								
ROUNDED TO:	**$7,210,000**								
VALUE PER LOT:	**$70,000**								

DISCOUNTED CASH FLOW MARKET VALUE CONCLUSIONS

After applying an IRR of **16.0%** to the projected sell-out of the 121 proposed lots in 6 Creeks, Phase 1, Section 2, and the 103 proposed lots in 6 Creeks, Phase 1, Section 3; it is the opinion of the appraiser that the "As Is" Bulk Market Values of the subject lots to a single purchaser, via the Income Approach, are as follows:

Description	No. Lots	"As Is" Bulk Market Value	Effective Date
6 Creeks, Phase 1, Section 2	121	$7,500,000	12/15/2019
6 Creeks, Phase 1, Section 3	103	$7,210,000	6/15/2019

When estimating the value of multiple lots or parcels of land "In Bulk" or collectively to a single purchaser, individual builder retail lot market values are typically totaled, and a discounted cash flow is then applied to reflect factors such as yield, risk, and expenses which must be incurred by the owner throughout the holding period or sell-out term for the multiple retail properties. The preceding discounted cash flow models are deemed to be the most reliable technique in estimating the Market Value for the subject lots "In Bulk" or collectively to a single purchaser.

The indicated "Upon Completion" Bulk Market Value of the 121 proposed lots in 6 Creeks, Phase 1, Section 2, computes to **a total of $7,500,000,** or an average of **$61,983 per lot.** This net present value conclusion represents a discount of approximately **16.65%** in comparison to the previously estimated sum of retail revenue of **$8,351,070, plus the $647,592 in builder fees ($5,352 per lot)**, for **gross retail revenues of $8,998,662,** or an average of **$74,369 per lot.**

The indicated "Upon Completion" Bulk Market Value of the 103 proposed lots in 6 Creeks, Phase 1, Section 3, computes to **a total of $7,210,000,** or an average of **$70,000 per lot.** This net present value conclusion represents a discount of approximately **16.15%** in comparison to the previously estimated sum of retail revenue of **$8,037,500, plus the**

$561,3500 in builder fees ($5,450 per lot), for **gross retail revenues of $8,598,850,** or an average of **$83,484 per lot.**

This net present value conclusion represents a discount of approximately **20.63%** in comparison to the previously estimated sum of retail revenue of **$6,048,000 or $72,000 per lot**. The resulting bulk purchase discount is considered to be reasonable, particularly when considering that purchasing the subject lots "In Bulk" will involve an assumption of a certain amount of risk and known carrying costs.

RECONCILIATION AND FINAL MARKET VALUE CONCLUSIONS

The Sales Comparison Approach was used to conclude the Market Values of the bulk and retail revenue of the subject existing and proposed residential lots. An Income Approach retail sell-out technique was then employed to derive the indicated "Upon Completion" Bulk Market Values of the subject lots in 6 Creeks, Phase 1, Sections 2 and 3. The sum of retail revenue of the subject lots were discounted for their projected absorption period. A discounted cash flow analysis was used to present value the projected income streams of the subject proposed lots over their projected absorption period. The Income Approach procedure is generally considered to be the most valid method of estimating the value of multiple builder retail lots to one individual buyer, especially if the parcels/lots involve a holding period or sell-out term and carrying costs. **The Cost Approach was not developed, as I was not provided specific development costs for the individual sections in 6 Creeks, Phase 1, nor the PID reimbursements for 6 Creeks PID. The absence of the Cost Approach does not reduce the credibility of the Market Value conclusion in this appraisal.**

To conclude, it is my opinion that the **"As Is" and "Upon Completion" Bulk Market Values** of the fee simple interest in the subject property, as of the indicated effective dates, are as follows:

Description	Market Value	Effective Date
110 Residential Lots in Section 1, "As Is" in Bulk	$7,780,000	2/15/2019
121 Residential Lots in Section 2, "Upon Completion," in Bulk	$7,500,000	12/15/2019
103 Residential Lots in Section 3, "Upon Completion," in Bulk	$7,210,000	6/15/2019

Extraordinary Assumptions:

1.) A portion of the subject property is proposed as a residential subdivision, with a prospective completion date. In this appraisal report, I have projected market conditions at the prospective time of completion that would be anticipated by typical market participants. In a similar fashion, I have projected the retail valuation of the individual subject lots, absorption period and holding costs, based on projected conditions that are anticipated by typical market participants. Further, unknown circumstances may change the anticipated date of completion to another date, which may have market conditions that are different from those which are expected on the anticipated date of completion that is reflected in this report. Because actual future market conditions may deviate from those which are anticipated by typical

market participants, this appraisal is subject to a review of market conditions and current sale data that will be available on the prospective or actual date of completion.

2.) This appraisal is subject to the proposed improvements being completed in a timely and professional workmanlike manner and that the proposed improvements do not deviate significantly from those described herein.

3.) This appraisal assumes that the marketing plan is for new homes with a price-point range of approximately $260,000 to $450,000, and M/I Homes, Trendmaker Homes, Highland Homes and MHI, or comparable builders, are the new home builders.

4.) I was not provided a copy of the developer's cost estimates, and the concluded Market Values contained herein are subject to a review of the actual cost estimates.

5.) A deviation from any of the extraordinary assumptions stated above might have an affect on the Market Value conclusions contained herein.

MARKETING AND EXPOSURE PERIODS

A marketing period is not a fact which can be found, but is an estimate which is dependent on supply/demand market conditions, availability of financing, competent marketing and negotiating efforts, and perhaps most important, the appropriate asking price. My estimate of the projected marketing period assumes market conditions are similar to those, which currently exist, as of the effective date of this appraisal. It also assumes reasonable financing can be obtained and that the property is aggressively marketed.

According to participants in the regional and local residential land market and others who have experience handling and marketing of such properties in the subject area, marketing times for properties such as the subject have been decreasing in this relatively stable submarket. Based upon my market analysis, I have estimated a prospective marketing period for the subject residential lots to be within 6 months. The subject property should market well at the reasonable and competitive concluded Market Values. As a result, I further estimate a historic exposure period to be within 6 months, based upon the market data presented herein and the reported exposure times of the comparable sales.

ADDENDA

LETTER OF ENGAGEMENT

C6663

BARLETTA & ASSOCIATES, INC.

REAL ESTATE APPRAISERS & CONSULTANTS

February 11, 2019

Mr. R.R. "Tripp" Davenport, III
Underwriter
FMSbonds, Inc.
100 Crescent Court, Suite 700
Dallas, Texas 75201

Direct: 877/899-2220
Cell: 214/418-1588
Email: tdavenport@fmsbonds.com

RE: **Proposal/Authorization for Valuation and Consulting Services of a new residential subdivision "Upon Completion," known as 6 Creeks, Sections 1, 2, and 3 within the 6 Creeks Public Improvement District, Phase 1 Project ("PID"), in Kyle, Hays County, Texas (the "Subject Property").**

Dear Mr. Davenport:

We look forward to preparing for you an Appraisal Report of the fee simple Market Value of the above-described Subject Property in conformance with and subject to the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and the Uniform Standards of Professional Appraisal Practice (USPAP) as developed by the Appraisal Standards Board of the Appraisal Foundation.

As a matter of disclosure and in accordance with the Ethics Rule of USPAP, we have previously performed an appraisal of the Subject Property in December 2018 for a lender/client. Other than this appraisal, we have not performed any other services regarding the Subject Property within a three-year period immediately preceding the acceptance of this assignment, either as an appraiser or in any other capacity.

The intended use of the appraisal is to provide an opinion of values for the underwriting of a proposed Public Improvement District Bond Transaction. The use of the appraisal by anyone other than you, Mr. Tripp Davenport, III c/o FMSbonds, Inc., is prohibited, except as provided herein. Additionally, we confirm our permission to use the final Appraisal Report in the offer and sale of public securities, secured by the special assessments levied on property within the PID and we confirm that we will execute, subject to our approval of the same, a certificate related to the use of the appraisal for such purpose, as provided by the client.

In determining these opinion of values, the appraiser will make certain assumptions which will be clearly detailed within the Appraisal Report. These will include, but are not limited to the assumption that the City of Kyle will, or has approved the proposed

1313 CAMPBELL ROAD, BUILDING C · HOUSTON, TEXAS 77055 · PHONE (713) 464-7700/FAX (713) 464-3696

development, and that all development entitlements are in place for such development to proceed, and that all public infrastructure will be financed, in whole or in part, with special assessments levied on property within the 6 Creeks PID, relating to the development.

The total fee for this Appraisal Report is $7,500, and we require full receipt of these funds prior to the commencement of this appraisal assignment. The delivery date will be within four (4) weeks from your signed acceptance of this engagement letter agreement, receipt of the fee and receipt of requested documents from the developer. Any delay in receipt of requested documents, will potentially delay the delivery date. If you or any of your assigns (including FMSbonds, Inc. or the developer) cancel the assignment, prior to completion, you agree to pay us for all of our expenses and our time to date based on pro rata of work completed, with the remainder to be returned to the payor of such fee.

Upon completion of the Appraisal Report, an electronic version of the report will be provided to tdavenport@fmsbonds.com, while up to two hard copies of the appraisal will be provided upon request.

In the event that we receive a subpoena to testify in any litigation, arbitration or administrative hearing of any nature whatsoever, or as a result of this engagement or the related report to which we are or are not a party, you agree to pay our then current hourly rates for such preparation and presentation of testimony. Regarding data collected by us or provided by you in this assignment, you agree that it will remain the property of Barletta & Associates, Inc. and that we may utilize and include such data (either in the aggregate or individually), in our database. Finally, you agree that all data already in the public domain may be utilized on an unrestricted basis.

If the above terms are acceptable, please execute, date below and fax or e-mail to phillip@barlettainc.com. If you should have any further questions, please do not hesitate to contact me.

AGREED TO AND ACKNOWLEDGED THIS 11th **DAY OF** February, **2019.**

BARLETTA & ASSOCIATES, INC.

Phillip F. Barletta, MAI, SRA
President
State Certified, TX-1320197-G

ACCEPTED BY:
FMSbonds, Inc.

Mr. R.R. "Tripp" Davenport, III
Underwriter
February 11th, 2019
Date

1313 Campbell Road, Building C · Houston, Texas 77055 · Phone (713) 464-7700/Fax (713) 464-3696

AUSTIN AREA ANALYSIS

Moody's Analytics

AUSTIN-ROUND ROCK TX

Data Buffer: MSA code: !USA_MAUS

ECONOMIC DRIVERS

HIGH TECH | COLLEGE TOWN | STATE CAPITAL

EMPLOYMENT GROWTH RANK

2016-2018	2016-2021
35	11
1st quintile	1st quintile

RELATIVE COSTS

LIVING	BUSINESS
113%	104%

VITALITY

RELATIVE	RANK
165%	3

BUSINESS CYCLE STATUS

STRENGTHS & WEAKNESSES

STRENGTHS

- Strong population growth supports demographically driven consumer demand.
- Well-educated labor force attracts high-value-added tech businesses.

WEAKNESSES

- Competitive pressure of foreign high-tech manufacturing challenges local industry.
- Tech adds to cyclical volatility of economy.
- Cost of living is high for Texas.

FORECAST RISKS

SHORT TERM	LONG TERM
↑	↑

RISK EXPOSURE 2017-2022: 18 (1st quintile)

UPSIDE

- Higher oil prices increase state revenues and government spending more than expected.
- Growth in social networking accelerates expansion of newer IT industries.

DOWNSIDE

- Low housing affordability and tax reform cause growth of single-family construction to disappoint.
- Rising cost of living reduces in-migration, housing and consumer industries suffer.

MOODY'S RATING

Aaa COUNTY AS OF APR 08, 2016

ANALYSIS

Recent Performance. Austin-Round Rock has revived from its summer doldrums, with job growth back above the national average but still well below the booming pace from 2013 to 2016. Core professional services, in particular, have rebounded. Manufacturing, much of which is IT-related, has also grown strongly after three years of weakness. The unemployment rate has descended below 3% for the first time in 17 years, and the labor force is still growing at an above-average rate. Wage growth is moderately faster than the national average. But housing indicators are mixed.

IT. High tech will remain a source of support, despite the deceleration over the past couple of years. With respect to manufacturing, in the first half of 2017 chip-maker Samsung invested another $1 billion in its massive local facility and hired approximately 500 more workers, including engineers. The facility is the company's largest outside South Korea. As a result, manufacturing employment in AUS is up more than 5% year over year. With respect to services, Oracle is nearing completion of its large campus, raising the prospect of increased hiring. Longer term, the prospects for high tech remain positive. Besides Samsung, Apple and Dell also have huge local operations, and the variety of opportunities for IT professionals has led to a steady stream of in-migration that regularly yields population growth more than triple the national average. Further, tax reform favors AUS, as Texas has no state income tax, when compared with other IT hubs in places such as California.

Residential. Housing construction remains elevated, but the likelihood of slower growth has increased. New single-family permits have declined somewhat since early 2017, and house price appreciation has weakened significantly from the double-digit annual gains from 2013 to 2016. Several factors explain these developments. First, as single-family permits have risen to a post-recession high not far from the 2006 peak during the precrisis boom, the increase in supply on the market has put downward pressure on prices. Second, the long period of fast price growth prior to 2017 has cut into affordability, making AUS among the most expensive places in the state to live. Third, the recent passage of tax reform will potentially be a negative for home-buying. As a result, builders have begun to dial back their optimism.

Texas government. State employment will be a limited source of growth at best over the coming year. Job gains have firmed some in 2016 and 2017, but the level remains well below the prerecession peak. There are a number of reasons for the relative weakness. First, as early as 2015, Governor Greg Abbott emphasized his view that Texas government needed to economize to bring the ratio of state workers per capita below that of other large states such as California and Illinois. As the capital, AUS employs about one-fifth of all state workers and has therefore been the focus of most of the cuts. Second, much of state employment is in public universities, where expansion in recent years has been faster in areas outside AUS.

Austin-Round Rock will decelerate in 2018, though it will advance at a moderately above-average pace over the coming year, led by IT and healthcare. Residential construction will provide support. Longer term, the especially well-educated labor force, the high concentration of technology businesses, the relatively low costs of doing business compared with other high-tech centers, and fast population growth will yield above-average performance.

Edward Friedman 1-866-275-3266
January 2018 help@economy.com

2011	2012	2013	2014	2015	2016	INDICATORS	2017	2018	2019	2020	2021	2022
87.0	92.3	97.8	102.9	108.8	112.1	Gross metro product (C09$ bil)	117.3	122.7	127.2	130.6	136.9	143.4
4.6	6.0	6.0	5.2	5.8	3.0	% change	4.6	4.6	3.7	2.7	4.8	4.8
811.9	844.3	884.1	922.9	962.9	1,000.2	Total employment (ths)	1,025.4	1,051.8	1,074.6	1,091.6	1,113.5	1,140.2
3.4	4.0	4.7	4.4	4.3	3.9	% change	2.5	2.6	2.2	1.6	2.0	2.4
6.5	5.6	5.0	4.1	3.3	3.3	Unemployment rate (%)	3.2	2.6	2.9	3.4	3.8	3.9
10.5	10.2	3.3	9.1	7.5	3.8	Personal income growth (%)	4.6	6.2	6.8	5.6	5.9	6.3
57.3	59.3	61.6	64.2	67.3	71.0	Median household income ($ ths)	73.5	75.6	78.1	80.1	82.1	84.3
1,780.7	1,834.8	1,883.3	1,942.1	1,999.9	2,059.5	Population (ths)	2,111.1	2,169.4	2,228.5	2,286.3	2,345.8	2,408.2
3.1	3.0	2.6	3.1	3.0	3.0	% change	2.5	2.8	2.7	2.6	2.6	2.7
34.8	36.9	32.0	40.4	41.3	41.8	Net migration (ths)	34.4	40.9	41.4	39.7	41.1	43.8
6,231	8,261	8,954	11,842	11,857	13,327	Single-family permits (#)	14,816	14,550	15,683	16,731	17,930	17,233
4,008	11,334	11,911	8,434	10,313	8,534	Multifamily permits (#)	9,262	4,160	4,578	6,259	7,624	8,459
192.5	198.2	214.8	239.7	263.1	286.7	FHFA house price (1995Q1=100)	308.0	307.9	290.2	283.2	281.5	282.9

PRÉCIS® U.S. METRO • Austin-Round Rock TX

ECONOMIC HEALTH CHECK

3-MO MA

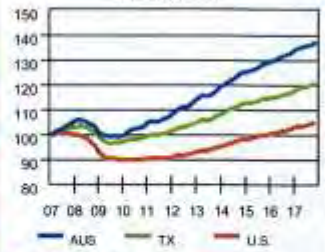
	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17
Employment, change, ths						
Unemployment rate, %						2.8
Labor force participation rate, %				69.5		
Employment-to-population ratio, %			67.1			
Average weekly hours, #	33.0		33.8			
Industrial production, 2012=100	107.7					
Residential permits, single-family, #						
Residential permits, multifamily, #						

Better than prior 3-mo MA | Unchanged from prior 3-mo MA

Sources: BLS, Census Bureau, Moody's Analytics

BUSINESS CYCLE INDEX

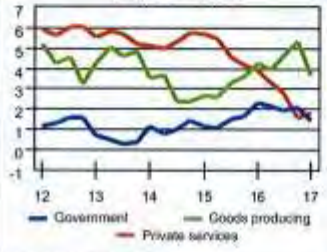
JAN 2007=100



Source: Moody's Analytics

CURRENT EMPLOYMENT TRENDS

% CHANGE YR AGO



Sources: BLS, Moody's Analytics

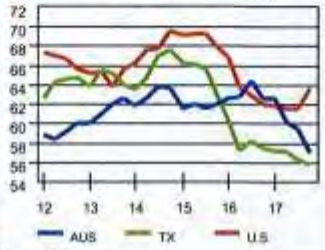
% CHANGE YR AGO, 3-MO MA

	Dec 16	Jun 17	Dec 17
Total	3.7	2.9	2.6
Mining	-9.4	9.5	15.1
Construction	8.2	5.4	4.1
Manufacturing	1.5	3.6	4.2
Trade	2.3	0.9	2.4
Trans/Utilities	5.3	6.6	4.8
Information	3.9	-2.2	-3.9
Financial Activities	5.3	1.7	1.0
Prof & Business Svcs.	4.0	2.5	1.4
Edu & Health Svcs.	4.3	5.7	3.9
Leisure & Hospitality	4.3	3.6	4.7
Other Services	4.6	4.1	3.5
Government	2.3	1.9	1.4

Sources: BLS, Moody's Analytics

DIFFUSION INDEX

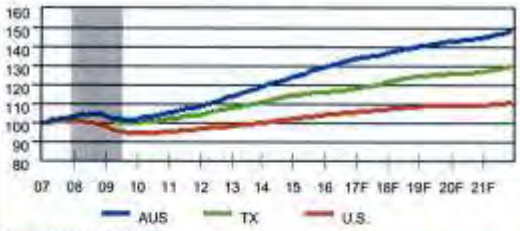
3-DIGIT NAICS LEVEL, 6-MO MA



Sources: BLS, Moody's Analytics

RELATIVE EMPLOYMENT PERFORMANCE

JAN 2007=100

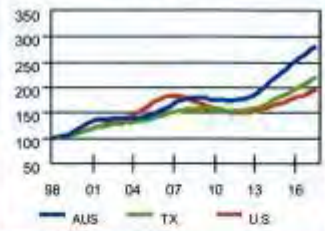


FORECAST VS. 6 MO PRIOR

Sources: BLS, Moody's Analytics

HOUSE PRICE

1998Q1=100, NSA

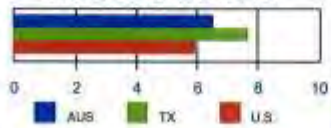


Sources: FHFA, Moody's Analytics

VACANCY RATES

HOMEOWNER, % HOUSES FOR SALE

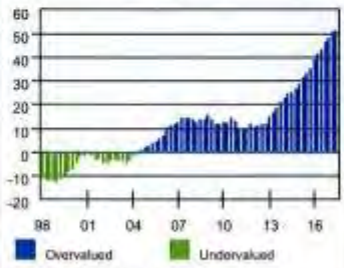
RENTAL, % INVENTORY FOR RENT



Sources: Census Bureau, ACS, Moody's Analytics, 2016

HOUSE PRICE TRENDS

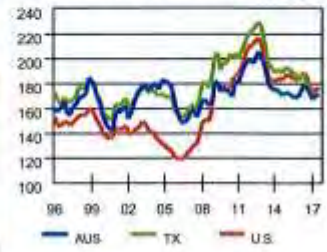
%



Sources: FHFA, Moody's Analytics

HOUSING AFFORDABILITY

GREATER THAN 100=MORE AFFORDABLE



Sources: NAR, Moody's Analytics

PRÉCIS® U.S. METRO • Austin-Round Rock TX

EMPLOYMENT AND INDUSTRY

TOP EMPLOYERS

University of Texas at Austin	23,665
Dell Inc.	12,000
Seton Healthcare Network	10,297
Wal-Mart Stores Inc.	9,100
St. David's Healthcare	9,021
Samsung Austin Semiconductor	6,074
Apple Computer	6,000
IBM Corp.	6,000
Texas State University - San Marcos	5,424
Austin Community College	5,325
NXP Semiconductors	5,000
Applied Materials	3,100
AT&T	2,900
National Instruments	2,575
Whole Foods Market	2,530
Keller Williams Realty	2,506
Accenture	2,200
Flextronics International	2,200
Lower Colorado River Authority	1,810
Spectrum	1,765

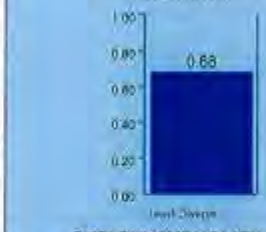
Sources: Austin Business Journal, Book of Lists 2017, Greater Austin Chamber of Commerce, 2017

PUBLIC

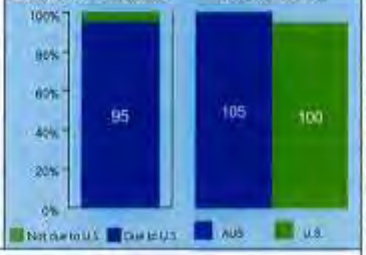
Federal	12,854
State	74,671
Local	90,506

2016

INDUSTRIAL DIVERSITY

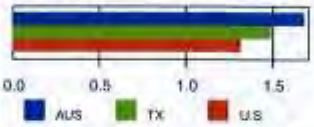


EMPLOYMENT VOLATILITY



ENTREPRENEURSHIP

EMPLOYMENT IN NEW COMPANIES, % OF TOTAL



Sources: Census Bureau, Moody's Analytics, avg 2010-2014

EXPORTS

Product	$ mil
Food and kindred products	ND
Chemicals	197.0
Primary metal manufacturing	ND
Fabricated metal products	ND
Machinery, except electrical	ND
Computer and electronic products	ND
Transportation equipment	151.9
Miscellaneous manufacturing	ND
Other products	ND
Total	10,682.7

Destination	$ mil
Africa	28.8
Asia	8,780.9
European Union	734.7
Canada & Mexico	740.2
South America	239.7
Rest of world	148.2
Total	10,682.7
% of GDP	8.6
Rank among all metro areas	89

Sources: BEA, International Trade Administration, Moody's Analytics, 2016

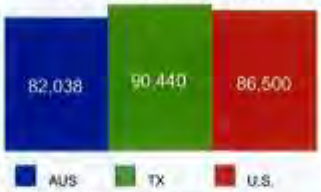
COMPARATIVE EMPLOYMENT AND INCOME

	% OF TOTAL EMPLOYMENT			AVERAGE ANNUAL EARNINGS		
Sector	AUS	TX	U.S.	AUS	TX	U.S.
Mining	0.4	1.9	0.4	$153,292	$131,814	$90,606
Construction	5.7	5.8	4.7	$81,931	$71,605	$67,379
Manufacturing	5.6	7.1	8.5	$106,012	$89,524	$80,835
Durable	79.8	63.8	62.4	*nd*	*$86,469*	*$83,048*
Nondurable	20.2	36.2	37.6	*nd*	*$94,884*	*$77,168*
Transportation/Utilities	1.8	4.4	3.8	$39,706	$68,506	$64,189
Wholesale Trade	5.0	4.8	4.0	$98,685	$84,031	$80,930
Retail Trade	10.2	10.8	10.8	$39,242	$35,939	$34,829
Information	2.7	1.6	1.9	$83,387	$81,462	$114,771
Financial Activities	5.6	6.1	5.8	$45,667	$48,217	$53,946
Prof. and Bus. Services	16.7	13.6	14.1	nd	$63,923	$68,173
Educ. and Health Services	11.9	13.6	15.8	$54,540	$53,412	$54,662
Leisure and Hosp. Services	12.3	10.8	10.9	$25,965	$26,370	$27,790
Other Services	4.4	3.6	3.9	$42,410	$34,936	$36,665
Government	17.7	15.9	15.2	$73,304	$69,853	$77,509

Sources: Percent of total employment -- BLS, Moody's Analytics, 2017, Average annual earnings -- BEA, Moody's Analytics 2016

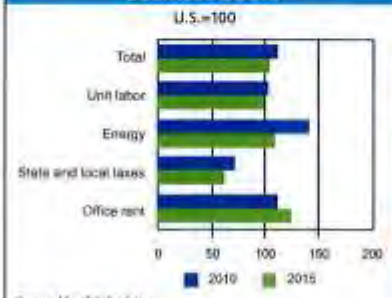
PRODUCTIVITY

REAL OUTPUT PER WORKER, $



Sources: BEA, Moody's Analytics, 2015

BUSINESS COSTS



Source: Moody's Analytics

HIGH-TECH EMPLOYMENT

	Ths	% of total
AUS	95.5	9.5
U.S.	6,937.1	4.8

HOUSING-RELATED EMPLOYMENT

	Ths	% of total
AUS	104.0	10.4
U.S.	13,565.7	9.4

Source: Moody's Analytics, 2016

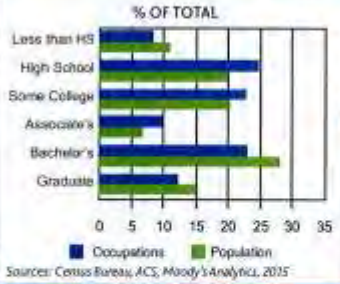
LEADING INDUSTRIES BY WAGE TIER

	NAICS	Industry	Location Quotient	Employees (ths)
HIGH	5415	Computer systems design & related srvcs	2.5	33.0
	4234	Prof. & comm. equip. & supp. merch. wholes.	5.6	23.4
	5416	Mgmnt., scientific & technical consult. srvcs.	1.9	16.8
	6211	Offices of physicians	0.9	15.1
MID	GVL	Local Government	0.9	89.3
	GVS	State Government	2.2	74.7
	6221	General medical and surgical hospitals	0.7	21.7
	2382	Building equipment contractors	1.1	15.1
	7225	Restaurants and other eating places	1.2	85.4
LOW	5613	Employment services	0.9	21.1
	4451	Grocery stores	1.0	18.7
	5617	Services to buildings and dwellings	1.2	15.9

Source: Moody's Analytics, 2016

PRÉCIS® U.S. METRO • Austin-Round Rock TX

SKILLS MISMATCH



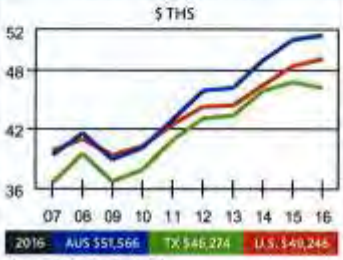
Sources: Census Bureau, ACS, Moody's Analytics, 2015

ECONOMIC DISENFRANCHISEMENT

Index	2016	Rank*
Gini coefficient	0.46	196
Palma ratio	2.9	290
Poverty rate	10.9%	326

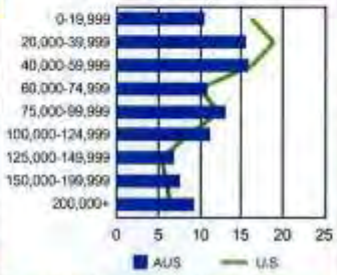
*Most unequal=1, Most equal=401

PER CAPITA INCOME



Sources: BEA, Moody's Analytics

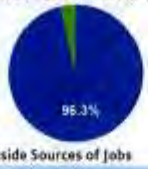
HOUSEHOLDS BY INCOME, %



Sources: Census Bureau, ACS, Moody's Analytics, 2016

COMMUTER FLOWS

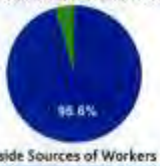
RESIDENTS WHO WORK IN AUS



Top Five Outside Sources of Jobs

Austin TX	Share
San Antonio TX	1.0
Killeen TX	0.5
Houston TX	0.4
Dallas TX	0.2
Fort Worth TX	0.1

WORKERS WHO LIVE IN AUS



Top Five Outside Sources of Workers

Austin TX	Share
San Antonio TX	1.6
Killeen TX	0.5
Houston TX	0.3
Dallas TX	0.1
Fort Worth TX	0.1

Sources: Census Bureau, Moody's Analytics, avg 2009-2013

MIGRATION FLOWS

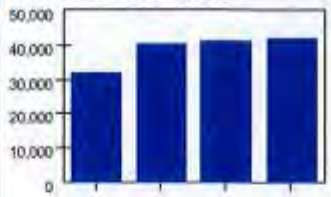
INTO AUSTIN TX

	Number of Migrants
Houston TX	8,764
San Antonio TX	6,570
Dallas TX	5,593
Killeen TX	2,748
New York NY	2,493
Los Angeles CA	2,453
Fort Worth TX	2,153
Chicago IL	2,146
Phoenix AZ	1,526
Atlanta GA	1,409
Total in-migration	109,742

FROM AUSTIN TX

Houston TX	8,632
San Antonio TX	6,948
Dallas TX	5,870
Atlanta GA	3,783
New York NY	3,748
Miami FL	3,645
Killeen TX	3,435
Los Angeles CA	2,679
Tampa FL	2,507
Fort Worth TX	2,406
Total out-migration	145,364
Net migration	-35,622

NET MIGRATION, #

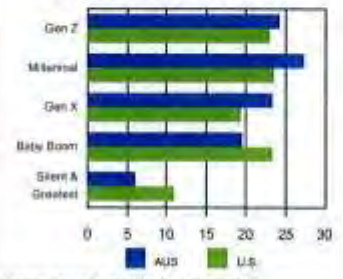


	2013	2014	2015	2016
Domestic	26,485	33,349	32,976	33,395
Foreign	5,615	6,563	6,964	6,878
Total	32,100	39,912	39,940	40,273

Sources: IRS (top), 2016, Census Bureau, Moody's Analytics

GENERATIONAL BREAKDOWN

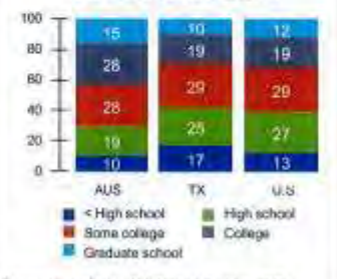
POPULATION BY GENERATION, %



Sources: Census Bureau, Moody's Analytics, 2015

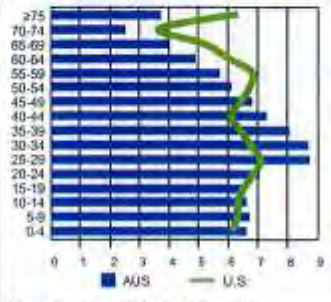
EDUCATIONAL ATTAINMENT

% OF ADULTS 25 AND OLDER



Sources: Census Bureau, ACS, Moody's Analytics, 2016

POPULATION BY AGE, %

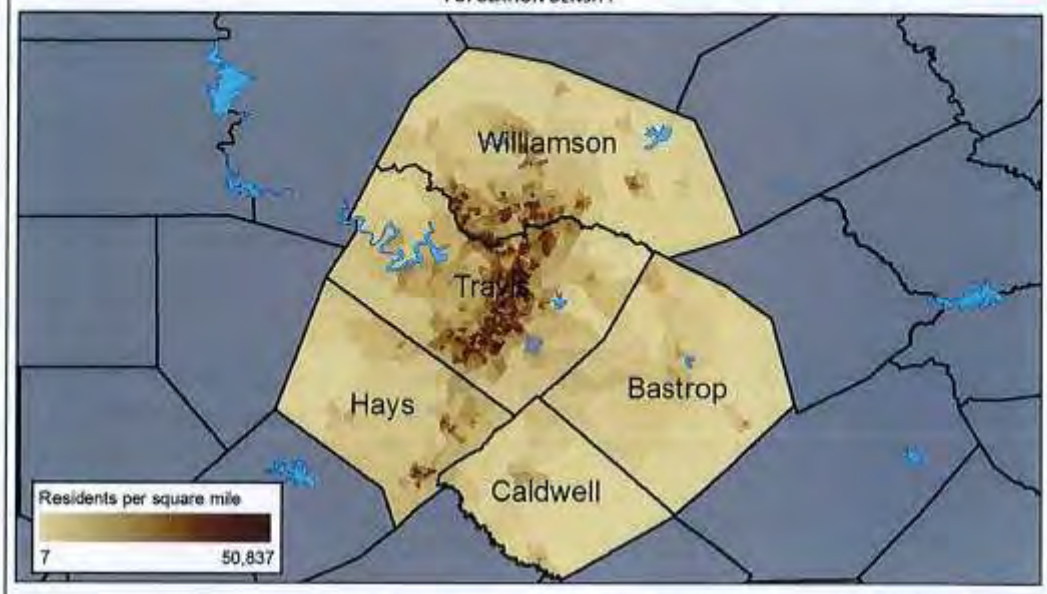


Sources: Census Bureau, Moody's Analytics, 2016

PRÉCIS® U.S. METRO • Austin-Round Rock TX

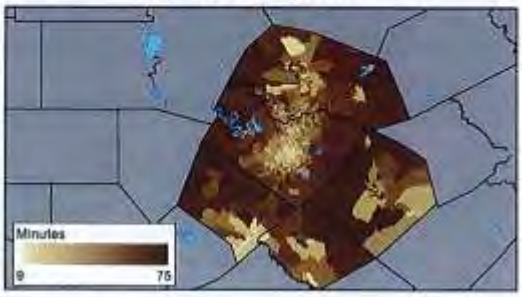
GEOGRAPHIC PROFILE

POPULATION DENSITY



MEDIAN HOUSEHOLD INCOME

MEDIAN COMMUTE TIME



POPULATION & HOUSING CHARACTERISTICS

	Units	Value	Rank*
Total land area	sq mi	4,219.9	58
Population density	ratio population to land area	487.3	69
Total population	ths	2,056.4	35
White	% of population	52.8	333
Hispanic	% of population	32.2	40
Black	% of population	7.1	194
Asian	% of population	5.7	52
U.S. citizen at birth	% of population	83.7	333
Naturalized U.S. citizen	% of population	5.9	73
Not a U.S. citizen	% of population	8.5	61
Median age		34.4	330
Total housing units	ths	805.8	41
Owner occupied	% of total	53.0	304
Renter occupied	% of total	39.0	40
Vacant	% of total	8.0	306
1-unit, detached	% of total	60.2	314
1-unit, attached	% of total	3.9	202
Multifamily	% of total	31.0	50
Median year built		1994	

* Out of 402 metro areas and metro divisions

Sources: Census Bureau, Moody's Analytics, 2016 except land area 2010

Sources: ACS, Moody's Analytics

© 2018 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S INVESTORS SERVICE, INC. AND ITS RATINGS AFFILIATES ("MIS") ARE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MOODY'S PUBLICATIONS MAY INCLUDE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS AND MOODY'S OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. CREDIT RATINGS AND MOODY'S PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. NEITHER CREDIT RATINGS NOR MOODY'S PUBLICATIONS COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS AND PUBLISHES MOODY'S PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS OR MOODY'S PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing the Moody's publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any rating, agreed to pay to Moody's Investors Service, Inc. for appraisal and rating services rendered by it fees ranging from $1,500 to approximately $2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moodys.com under the heading "Investor Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors. It would be reckless and inappropriate for retail investors to use MOODY'S credit ratings or publications when making an investment decision. If in doubt you should contact your financial or other professional adviser.

Additional terms for Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any rating, agreed to pay to MJKK or MSFJ (as applicable) for appraisal and rating services rendered by it fees ranging from JPY200,000 to approximately JPY350,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.

QUALIFICATIONS
OF THE APPRAISER

QUALIFICATIONS OF PHILLIP F. BARLETTA, MAI, SRA

PROFESSIONAL AFFILIATIONS

Member Appraisal Institute, MAI Number: 7644

Texas State Certified General Real Estate Appraiser
Certificate Number: TX-1320197-G
Date of Expiration: 03/31/2021

Texas Real Estate Broker, License Number: 0235500

Mr. Barletta is a designated Realtor Member of the Houston Association of Realtors and the Texas Association of Realtors. He has served as a member on the Appraisal Institute's Houston Chapter Number 33 Admissions Committee and Candidate's Guidance Committee. He has also been elected to the Houston Chapter Number 33 Board of Directors for Years 2000, 2001 and 2002, and served on the Officer's Nominating Committee for 2003, 2004, 2011, 2014, 2017 and 2019.

EDUCATIONAL BACKGROUND

Mr. Barletta graduated from Sam Houston State University in Huntsville, Texas on May 21, 1977. He received a Bachelor of Business Administration degree with primary emphasis on finance, management, and real estate related courses. In addition he has successfully passed the following Appraisal Institute Courses and attended the following Seminars:

1) Course 1-A: Basic Appraisal Principles, Methods and Techniques (1979)
2) Course 8: Single-Family Residential Appraisal (1979)
3) Course 1B-A: Capitalization Theory and Techniques, Part A (1984)
4) Course 1B-B: Capitalization Theory and Techniques, Part B (1985)
5) Course 2-1: Case Studies and Real Estate Valuation (1985)
6) Course 2-2: Valuation Analysis and Report Writing (1985)
7) Course 2-3: Standards of Professional Practice (1985)
8) Seminar: Subdivision Analysis, by A.I.R.E.A., Houston, TX (1986)
9) Seminar: R41-b and the Appraiser, by S.R.E.A., Dallas, TX (1987)
10) Course 1B-B: Audited Capitalization, Part B (1987)
11) Seminar: FNMA Underwriting Guidelines, by S.R.E.A., Houston, TX (1987)
12) Seminar: FNMA Appraisal Guidelines & Condo/PUD Acceptance (2 days), by S.R.E.A., Houston, TX (1988)
13) Seminar: FNMA Appraisal Guidelines, by S.R.E.A., Houston, TX (1989)
14) Seminar: Standards of Professional Practice Update by A.I.R.E.A., Houston, TX (1989)
15) Seminar: Comprehensive Appraisal Workshop by Ted Whitmer, MAI, Houston, TX (Jan. 15-18, 1990)
16) Seminar: Affordable Housing Disposition Program by RTC, Houston, TX (Sept. 21, 1990)
17) Seminar: Appraising Troubled Income Properties by A.I.R.E.A., Houston, TX (Oct. 25, 1990)
18) Seminar: Discounted Cash Flow Analysis by A.I.R.E.A., Houston, TX (Nov. 16, 1990)
19) Seminar: FNMA Underwriting Guidelines by Appraisal Institute, Houston, TX (July 19, 1991)
20) Seminar: Valuation of Leased Fees by Appraisal Institute, Houston, TX (July 20, 1991)
21) Course: Standards of Professional Practice - Parts A & B by Appraisal Institute, Houston, TX (March 26-29, 1992)
22) Seminar: Americans with Disabilities Act (ADA) Seminar by Appraisal Institute, Houston, TX (Nov. 4, 1992)
23) Seminar: ARGUS Version 3.0 Training Seminar by ARGUS Financial Software, Houston, TX (Nov. 12, 1993)
24) Seminar: The New URAR Report, by Appraisal Institute, Houston, TX (Feb. 17, 1994)
25) Seminar: Fair Lending and the Appraiser, by Appraisal Institute, Houston, TX (April 8, 1994)
26) Seminar: Understanding Limited Appraisals & Reporting Options - General, Houston, TX (July 7, 1994)
27) Seminar: How to Appraise FHA Insured Property, by H.U.D., Houston, TX (Dec. 1, 1994)
28) Seminar: Real Estate Evaluations & The Appraisal Industry, by Appraisal Institute, Houston, TX (April 20, 1995)
29) Seminar: Appraisal Practices for Litigation, by Appraisal Institute, Houston, TX (May 19-20, 1995)
30) Seminar: The High-Tech Appraisal Office, by Appraisal Institute, Kansas City, MO (6/14/96)
31) Seminar: The Internet and Appraising, by Appraisal Institute, Kansas City, MO (6/15/96)
32) Seminar: Litigation Skills for the Appraiser: An Overview, by Appraisal Institute, Houston, TX (10/25/96)
33) Seminar: Understanding Limited Appraisals & Appraisal Reporting Options, by Appraisal Institute, Houston, TX (June 12, 1997)
34) Seminar: Affordable Housing Valuation, by Appraisal Institute, Houston, TX (June 13, 1997)
35) Course 430: Standards of Professional Practice, Part C, by Appraisal Institute, Houston, TX (Dec. 4-5, 1997)
36) Seminar: R4580 Fannie Mae Seminar, by Appraisal Institute, Houston, TX (July 17, 1998)
37) Seminar: The Appraisal of Local Retail Properties, by Appraisal Institute, Houston, TX (September 28, 1998)
38) Seminar: Attacking & Defending an Appraisal in Litigation, by Ted Whitmer, MAI, CCIM, Houston, Texas (April 15-16, 1999)
39) Seminar: Fannie Mae – Mortgage Lending, by Appraisal Institute, Houston, TX (November 10, 1999)
40) Seminar: 10th Annual Outlook for Texas Rural Land Markets, by Texas A&M University, College Station, TX (March 24, 2000)
41) Seminar: Subdivision Analysis, by Appraisal Institute, Houston, TX (June 20, 2000)
42) Seminar: HUD Multifamily Accelerated Processing (MAP), by HUD, Fort Worth, TX (September 27, 2000)

43) Seminar: U.S.P.A.P. 2001 Update, by Appraisal Institute, Houston, TX (February 17, 2001)
44) Seminar: 11th Annual Outlook for Texas Rural Land Markets, by Texas A&M University, College Station, TX (May 4, 2001)
45) Seminar: 2002 Commercial Real Estate Forecast, by CCIM, Houston, TX (February 14, 2002)
46) Seminar: Texas USPAP Update, by Appraisal Institute, Houston, TX (March 23, 2002)
47) Seminar: 12th Annual Outlook for Texas Rural Land Markets, by Texas A&M University, College Station, TX (May 3, 2002)
48) Course 430: Standards of Professional Practice, Part C, by Appraisal Institute, Houston, TX (December 12-13, 2002)
49) Seminar: 13th Annual Outlook for Texas Land Markets, by Texas A&M University, College Station, TX (April 10, 2003)
50) Course 400: U.S.P.A.P. 2004 Update, by Appraisal Institute, Houston, TX (January 24, 2004)
51) Course 400: U.S.P.A.P. 2005 Update, by Appraisal Institute, Houston, TX (April 14, 2005)
52) Seminar: 15th Annual Outlook for Texas Land Markets, by Texas A&M University, College Station, TX (April 28, 2005)
53) Seminar: Professional Guide to the URAR, by Appraisal Institute, Houston, TX (June 23, 2005)
54) Seminar: 16th Annual Outlook for Texas Land Markets, by Texas A&M University, College Station, TX (April 27, 2006)
55) Seminar: Subdivision Valuation, by Appraisal Institute, Houston, TX (November 9, 2006)
56) Seminar: Scope of Work, by Appraisal Institute, Houston, TX (January 18, 2007)
57) Course 400: U.S.P.A.P. 2008-09 Update, by Appraisal Institute, Houston, TX (Jan. 19, 2008)
58) Seminar: Analyzing Distressed Real Estate, by Appraisal Institute, Houston, TX (Dec. 11, 2008)
59) Seminar: Mortgage Fraud, by Champions School of R.E., Houston, TX (Jan. 16, 2009)
60) Seminar: 19th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 6-7, 2009)
61) Seminar: U.S.P.A.P. 2010 – 2011 Update, by Appraisal Institute, Houston, TX (Feb. 24, 2010)
62) Seminar: 20th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (May 6-7, 2010)
63) Seminar: Business Practices & Ethics, by Appraisal Institute, Houston, TX (Dec. 9, 2010)
64) Seminar: Staying out of Trouble in Appraisal Practice & A Lender's Perspective, by Appraisal Institute, Houston, TX (Feb. 26, 2011)
65) Seminar: Appraising Distressed Commercial Real Estate, by Appraisal Institute, Houston, TX (April 15, 2011)
66) Seminar: Appraisal Curriculum Overview (2-Day General), by Appraisal Institute, Austin, TX (May 10-11, 2011)
67) Course: Fundamentals of Separating Real & Personal Property from Intangible Business Assets, by Appraisal Institute, Chicago, IL (Dec. 15-16, 2011)
68) Seminar: U.S.P.A.P. 2012-2013 Update, by Appraisal Institute, Houston, TX (Feb 22, 2012)
69) Seminar: Complex Litigation Appraisal Case Studies, by Appraisal Institute, Houston, TX (Jan. 14, 2013)
70) Seminar: 23rd Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 25-26, 2013)
71) Seminar: Business Practices & Ethics, by Appraisal Institute, Houston, TX (July 31, 2013)
72) Seminar: U.S.P.A.P. 2014-2015 Update, by Appraisal Institute, Houston, TX (December 6, 2013)
73) Seminar: 24th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 17-18, 2014)
74) Course: Texas Appraiser Trainee/Sponsor Course, Houston, TX (April 16, 2015)
75) Seminar: 25th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 23-24, 2015)
76) Seminar: U.S.P.A.P. 2016 – 2017 Update, by Appraisal Institute, Houston, TX (December 11, 2015)
77) Seminar: 26th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 28 – 29, 2016)
78) Seminar: Eminent Domain, by CLE International, Austin, TX (Feb 9-10, 2017)
79) Seminar: 27th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 20-21, 2017)
80) Seminar: 2017 Real Estate Symposium/TALCB Course #32884, by Appraisal Institute, Houston, TX (August 18, 2017)
81) Seminar: Business Practices & Ethics, by Appraisal Institute, Houston, TX (Oct. 13, 2017)
82) Course: U.S.P.A.P. 2018-2019, 7-Hour Update, by Appraisal Institute, Houston, TX (Dec. 7, 2017)
83) Seminar: 28th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 26-27, 2018)
84) Seminar: 2018 Real Estate Symposium, by Appraisal Institute, Houston, TX (September 28, 2018)

APPRAISAL BACKGROUND

Mr. Barletta began appraising in January, 1977. He has had extensive experience in appraising all types of commercial and residential properties (listed below) in the Houston, Dallas/Ft. Worth, Austin and San Antonio regions, plus numerous other cities throughout Texas. In August, 1987, Mr. Barletta became a partner in an appraisal company in which he held the title President. In 1991, he formed a new company, BARLETTA & ASSOCIATES, INC., where he also holds the title of President, with offices at 1313 Campbell Road, Suite C, Houston, Texas 77055-6429.

Some of the various types of appraisals performed by Mr. Barletta would include: single-family residences, two-to-four unit residential income properties, raw land, mixed-use developed commercial sites, master-planned residential subdivisions, condominium/PUD projects, conventional and HUD apartment projects, office buildings, shopping centers, office/warehouses, special-purpose properties, motels/hotels, golf courses, marinas, restaurants, various commercial/retail facilities, and all types of industrial properties. Mr. Barletta has also been qualified as an expert witness in various court matters for real property valuation by numerous attorneys, and he has arbitrated a number of legal issues.

Texas Address: 1313 Campbell Road, Suite C
Houston, Texas 77055-6429
Phone Number: (713) 464-7700
Fax Number: (713) 464-3696
E-Mail: phillip@barlettainc.com

Texas Appraiser Licensing and Certification Board
P.O. Box 12188 Austin, Texas 78711-2188
Certified General Real Estate Appraiser

Number: TX 1320197 G
Issued: 01/24/2019 Expires: 03/31/2021
Appraiser: PHILLIP FRANK BARLETTA

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Texas Occupations Code, Chapter 1103, is authorized to use this title, Certified General Real Estate Appraiser.

Douglas E. Oldmixon
Commissioner

(THIS PAGE IS INTENTIONALLY LEFT BLANK.)

APPENDIX G

FINANCING AGREEMENT

FIRST AMENDMENT TO
THE 6 CREEKS PUBLIC IMPROVEMENT DISTRICT
FINANCING AGREEMENT

This First Amendment to the 6 Creeks Public Improvement District Financing Agreement (the "*Amendment*") is made, entered into and effective as of April 2, 2019 (the "*Amendment Effective Date*") by the City of Kyle, a Texas home-rule municipal corporation (the "*City*") and HMBRR Development, Inc., a Texas corporation, HMBRR, L.P., a Texas limited partnership, and HMBRR, LP #2, a Texas limited partnership (collectively the "*Owner*"). The City and the Owner are herein referred to together as the "*Parties*."

Recitals:

WHEREAS, the City entered into that certain Blanco River Ranch Public Improvement District Financing Agreement with the Owner, dated effective as of July 18, 2017 (the "*Financing Agreement*"); and

WHEREAS, on September 18, 2018, the City Council approved the renaming of the District from Blanco River Ranch Public Improvement District to the 6 Creeks Public Improvement District and adopted Resolution No. 1118; and

WHEREAS, this City Council intends to issue City of Kyle, Texas Special Assessment Revenue Bonds, Series 2019 (6 Creeks Public Improvement District Improvement Area #1 Project) to fund, among other things, the Improvement Area #1 Projects described in the District's service and assessment plan (the "*Series 2019 Bonds*"); and

WHEREAS, an Indenture of Trust by and between the City and UMB Bank, N.A., as Trustee, will be executed at the time the Series 2019 Bonds are authorized (the "*Indenture*"); and

WHEREAS, Section 13.2 of the Indenture lists the parameters for the issuance of Additional Improvement Area #1 Bonds; and

WHEREAS, the Parties desire to replace Section 5.09 of the Financing Agreement in its entirety to conform the parameters for the issuance of Additional Improvement Area #1 Bonds and Refunding Bonds as stated in the Financing Agreement to Section 13.2(c) of the Indenture; and

WHEREAS, the Parties desire to add provisions to the Financing Agreement to address the ownership, operation, and maintenance of detention ponds in the District by amending Section 4.01(c);

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

ARTICLE I. RECITALS; DEFINITIONS

Section 1.01. Recitals. The foregoing recitals are incorporated herein and made a part of this Amendment for all purposes.

Section 1.02. Definitions. Words and phrases used in this Amendment shall, if defined in the Financing Agreement and not specifically modified by this Amendment, shall have the definition and meaning as provided in the Financing Agreement.

ARTICLE II. AMENDMENTS

Section 2.01. Section 5.09 of the Financing Agreement is hereby removed in its entirety and replaced with the following:

5.09. Additional Obligations or Other Liens; Additional Parity Bonds.

(a) For this Section 5.09, the following terms, which will also be defined in the Indenture of Trust by and between the City and UMB Bank, N.A., as Trustee, securing the City of Kyle, Texas Special Assessment Revenue Bonds, Series 2019 (6 Creeks Public Improvement District Improvement Area #1 Project) (the "Series 2019 Indenture") shall have the meanings specified below. To the extent that there is any conflict between any definition as stated in this Section 5.09(a) and the Series 2019 Indenture, the applicable definition as stated in the Series 2019 Indenture shall control.

"*2019 Amended and Restated Service and Assessment Plan*" means the Service and Assessment Plan, as amended and restated by the Amended and Restated Service and Assessment Plan passed and approved by City Council on the date that it approved the issuance and sale of the PID Bonds, as same may be further amended, updated, supplemented or otherwise modified from time to time.

"*Additional Improvement Area #1 Bonds*" means Bonds issued to fund Improvement Area #1 Projects or refund the Improvement Area #1 Reimbursement Obligation, in whole or in part, that are secured by the Assessments.

"*Additional Obligations*" means any bonds or obligations, including specifically, any installment contracts, reimbursement agreements, temporary note or time warrant secured in whole or in part by an assessment, other than the Assessments securing the Bonds and the Improvement Area #1 Reimbursement Obligation, levied against property within the District in accordance with the PID Act.

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

"*Assessed Property*" means for any year, any Parcel within Improvement Area #1 of the District against which an Assessment is levied, other than Non-Benefited Property.

"*Assessment Roll*" means the Assessment Roll for the Assessed Properties within Improvement Area #1 of the District, included in the 2019 Amended and Restated Service and Assessment Plan as Exhibit F, or any other Assessment Roll in an amendment or supplement to the 2019 Amended and Restated Service and Assessment Plan or in an Annual Service Plan Update, showing the total amount of the Assessments, as updated, modified or amended from time to time in accordance with the procedures set forth in the 2019 Amended and Restated Service and Assessment Plan and in the PID Act, including updates prepared in connection with the issuance of PID Bonds or in connection with any Annual Service Plan Update

"*Assessments*" mean the aggregate assessments shown on the Assessment Roll. The singular of such term means the assessment levied against an Assessed Property, as shown on the Assessment Roll, subject to reallocation upon the subdivision of an Assessed Property or reduction according to the provisions of the 2019 Amended and Restated Service and Assessment Plan and the PID Act.

"*Bonds*" or "*Bond*" means all bonds or any bond authorized by a bond ordinance to finance one or more Authorized Improvements.

"*Bond Year*" means the one-year period beginning and ending on the dates specified in the applicable indenture of trust.

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

"*Closing Date*" means the date of the initial delivery of and payment for the applicable Series of Bonds.

"*Improvement Area #1 Reimbursement Obligation*" means an amount not to exceed $4,420,000 secured, on a subordinate basis to the PID Bonds, by the Assessments levied against Assessed Properties to be paid to the Landowner to reimburse the Landowner for advancing Actual Costs of the Improvement Area #1 Projects, pursuant to the Acquisition and Reimbursement Agreement.

"Landowner" means HMBRR Development, Inc., a Texas corporation, HMBRR, L.P., a Texas limited partnership, and HMBRR, LP #2, a Texas limited partnership, collectively.

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

"Non-Benefited Property" means Parcels within the boundaries of the District that accrue no special benefit from the Authorized Improvements.

"*Outstanding*" means, as of any particular date when used with reference to one or several of the Bonds, all such Bonds except (i) any Bond that has been canceled by the Trustee for the indenture of trust for the designated Series of Bonds (or has been delivered to the Trustee for

cancellation) at or before such date, (ii) any Bond for which the payment of the principal or Redemption Price of and interest on such Bond shall have been made as provided in the applicable indenture of trust,, and (iii) any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered pursuant to the terms of the applicable indenture of trust.

"*Refunding Bonds*" means Bonds secured by a parity lien, with the Outstanding Bonds, on the trust estate as created for and under indenture of trust for such Outstanding Bonds.

"*Reserve Account Requirement*" means the sum of the Series 2019 Reserve Account Requirement, as specified in the indenture of trust for the PID Bonds plus the additional amounts, if any, required to be deposited to the Reserve Account, as created under the indenture of Trust for the PID Bonds, pursuant to each Supplemental Indenture authorizing the issuance of a Series of Bonds.

"*Series*" means any designated series of Bonds issued to finance Authorized Improvements.

"*Sinking Fund Installment*" means the amount of money to redeem or pay at maturity the principal of the PID Bonds payable from such installments at the times and in the amounts provided in indenture of trust for the PID Bonds.

"*Supplemental Indenture*" means an indenture which has been duly executed by the Trustee and the City Representative pursuant to an ordinance adopted by the City Council and which indenture amends or supplements the indenture for the PID Bonds.

"Trustee" means the entity designated as Trustee for the indenture of trust for the designated Bonds.

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

(c) Other than the Additional Improvement Area #1 Bonds (issued in accordance with subsection (d) below) and Refunding Bonds issued to refund all or a portion of the Bonds, the City will not create or voluntarily permit to be created any debt, lien, or charge on any portion of the Trust Estate, and will not cause or allow any matter or things whereby the lien of this Indenture or the priority hereof might or could be lost or impaired; and further covenants that it will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence over or any equality with this Indenture as a lien or charge upon the Trust Estate; provided, however, that nothing in this Section shall require the City to apply, discharge, or make provision for any such lien, charge, claim, or demand so long as the validity thereof shall be contested by it in good faith, unless thereby, in the opinion of Bond Counsel or counsel to the Trustee, the same would endanger the security for the Bonds.

(d) The City reserves the right, but shall be under no obligation, to issue Additional Improvement Area #1 Bonds, to finance the Actual Costs of the Improvement Area #1 Projects,

including payment of the Improvement Area #1 Reimbursement Obligation, and in accordance with the conditions set forth below:

(i) The City Representative shall provide the Trustee a certificate certifying that (A) the City is not in default in the performance and observance of any of the terms, provisions and conditions applicable to the City contained in this Indenture and (B) the Landowner is not delinquent with respect to fees or any other funds or commitments to be paid to the City in accordance with the Development Agreement or Financing Agreement;

(ii) The Landowner shall provide the Trustee, through an authorized representative, a certificate certifying that the Landowner is not in default beyond any applicable notice and cure period in the performance and observance of any of the terms, provisions and conditions applicable to the Landowner contained in the Financing Agreement, the Acquisition and Reimbursement Agreement, or the Development Agreement;

(iii) The Administrator shall provide the Trustee a certificate certifying that the Landowner is not delinquent with respect to the payment of Assessments or any ad valorem taxes (other than any ad valorem taxes being contested in good faith);

(iv) The City and the Trustee shall receive a certificate or report from an independent certified appraiser, appraisal firm, or financial consultant, assuming completion of the Improvement Area #1 Projects, demonstrating that the ratio of the aggregate appraised value of all Assessed Properties within Improvement Area #1 to the aggregate principal amount of the Outstanding Bonds and the Additional Improvement Area #1 Bonds to be issued (the "Value to Lien Ratio") is at least 5:1. In calculating the Value to Lien Ratio, the independent certified appraiser, appraisal firm or financial consultant may rely on builder contracts, a certificate from the Administrator identifying lots for which home construction has commenced or the Hays County Tax Assessor/Collector's estimated assessed valuation for completed homes (home and lot assessed valuation) and estimated lot valuation for lots on which homes are under construction;

(v) The Landowner shall provide the City and the Trustee a certificate, through an authorized representative, certifying that no less than 162 single-family lots located within Improvement Area #1 (A) contain completed single-family homes or (B) have been issued a construction permit by the City;

(vi) The principal (including sinking fund installments) of the Additional Improvement Area #1 Bonds must be scheduled to mature on September 1 of the years in which principal is scheduled to mature;

(vii) The interest on the Additional Improvement Area #1 Bonds must be scheduled to be paid on March 1 and September 1 of the years in which interest is scheduled to be paid;

(viii) The Reserve Account Requirement shall be increased by an amount equal to at least 25% of the Maximum Annual Debt Service on the proposed Additional

Improvement Area #1 Bonds to be issued as of the Closing Date therefor and such amount shall be deposited as of the same;

(ix) The issuance of such Additional Improvement Area #1 Bonds shall not cause the amount of the Annual Installments to be collected in any year after the issuance of such Additional Improvement Area #1 Bonds to exceed the amount of the Annual Installments collected in the year of the issuance of such Additional Improvement Area #1 Bonds; and

(x) The maximum principal amount of Additional Improvement Area #1 Bonds that may be issued, subject to the approval of the City, in total, is the lesser of (i) the then outstanding balance of the Improvement Area #1 Reimbursement Obligation and (ii) the then outstanding Assessments, less the Assessments required to pay the principal of the Series 2019 Bonds.

(e) The City reserves the right to issue Refunding Bonds, the proceeds of which would be utilized to refund all or any portion of the Outstanding Bonds or Outstanding Refunding Bonds and to pay all costs incident to the Refunding Bonds, as authorized by the laws of the State, and in accordance with the conditions set forth below:

(i) The principal of all Refunding Bonds must be scheduled to be paid, be subject to mandatory sinking fund redemption, or mature on September 1 of the years in which such principal is scheduled to be paid, subject to mandatory sinking fund redemption or maturity. All Refunding Bonds must bear interest at a fixed rate and any interest payment dates for Refunding Bonds must be March 1 and September 1. The date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of Refunding Bonds shall be set forth in a Supplemental Indenture; and

(ii) Upon their authorization by the City, the Refunding Bonds of a Series issued under this Section 5.09 shall be issued and shall be delivered to the purchasers or owners thereof, but before, or concurrently with, the delivery of said Refunding Bonds to such purchasers or owners there shall have been filed with the Trustee (1) a copy, certified by the City Secretary of the City, of the ordinance or ordinances of the City authorizing the issuance, sale, execution, and delivery of the Refunding Bonds and the execution and delivery of a Supplemental Indenture establishing, among other things, the date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of such Refunding Bonds, and (2) an original executed counterpart of the Supplemental Indenture for such Refunding Bonds.

Section 2.02. Section 4.01(c) of the Financing Agreement is hereby removed in its entirety and replaced with the following:

(c) (1) Except as provided in subsection (2) of this Section 4.01(c), upon written acceptance of an Authorized Improvement, and subject to any applicable maintenance-bond period, the Entity accepting the Authorized Improvement shall be responsible for all operation and maintenance of such Authorized Improvement, including all costs thereof and relating thereto.

(2) The Owner, or property owners association, if Owner establishes a property owners association, shall enter into a maintenance and operations agreement (the "M&O Agreement") in a form agreed upon by the City whereby Owner or property owners association is responsible for all operations and maintenance of the detention and water quality pond improvements included in the Service and Assessment Plan prior to the City's acceptance of the detention and water quality pond improvements. The execution of the M&O Agreement will not cause any tax exempt financing instruments issued by the City and used to finance the detention and water quality pond improvements to constitute "Private Activity Bonds" within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Code"), and the terms of the M&O Agreement shall meet the safe harbor conditions set forth in IRS Rev. Proc. 2017-13. The executed M&O Agreement shall be recorded with Hays County Clerk upon execution. In addition, the Owner shall provide the City an easement, in a form acceptable to the City, granting the City the right of access to the detention and water quality pond improvements for the purpose of inspection and compliance with City regulations. The easement shall be granted to the City prior to or at the time the final plat for the phase in which the drainage and water quality pond improvements are located is submitted to the City, and will be a condition of final plat approval.

Section 2.03. The following definitions as stated in Exhibit "A" to the Financing Agreement are hereby removed in their entirety and replaced with the following:

"Appraisal" means the Appraisal of the District dated effective February 27, 2019, prepared by Barletta & Associates.

"City Construction Representative" means Leon Barba, P.E. or such other person selected by the City to oversee the construction of the Authorized Improvements on behalf of the City.

"Future Improvement Areas" means the property within the District, excluding Improvement Area #1, as depicted on the map on Exhibit "B-4" consisting of approximately 609 acres within the District. Future Improvement Areas may be developed in phases after Improvement Area #1, as generally depicted in Exhibit "B-4." The Future Improvement Areas are subject to adjustment and are shown for example only.

"Improvement Area #1" means the initial area to be developed within the PID, consisting of approximately 96.829 acres within the District and as specifically described in Exhibit "B-1" and as depicted in Exhibit "B-4."

"Improvement Area #1 Bonds" means the "City of Kyle, Texas, Assessment Revenue Bonds, Series 2019 (6 Creeks Public Improvement District Improvement Area #1 Project)" that are secured by actual revenues received by or on behalf of the City from the collection of Assessments levied against Improvement Area #1 Assessed Property, or the Annual Installments thereof, for the Improvement Area #1 Improvements.

"Improvement Area #1 Reimbursement Obligation" means the amount not to exceed $4,420,000 secured by Improvement Area #1 Assessed Property to be paid to Owner pursuant to the "6 Creeks Public Improvement District Improvement Area #1 Acquisition and Reimbursement Agreement" having an effective date that is the same as the date on which the City Council authorizes the sale of the Series 2019 Bonds.

"SAP Consultant" means P3Works, LLC.

"Service and Assessment Plan" means the 6 Creeks Public Improvement District Service and Assessment Plan (as such plan is amended and updated from time to time), to be initially adopted by the City Council in the Assessment Ordinance for the purpose of assessing allocated costs against property located within the boundaries of the District having terms, provisions, and findings approved and agreed to by the Owner, as required by Article II of this Agreement.

"Underwriter" means FMS Bonds, Inc.

Section 2.04. The following definitions as stated in Exhibit "A" to the Financing Agreement are hereby modified as follows:

The defined term "Improvement Area #1 Improvements" is hereby replaced with the term "Improvement Area #1 Projects," which shall have the same meaning as had been given to "Improvement Area #1 Improvements" prior to this First Amendment to the 6 Creeks Public Improvement District Financing Agreement.

The defined term "Administrative Expenses" is hereby replaced with the term "Annual Collection Costs," which shall have the same meaning as had been given to "Administrative Expenses" prior to this First Amendment to the 6 Creeks Public Improvement District Financing Agreement. The defined terms listed in the Exhibit "A" to the Financing Agreement shall be reordered alphabetically to reflect this amendment.

Section 2.05. The first four recitals of the Financing Agreement are hereby removed in their entirety and replaced with the following:

WHEREAS, the term "Property," means and refers to the 858.7 acres owned by HMBRR Development Inc., HMBRR, LP, and HMBRR LP#2; and which is more particularly described in the attached Exhibit "B-1".

Section 2.06. Exhibit "B-1" is hereby amended by the addition of the property description attached hereto as Attachment "A."

Section 2.07. Exhibit "B-4" is hereby amended by the addition of the description of District Improvement Areas attached hereto as Attachment "B." Exhibit "B-4" is also hereby renamed "Exhibit 'B-2'", and the term "Exhibit 'B-4'" as used throughout the Financing Agreement is hereby removed and replaced in each instance with the term "Exhibit 'B-2.'"

Section 2.08. Exhibit "D" is hereby removed in its entirety and replaced with Attachment "C."

ARTICLE III. GENERAL PROVISIONS

Section 3.01. Entire Agreement. This Amendment, together with the Financing

Agreement, set forth the entire understanding of the Parties and supersedes all prior agreements and understandings, whether written or oral, with respect to the subject matter hereof.

Section 3.02. Anti-Boycott Verification. The Owner hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Amendment and the Financing Agreement with the City constitute a contract for goods or services, will not boycott Israel during the term thereof. The foregoing verification is made solely to comply with Section 2270.002, Texas Government Code, as amended, and to the extent such section does not contravene applicable federal law. As used in the foregoing verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Owner understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Owner and exists to make a profit.

Section 3.03. Iran, Sudan and Foreign Terrorist Organizations. The Owner represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, as amended, and posted on any of the following pages of such officer's Internet website:

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

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

Section 3.04. Binding Effect. The terms and provisions hereof shall be binding upon the City, the Owner, and their successors and assigns.

Section 3.05. Effect of Amendment. The Parties agree that, except as modified hereby, the Financing Agreement remains valid, binding, and in full force and effect. If there is any conflict or inconsistency between this Amendment and the Financing Agreement, this Amendment will control and modify the Financing Agreement.

Section 3.06. Counterparts. This Amendment may be executed in any number of counterparts, including, without limitation, facsimile counterparts, with the same effect as if the Parties had signed the same document, and all counterparts will constitute one and the same agreement.

Attachments: **Attachment "A" – Exhibit "B-1"**
Attachment "B" – Exhibit "B-2"
Attachment "C" – Exhibit "D"

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

CITY OF KYLE, TEXAS
a home rule city and Texas municipal corporation

By: _____
Name: Travis Mitchell
Title: Mayor

HMBRR DEVELOPMENT, INC.,
a Texas corporation

By: _____

Name: _____

Title: _____

HMBRR LP

By: Hanna Magee GP #1, Inc., a Texas corporation,
General Partner

By: _____

Name: _____

Title: _____

HMBRR LP #2

By: Hanna Magee GP #1, Inc., a Texas corporation,
General Partner

By: _____

Name: _____

Title: _____

ATTACHMENT "A"

Exhibit "B-1"

Blanco River Ranch
858.70 acres

PROPERTY DESCRIPTION
EXHIBIT A

BEING 858.70 ACRES OF LAND LOCATED IN THE SAMUEL PHARASS ¼ LEAGUE NO. 14, ABSTRACT 360, AND THE CALEB W. BAKER SURVEY, ABSTRACT 31 HAYS COUNTY, TEXAS AND BEING A PORTION OF TRACT I, A CALLED 1,971.29 ACRE TRACT AND ALL OF TRACT II, A CALLED 195.14 ACRE TRACT AS DESCRIBED IN A DEED FROM THE STATE OF TEXAS TO BLANCO RIVER RANCH, LP AND RECORDED IN VOLUME 5230, PAGE 583 OF THE DEED RECORDS OF HAYS COUNTY, TEXAS; SAID 858.70 ACRES BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS WITH ALL BEARING REFERENCED TO THE TEXAS COORDINATE SYSTEM, SOUTH CENTRAL ZONE.

BEGINNING at an iron rod with aluminum cap stamped "Kent McMillian" found marking the most northerly corner of a called 311.56 acre tract described in a deed to Robert Nance recorded in Volume 4459, Page 137 of said Deed Records, same being the northwest corner of a called 195.14 acre tract described in the aforementioned deed to Blanco River Ranch as Tract II and being on the southeasterly line of said 1,971.29 acre Tract I;

THENCE, with the southerly line of said 1,971.29 acre tract, same being the northeasterly line of said 311.56 acre tract S43°59'58"W, 1916.27 feet to a ½-inch iron rod with cap stamped "AST" set on the northerly line of proposed RM 150;

THENCE, leaving said southerly line and crossing said 1,941.29 acre tract with the proposed northerly line of RM 150 the following courses and distances:

1. N65°08'51"W, 49.48 feet to a ½-inch iron rod with cap stamped "AST" set at the beginning of a curve to the right;
2. with a curve to the right, 381.25 feet, having a radius of 925.00 feet, a central angle of 23°36'54" and a chord bearing and distance of N53°30'43"W, 378.55 feet to a ½-inch iron rod with cap stamped "AST" set for point of tangency;
3. N41°42'16"W, 336.00 feet to a ½-inch iron rod with cap stamped "AST" set at the beginning of a curve to the left;
4. with the arc of said curve to the left, 151.93 feet, having a radius of 1100.00 feet, a central angle of 07°54'48" and a chord bearing and distance of N45°39'41"W, 151.81 feet to a ½-inch iron rod with cap stamped "AST" set for point of tangency;
5. N49°37'05"W, 572.43 feet to a ½-inch iron rod with cap stamped "AST" set for an angle point in said line;
6. N51°37'01"W, 75.00 feet to a ½-inch iron rod with cap stamped "AST" set for an angle point in said line;
7. N53°36'58"W, 749.01 feet to a ½-inch iron rod with cap stamped "AST" set at the beginning of a curve to the left;

8. with the arc of said curve to the left, 93.33 feet, having a radius of 1025.00 feet, a central angle of 05°13'01" and a chord bearing and distance of N56°13'28"W, 93.30 feet to a ½-inch iron rod with cap stamped "AST" set for the most westerly southwest corner of the herein described tract;

THENCE leaving said proposed right of way line and with a dry creek, the following courses and distances:

1. N26°31'11"E, 563.37 feet to a calculated point;
2. N46°09'29"E, 1179.39 feet to a calculated point;
3. N28°22'57"E, 708.36 feet to a calculated point;
4. N44°16'34"E, 582.28 feet to a calculated point at the beginning of a curve to the right;
5. with a curve to the right, 297.90 feet, having a radius of 1184.66 feet, a central angle of 14°24'28" and a chord bearing and distance of N77°54'54"E, 297.12 feet to a calculated point;
6. N04°51'54"W, 125.14 feet to a calculated point;
7. N23°10'37"E, 321.60 feet to a calculated point;
8. N13°08'23"W, 681.62 feet to a calculated point;
9. N31°45'00"E, 255.79 feet to a calculated point;
10. N08°23'37"E, 473.49 feet to a calculated point;
11. N02°33'01"W, 195.07 feet to a calculated point;
12. N30°53'10"W, 576.14 feet to a calculated point;
13. N01°26'31"W, 729.89 feet to a calculated point;
14. N38°05'39"W, 1250.80 feet to a calculated point;
15. N20°33'26"E, 282.73 feet a ½-inch iron rod with cap stamped "AST" set for the most westerly northwest corner of the herein described tract on the northerly line of said 1,971.29 acre tract, same being on the southerly line of Park Land Lot 23 of Arroyo Ranch, Section One, a subdivision of record in Volume 10, Page 180 of the Hays County Official Public Records;

THENCE, with the northerly line of said 1,971.29 acre tract, S82°42'45"E, 432.46 feet to a point located in the centerline of the remains of an old stone fence corner for an angle point in the north line of the herein described tract, from which a ½"-inch iron rod bears S88°19'W, 37.5 feet;

THENCE, continuing with said northerly line, N43°55'32"E, 1271.63 feet to a 2-inch metal fence post at the most northerly northwest corner of said 1,971.29 acre tract and being the common corners of Lots 12, 13 and 19, Block D of said Arroyo Ranch Section One subdivision;

THENCE, with the easterly line of said 1,971.29 acre tract the following courses and distances:

1. S46°19'30"E, at 185.02 feet passing the south line of said Arroyo Ranch subdivision and north line of a 20.3 acre tract described in a deed to F. Javier, Jr et al and recorded in Volume 2813, Page 359 of said Official Public Records and continuing for a total distance of 887.68 feet to a found ½-inch iron rod for the south corner of said Javier tract, same being the westerly corner of

a 21.15 acre tract described in a deed to Nancy L. Russell and Randall W. Russell and recorded in Volume 4385, Page 135 of said Official Public Records;

2. S46°48'04"E, 579.01 feet to a found ½-inch iron rod for the south corner of Russell and being the westerly corner of Quail Meadows Subdivision as recorded in Volume 7, Page 47 of the Hays County Plat Records;
3. With the southwesterly line of said subdivision, S46°06'19"E, 409.08 feet to ½-inch iron rod for angle point;
4. S47°09'10"E, 405.41 feet to ½-inch iron rod for angle point;
5. S47°52'54"E, 295.90 feet to ½-inch iron rod for angle point;
6. S47°18'52"E, 296.88 feet to ½-inch iron rod for angle point;
7. S47°21'24"E, 132.10 feet to ½-inch iron rod for angle point;
8. S47°07'34"E, 179.01 feet to ½-inch iron rod for angle point;
9. S46°55'27"E, 248.69 feet to ½-inch iron rod for most southerly corner of said subdivision and the westerly corner of a called 57.26 acre tract described in a deed to Kyle Mortgage Investors, LLC and recorded in Volume 3416, Page 789 of said Official Public Records;
10. S45°43'31"E, 436.59 feet to a fence post for angle point;
11. S46°32'55"E, 1447.00 feet to an iron rod with aluminum cap stamped "Kent McMillian" at an interior ell corner of said 1,971.29 acre tract;
12. Continuing with the easterly line of said 1,971.29 acre tract, S40°23'35"W, 1023.40 feet to a ½-inch iron rod found at the westerly corner of a called 1.259 acre tract described in a deed to Robin Robinson and recorded in Volume 5358, Page 587 of said Official Public Records;
13. S50°23'48"E, 255.70 feet to a fence post for angle point;
14. N40°43'43"E, 42.89 feet to a ½-inch iron rod with cap stamped "AST" set;
15. S52°09'40"E, at 85.22 feet passing a ½-inch iron rod found at the westerly corner of a called 0.72 acre tract described in a deed to Robin and Gale Robinson and recorded in Volume 4689, Page 363 of said Official Public Records and continuing for a total distance of 244.62 feet to a½-inch iron rod with cap stamped "AST" set;
16. N43°53'50"E, 92.19 feet to a ½-inch iron rod with cap stamped "AST" set;
17. S78°26'49"E, 101.27 feet ½-inch iron rod found on the westerly right of way line of N. Old Stagecoach Road (width varies);

THENCE, with said westerly right of way line the following course and distances:

1. S16°21'49"E, 511.37 feet to a ½-inch iron rod with cap stamped "AST";
2. S16°20'38"E, 1420.21 feet to a 60d nail found next to a cedar fence post and
3. S16°48'53"E, 800.20 feet to a ½-inch iron rod with cap stamped "AST" set for the most easterly southeast corner of this tract;

THENCE, leaving said westerly right of way line and with fence along the southeasterly line of said 195.14 acre tract, S36°01'23"W, 42.36 feet to a cedar fence post;

THENCE, continuing with said southeasterly line, same being the northwesterly line of a called 132.59 acre tract described in a deed to Felder CND, LLC and recorded in Volume 5224, Page 246 of the Hays County Official Public Records the following courses and distances:

1. S48°36'08"W, 1583.50 feet to a cedar fence post;
2. N49°26'16"W, 34.23 feet to a cedar fence post;
3. S25°40'41"W, 39.42 feet to an iron rod with cap stamped "Vickrey";
4. S48°29'40"W, 2127.73 feet to a cedar fence post with "Mag Nail" on the northerly right of way line of Cypress Road (aka Limekiln Road) (width undetermined) at the southeast corner of said 195.14 acre tract from which an iron rod with aluminum cap stamped "Kent McMillian" bears S21°57'46"W, 50.84 feet;

THENCE, with said northerly right of way line, N77°16'32"W, 599.91 feet to a cedar fence post on the easterly line of said 311.56 acre tract;

THENCE, with fence and the easterly line of said 311.56 acre and westerly line of said 195.14 acre tract the following courses and distances:

1. N16°48'19"W, 270.65 feet to a calculated angle point in said line and;
2. N17°13'44"W, 1607.95 feet to the **POINT OF BEGINNING** and containing 858.70 acres of land, more or less.

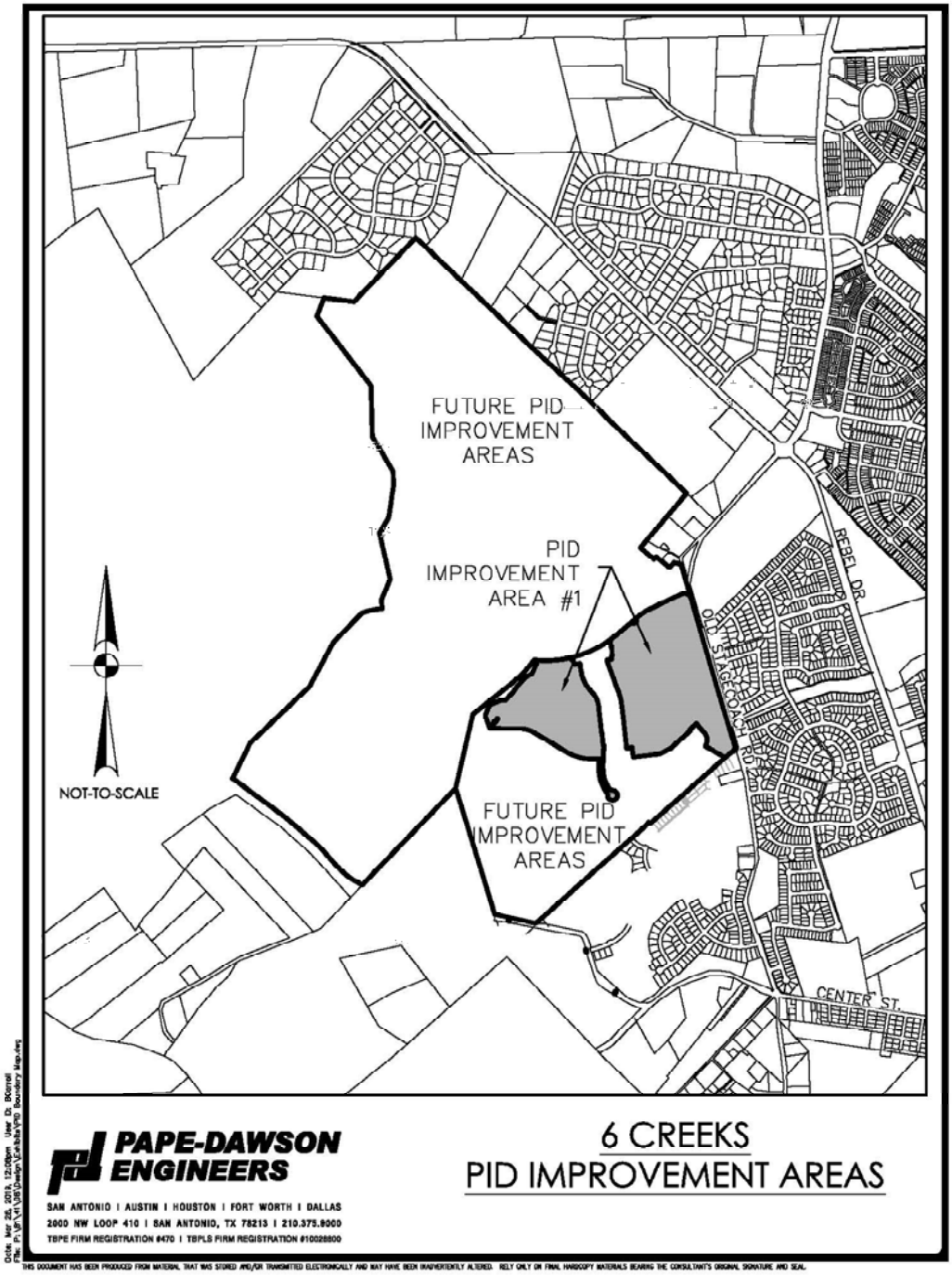
SURVEYOR'S STATEMENT

I hereby state that the included field note description was prepared from an actual survey made on the ground under my supervision and is true and correct, to the best of knowledge and belief.

Paul C. Sauve, Jr., RPLS #2518
Austin Spatial Technologies, LLC
December 5, 2016

ATTACHMENT "B"

Exhibit "B-2"



ATTACHMENT "C"

Exhibit "D"

MAJOR IMPROVEMENTS

Major Improvements	Dedicated to the City or County	Estimated Cost
Wastewater Treatment Plant Capacity	City	$31,651
Lift Station and Force Main	City	$89,151
Offsite Water Improvements	City	$340,177
Old Stagecoach Improvements	City	$255,133
Park and Trail Improvements	City	$321,468
Entry, Walls and Landscaping	City	$797,716
Internal Roadway and Grading	County	$2,853,778
Internal Water Improvements	City	$1,446,469
Internal Wastewater Improvements	City	$1,871,035
Internal Drainage Improvements	City	$1,389,142
Detention/Water Quality Pond	City	$2,109,226
Total		**$11,504,946**

BLANCO RIVER RANCH PUBLIC IMPROVEMENT DISTRICT
FINANCING AGREEMENT

This Blanco River Ranch Public Improvement District Financing Agreement (this "**Agreement**"), dated as of July 18, 2017, (the "**Effective Date**"), is entered into between HMBRR Development, Inc., a Texas corporation, HMBRR, L.P., a Texas limited partnership, and HMBRR LP #2, a Texas limited partnership (including their Designated Successors and Assigns, collectively the "**Owner**"), and the City of Kyle, Texas (the "**City**"), acting by and through its authorized representative (collectively, the "**Parties**").

Recitals:

WHEREAS, HMBRR Development, Inc., owns approximately 61.49 acres, which is more particularly described in attached Exhibit "B-1";

WHEREAS, HMBRR, LP, owns approximately 188.51 acres, which is more particularly described in attached Exhibit "B-2";

WHEREAS, HMBRR, LP #2, owns approximately 608.7 acres, which is more particularly described in attached Exhibit "B-3";

WHEREAS, the term "**Property"** means and refers to the 858.7 acres so owned by HMBRR Development, Inc., HMBRR, LP and HMBRR LP #2;

WHEREAS, it is intended that the Property will be developed as a single family residential development (the "**Project**");

WHEREAS, the Kyle City Council ("**City Council**") authorized the formation of the Blanco River Ranch Public Improvement District (the "**District**") on June 6, 2017, pursuant to City resolution no. 1065 in accordance with the PID Act (as defined in Exhibit "A");

WHEREAS, pursuant to the terms of this Agreement, the City has agreed to allow financing of certain public improvements conferring special benefits to the Property via a public improvement district;

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

WHEREAS, contemporaneously herewith the City intends to (upon satisfaction of the conditions and in accordance with the terms set forth in this Agreement), at the request, and with the consent, approval, and agreement of, the Owner, adopt a form of the Service and Assessment Plan (as defined herein) that provides for the construction and financing of certain public improvements conferring special benefits within the District pursuant to the Service and

Assessment Plan, payable in whole or in part, by and from assessments levied against property within the District, as more specifically provided for in the Service and Assessment Plan;

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

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

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

ARTICLE I. SCOPE OF AGREEMENT

This Agreement establishes provisions for the apportionment, levying, and collection of Assessments on the Property (Article II), the Construction of Authorized Improvements to be acquired by the City or County (Article III), advancement of construction funds through the issuance of the PID Bonds (defined herein), acquisition and maintenance of Authorized Improvements within the District (Article IV), and the issuance of bonds for the financing of the Authorized Improvements (Article V). Definitions used herein are set forth in attached Exhibit "A" and in the Service and Assessment Plan.

ARTICLE II. APPORTIONMENT, LEVY, AND COLLECTION OF ASSESSMENTS

Section 2.01. Preliminary Matters

(a) On June 6, 2017, the City approved a resolution authorizing the formation of the District. The District includes all of the Property.

(b) The Property may be developed in phases. It is anticipated that some Authorized Improvements will be constructed that benefit only Improvement Area #1 or a Future Improvement Area, while other Authorized Improvements will benefit the entire District. As a result, Assessments will be levied only on Improvement Area #1 and certain Future Improvement Areas from time to time as the development in the District progresses. As such, it is currently contemplated that there will be bonds issued for Improvement Area #1 and Future Improvement Areas: the "**Improvement Area #1 Bonds**," "**Additional Improvement Area #1 Bonds**," and "**Future Improvement Area Bonds**" (all as further defined in Exhibit "A").

(c) The initial Service and Assessment Plan for the Property is attached as Exhibit "C." The Owner acknowledges and agrees that the Service and Assessment Plan must meet the requirements of Texas Local Government Code Sections 372.013 and 372.014 and be

presented to the City Council for review and approval prior to Assessments being levied and PID Bonds being issued. Thereafter, the Service and Assessment Plan will be updated and amended by the City or its Administrator at least once per year, and submitted for the City Council's review and approval. Notwithstanding the above, it is understood and acknowledged by the Parties that the Assessments associated with the Improvement Area #1 Bonds and Additional Improvement Area #1 Bonds are the only Assessments that can currently be addressed with reasonable certainty in the Service and Assessment Plan. As a result, the Service and Assessment Plan will need to be amended over time if any Future Improvement Area Bonds are issued and Future Improvement Areas are developed (and applicable PID Bonds are issued) in accordance with the terms set forth in this Agreement. Nevertheless, the basic terms and methodology described in the Service and Assessment Plan will generally apply to Additional Improvement Area #1 Bonds and Future Improvement Area Bonds.

(d) Assessments on any portion of the Property will bear a direct proportional relationship to and be less than or equal to the special benefit of the Authorized Improvements within the District (or specific Improvement Area, as applicable).

(e) Assessments on any portion of the Property may be adjusted in connection with subsequent PID Bond issues or otherwise so long as the Assessments are determined in accordance with the Service and Assessment Plan.

(f) The Property may also be subject to an Owner's Association assessment.

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

Section 2.02. Apportionment and Levy of Assessments

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

Section 2.03. Collection of Assessments

(a) The City covenants and agrees that it will, as authorized by the PID Act and other applicable law, continuously collect or cause to be collected Assessments levied pursuant to the Service and Assessment Plan during the term of this Agreement in the manner and to the maximum extent permitted by applicable law. The City covenants and agrees that to the extent permitted by applicable law, it will not permit a reduction, abatement, or exemption in the Assessments due on any portion of the Property until the PID bonds related to that particular portion of the Property are no longer outstanding, whether as a result of payment in full,

defeasance, or otherwise. The City shall use best efforts to collect the Assessments consistent with the City's policies and standard practices applicable to the collection of City ad valorem taxes and assessments.

(b) Notwithstanding anything to the contrary contained herein or in the Service and Assessment Plan, once PID Bonds are issued, the Assessment Revenues collected annually from the Property will be deposited in the Pledged Revenue Fund and transferred in the priority set forth in the Indenture.

(c) Owner will be reimbursed for Actual Costs associated with the Authorized Improvements from Assessments collected by the City and held by the City pursuant to an applicable Acquisition and Reimbursement Agreement. Any reimbursement obligation to Owner under an Acquisition and Reimbursement Agreement will be subordinate to payment of the applicable PID Bonds.

(d) Further, notwithstanding anything to the contrary herein, the City covenants and agrees to use best efforts to contract with Hays County Tax Collector for the collection of the Assessments such that the Assessments will be included on the ad valorem tax bill(s) for the Assessed Parcels and will be collected as part of and in the same manner as ad valorem taxes.

Section 2.04. Approval and Recordation of Assessments through Landowner Agreement

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

Section 2.05 Reimbursement Of Actual Costs

The Assessments levied for Improvement Area #1 Improvements may not be in an amount sufficient to fully fund the Improvement Area #1 Improvements. Owner's right, title and interest in the payments of unreimbursed Actual Costs, as described herein, shall be the sole and exclusive property of Owner and no other third party shall have any claim or right to such funds unless Owner collaterally transfers its rights to its unreimbursed Actual Costs to a Transferee in writing as described in this Section 2.05, and otherwise in accordance with the requirements set forth herein or assigns this Agreement as to all or a part of the Project to a Designated Successor or Assignor as described in Section 8.03(a) Owner has the right to collaterally convey, transfer, assign, mortgage, pledge, or otherwise encumber, in whole or in part, all or any portion of Owner's right, title, or interest under this Agreement including, but not limited to, any right, title

or interest of Owner in and to payment of its unreimbursed Actual Costs (a "**Transfer**," and the person or entity to whom the transfer is made, a "**Transferee**"). No Transfer shall be effective, however, until written notice of the Transfer, including the name and address of the Transferee, is provided to the City. The City may rely conclusively on any written notice of a Transfer provided by Owner without any obligation to investigate or confirm the Transfer. Any sale of a portion of the Property or assignment of any right hereunder will not be deemed a Transfer unless the conveyance or transfer instrument effecting such sale or assignment expressly states that the sale or assignment is deemed to be a Transfer.

Section 2.06. Obligations Secured by Pledged Revenues

THE PID BONDS ARE SPECIAL OBLIGATIONS OF THE CITY SECURED SOLELY BY PLEDGED REVENUES (AS DEFINED IN THE INDENTURE) AND ANY OTHER FUNDS HELD UNDER THE INDENTURE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE PID BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE CITY AND ARE NOT SECURED EXCEPT AS PROVIDED IN THE INDENTURE. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND ANY OTHER FUNDS HELD UNDER THE INDENTURE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO THE OWNERS OF THE BONDS TO PAY THE BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES.

ARTICLE III. CONSTRUCTION AND ACQUISITION

Section 3.01. Acquisition of Authorized Improvements

The owner will dedicate the applicable Improvement Area #1 Improvements identified in Exhibit "D" to the City or County (as applicable, "**Entity**") upon completion of those Improvements, after confirmation by the Entity's construction representative that the Improvement Area #1 Improvements have been completed in accordance with this agreement and the design guidelines mutually agreed to by the owner and Entity. Applicable City and County requirements shall govern the procedure for inspection, dedication, and acceptance of the Improvement Area #1 Improvements being conveyed to the City and County, respectively. The City's Subdivision Ordinance shall govern the procedure for inspection, dedication, and acceptance of the Improvement Area #1 Improvements being conveyed to the City.

Section 3.02. Acquisition of Subsequent Authorized Improvements

The provisions of Section 3.01 will apply to the Improvement Area #1 Improvements and any other Authorized Improvements constructed concurrent with or after the Improvement Area #1 Improvements; provided however once the applicable Authorized Improvements to be funded with a particular Future Improvement Area Bond are identified, Exhibit "F" will be revised to delineate which Authorized Improvements will be dedicated to which Entity and what easements, if any, are needed.

Section 3.03. Designation of Construction Manager, Construction Engineers

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

(b) Except as otherwise provided herein, inspection of the construction of any Authorized Improvement being conveyed to the City will be by City Construction Representative or its designee and in accordance with any requirements of the City. The Owner agrees to notify the City within 24 hours of the scheduling of any City Inspection, and at that same time to provide any design or construction-related documents to be used as part of the inspection. The Owner agrees that the City Construction Representative may be present at any City inspection, and is responsible for ensuring the City Construction Representative is informed of the date, time, and location of each City inspection.

(c) The Owner shall be entitled to a separate Construction Management Fee for the construction of each Segment, unless Owner contracts with a third party to act as the Construction Manager with respect to construction of the Authorized Improvements.

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

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

Section 3.04. Designation of Construction Manager Subcontractor

The City acknowledges and agrees that Owner may subcontract out all or some of the duties of Construction Manager to a third party. Owner may designate an individual, company, or partnership or other entity as a subcontractor for construction management services for one or more Authorized Improvements or distinct Segments thereof provided that such designee has the technical capacity, experience and expertise to perform such construction management duties or obligations. Owner may make such designation under the same terms as set out in Section 8.03(a) of this Agreement.

Section 3.05. Project Funding and Completion

(a) If at any time there are not sufficient funds in the Project Fund to complete an Authorized Improvement, the Owner will demonstrate committed capital (including by proof of bank financing) to the City in an amount confirmed by an engineer's estimate of probable cost, which represents the difference between the budgeted cost to complete the public improvements assumed to be complete in the Appraisal and the net proceeds of the PID bonds. The City acknowledges that it will accept such proof.

(b) If subcontractors providing labor or materials for the Authorized Improvements file claims or otherwise give notice asserting failure to receive payment for such labor or

materials, the City may require the Owner to post fiscal security for the estimated cost of constructing the Authorized Improvements. The Owner shall give the City a copy of any such claims within three (3) business days of receipt of the claim.

(1) If the Owner has commenced construction but fails or refuses to complete the construction of a particular Authorized Improvement (or Segment thereof) in accordance with the terms and conditions set forth in this Agreement, such failure or refusal will be considered an event of default and, after giving notice of default and reasonable opportunity to cure as herein provided, the City will have the right, but not the obligation, to draw on the funds within the Project Fund and complete (or cause the completion of) the applicable Authorized Improvement (or Segment thereof).

(2) If the City elects to complete an Authorized Improvement (or Segment thereof), all plans and specifications, designs, easements, real and personal property, and improvements acquired, produced, or installed in aid of completing such component of the Authorized Improvement (or Segment thereof) by the Owner or its engineers or contractors before such default described in paragraph (c) above, will become the property of the City. In such event, the Owner will provide, within five (5) business days of the City's request, documentation to the City that the above listed items have been conveyed and have become the property of the City. Notwithstanding anything to the contrary contained herein, if the Owner fails or refuses to timely complete the construction of a Authorized Improvement (or Segment thereof) and such default cannot reasonably be cured in 30 days, Owner will have such additional time as is reasonably necessary to cure as long as the Owner commences the cure within 30 days and diligently pursues the same to completion. If Owner has still not completed the applicable component of the Authorized Improvement (or Segment thereof) after the notice and cure periods provided for above, the City shall either:

(i) Assume the construction management role and direct the completion of the applicable Authorized Improvement (or Segment thereof); or

(ii) Assume the construction management role and direct the closeout of the applicable Authorized Improvement (or Segment thereof).

(3) In the event the City assumes the construction management role for a given Authorized Improvement (or Segment thereof) (as provided above) then the Owner agrees as follows:

(i) The City may draw down funds from the Project Fund to complete the Authorized Improvement (or Segment thereof) in question;

(ii) All construction contracts, related completion bonds, warranties, plans and specifications, designs, easements, and improvements acquired, produced, or installed in connection with completing such Authorized Improvement (or Segment thereof) by the Owner or its engineers, contractors, or other consultants, and all other personal property and rights associated with the applicable component of the Authorized Improvement (or Segment thereof), will automatically without further action by the Owner become the property of the City; and

(iii) The Owner will automatically forgo and release any claims or rights to those items listed in (ii) above.

Section 3.06. Maintenance of Project, Warranties

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

Section 3.07. Sales and Use Tax Exemptions

(a) The Parties agree that, as municipally and publicly owned and acquired properties, all costs of materials, other properties and services used in constructing the Authorized Improvements to be acquired by the Entity are exempt under the Texas Tax Code from sales and use taxes levied by the State, or by any city, county, special district, or other political subdivision of the State, as set forth in Texas Tax Code Section 151.309.

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

(c) The City and the Owner shall cooperate in structuring the construction contracts for the Authorized Improvements to comply with requirements (including those set forth in Texas Tax Code Section 151.309) for exemption from sales and use taxes.

Section 3.08. Public Bidding Requirements/City Cooperation in Plan Review

(a) The City and the Owner anticipate that the Authorized Improvements will be exempt from any public bidding or other City purchasing and procurement policies to the extent that the Authorized Improvements meet the standard of Texas Local Government Code Section 252.022(a)(9).

(b) The City Construction Representative agrees to cooperate with the Owner to the extent reasonably possible without detriment to proper engineering review, comment, and revision on the review and approval of the engineering, design, plans, and specifications of all Authorized Improvements submitted by the Owner.

Section 3.09. Additional Requirements for Authorized Improvements Funded with Progress Payments

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

(a) Prior to the later to occur of (i) the Effective Date, or (ii) commencing construction of any such Authorized Improvements, the Project Engineer shall review all plans and specifications, construction contracts, and related materials for the applicable Authorized Improvements, and shall certify to the Owner, City, and Trustee that the Project Funds plus the committed capital referenced in Section 3.05(a) above are anticipated sufficient to fund the full cost of design and construction of the applicable Authorized Improvements (but excluding any Construction Management Fees or contingencies (if any) as set forth in the Service and Assessment Plan).

(b) The Construction Manager will maintain an ongoing monthly updated accounting of funds disbursed, work progress and remaining funding needed to complete each applicable Authorized Improvement. Such accounting will include a reconciliation of any un-advanced amounts out of the segregated accounts in the Project Fund under the applicable Indenture as compared to the remaining costs to complete each applicable Authorized Improvements. The Construction Manager will provide such monthly reports to the Owner, the City Construction Representative, and the Trustee.

(c) After bids and construction contracts have been executed for the applicable Authorized Improvements, all change orders or costs increases for such applicable Authorized Improvements must be approved by the Owner, Construction Manager and the City Construction Representative, to the extent any such change order is in excess of $100,000.00 for any Segment of such applicable Authorized Improvement. The Construction Manager shall provide copies of all approved change orders to the PID Administrator and Trustee within ten (10) days after approval.

ARTICLE IV. PAYMENT FOR AUTHORIZED IMPROVEMENTS

Section 4.01. Overall Requirements

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

(b) The City shall not be obligated to provide funds for any Authorized Improvement unless and until the City determines that: (i) the Owner is in then current compliance with its obligations under this Agreement and PID-related obligations of the Blanco River Ranch (Phase

One Residential Area) De-Annexation and Development Agreement (the "**Development Agreement**"); and (ii) the City has approved the Authorized Improvements, including inspection and acceptance, if applicable (except this subsection (ii) will not apply if payment is being made through progress payments as provided herein); and, if PID Bonds have been issued, (iii) the PID Administrator provides written confirmation of compliance with the conditions and provisions of the Disclosure Agreement of Developer at the time of the withdrawal of funds from the Project Fund, or from any other eligible account or fund under the Indenture.

(c) Upon written acceptance of an Authorized Improvement, and subject to any applicable maintenance-bond period, the Entity accepting the Authorized Improvement shall be responsible for all operation and maintenance of such Authorized Improvement, including all costs thereof and relating thereto.

(d) The Parties hereby acknowledge and agree that:

(1) When PID Bonds are issued, the City shall bill, collect, and deposit into the Pledged Revenue Fund of the Indenture all Assessment Revenue constituting "pledged revenues" as defined in the Indenture.

(2) When PID Bonds have been defeased, the City shall bill, collect, and immediately deposit the Assessments collected into an Assessment Reimbursement Fund (excluding Administrative Expenses and Delinquent Collection Costs). Funds in the Assessment Reimbursement Fund shall only be used to pay Costs of the Authorized Improvements in accordance with this Agreement.

(3) The Improvement Area #1 Improvements may be funded by progress payments through PID Bonds (i.e., PID Bonds are sold and then Improvement Area #1 Improvements are funded by PID Bond proceeds) and to that extent will be governed by Section 4.02 of this Agreement. Other Authorized Improvements may be funded by progress payments through PID Bonds in the same manner as Improvement Area #1 Improvements and in such case will be governed by Section 4.02 of this Agreement.

(4) If requested by the Owner, the City agrees to allow for construction and funding of Authorized Improvements to be handled in accordance with progress payments (Section 4.02), reimbursement payments pursuant to an Acquisition and Reimbursement Agreement (Section 4.03), or a combination thereof.

(5) Except as otherwise provided herein, the Authorized Improvements are intended to be constructed pursuant to one or more Acquisition and Reimbursement Agreements and paid for by the Owner prior to the issuance of PID Bonds intended to fund such Authorized Improvements. Such funding of the Authorized Improvements will be governed by the applicable Acquisition and Reimbursement Agreement and Section 4.03 of this Agreement.

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

Section 4.02. Progress Payments for Authorized Improvements

(a) Owner shall deliver and the City shall accept the Authorized Improvements to be conveyed to the City in accordance with the terms herein. The net proceeds from the issuance of the PID Bonds will be held by the Trustee in various segregated accounts under the Project Fund. Those sums held in the various segregated accounts will be advanced to the Owner by the Trustee to fund the costs of construction, City and County inspection and administrative costs, and other soft costs (as more particularly specified herein and in the Service and Assessment Plan) upon receipt of a completed Certification for Payment (in the form as attached in Exhibit "E"). Payments will be made to Owner, or subcontractor (as provided in Section 4.02(b)) periodically as construction progresses. The procedures for such progress payments are contained in this Section 4.02 and the Indenture. As set forth in the Indenture, such payments shall be made by Trustee on a monthly basis and within five (5) business days of the Trustee's receipt of the completed Certification for Payment from the City Director of Finance. The City Construction Representative or its designee shall deliver to the City Director of Finance his/her concurrence to pay pursuant to a completed Certification for Payment within fifteen (15) calendar days after its receipt of the required submittal items pursuant to either subparagraph (b) or (c) below, as applicable and the City Director of Finance will then have up to ten (10) calendar days to forward the executed Certification for Payment to the Trustee for payment. If the City disapproves any Certification for Payment, the City shall provide a written explanation of the reasons for such disapproval so that if the Certification for Payment is revised in accordance with City's comments, the Certification for Payment can be approved. Notwithstanding anything to the contrary contained herein, if the monthly reconciliation provided by the Construction Manager pursuant to Section 3.09(b) above for a particular Authorized Improvement shows there are not enough funds in the segregated account to fund the remaining design and construction costs of that Authorized Improvement after taking into consideration any contingencies, the City Construction Representative, the City Director of Finance, and the PID Administrator shall not be obligated to authorize payments of funds exceeding the balance in the segregated account until such time as Owner provides evidence satisfactory to the City Construction Representative that Owner has or will provide funds in an amount sufficient to fully fund the remaining design and construction costs of that Authorized Improvement.

(b) During the design phase for any Authorized Improvement to be funded by the PID Bonds, Owner will be entitled to receive draws (not to exceed one (1) per month) based on the percentage of design work completed up to the date of the draw. The submittal items necessary for a design payment are as follows:

(1) A Certification for Payment executed by the Project Engineer and Construction Manager specifying the percentage of design that has been completed on the applicable Authorized Improvement; and

(2) Copies of all supporting invoices with respect to such design payment.

(c) The submittal for the last draw for design work will also include evidence of approval of design phase documents by the applicable Entity.

(d) During the construction phase for any Authorized Improvement to be funded by PID Bonds, Owner shall be entitled to receive draws (not to exceed two (2) per month) based on the Actual Cost of the construction completed. The City is not obligated to authorize a construction payment until such time that the applicable Entity has approved the plans and specifications for the applicable Authorized Improvement (if such approval is required pursuant to this Agreement). The items required for a construction payment are as follows:

(1) A Certification for Payment executed by the Project Engineer and Construction Manager specifying the amount of work that has been performed and the cost thereof;

(2) A Bills Paid Affidavit from the contractor;

(3) Copies of all supporting invoices with respect to such payment; and

(4) Waivers of liens for work on the applicable Authorized Improvements through the previous Certification for Payment and receipts for payment from the contractor and, if requested by the City, any subcontractors for the current Certification for Payment.

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

(1) The Owner will have provided to the City or the County, as applicable, an assignment of the warranties and guaranties, if applicable, for the Authorized Improvement;

(2) Before the final Certification for Payment is submitted to the City, the Project Engineer shall conduct a review for the County to confirm that such Authorized Improvement was constructed in accordance with the plans therefor and the Project Engineer will verify and approve the Actual Cost of such Authorized Improvement specified in such Certification for Payment. Upon confirmation by the Project Engineer to the City Construction Representative and the submission of the final Certification for Payment indicating that such Authorized Improvement has been constructed in accordance with the plans therefor, and verification and approval of the Actual Cost of such Authorized Improvement, the City Construction Representative shall within fifteen (15) calendar days thereafter accept such Authorized Improvement and the City Construction Representative shall sign the Certification for Payment and forward the same to the City Director of Finance and the PID Administrator. The City Director of Finance shall then have up to ten (10) calendar days to forward the executed Certification for Payment to the Trustee for payment. The City agrees to instruct the Project Engineer to conduct each such review in an expeditious manner not to exceed fifteen (15) calendar days after the Certification for Payment is submitted to the City.

(f) The Parties acknowledge that certain Authorized Improvements identified on Exhibit "D" will be dedicated to the City and certain Authorized Improvements identified on Exhibit "D" will dedicated to the County. Therefore, with respect to the Authorized Improvements that are to be dedicated to and accepted by (1) the City, the terms, conditions and

procedures set forth in Section 4.02(a)-(e) shall apply and (2) the County, the terms, conditions and procedures set forth in Section 4.02(a) – (e) shall apply except as set forth below:

(1) The County (not the City) will be accepting such Authorized Improvements;

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

(3) The County (not the City) will be inspecting such Authorized Improvements subject to City participation as described in Section 3.03 of this Agreement; and

(4) In order to obtain the final payment for such Authorized Improvements a written acknowledgement from the County that all requirements for acceptance of such Authorized Improvements (and except any applicable maintenance-bond period) have been complied with shall be provided to the City. Upon receipt of such written acknowledgment from the County, the City Construction Representative, within fifteen (15) days thereafter, shall sign the Certification for Payment and forward the same to the City Director of Finance. The City Director of Finance shall then have up to ten (10) calendar days to forward the executed Certification for Payment to the Trustee for payment.

(g) The Owner has determined that prior to the Effective Date, it has expended funds for costs reimbursable under the PID Act, including: (i) the design of the Authorized Improvements and associated due diligence matters (e.g., environmental and wetland studies), (ii) construction of the Authorized Improvements, (iii) costs in obtaining permits required for the construction of the Authorized Improvements, and (iv) other costs associated with the formation of the District ("**Initial Owner Expended Funds**"). Owner will submit to the City information documenting the amount of Initial Owner Expended Funds paid by Owner between September 1, 2016 and July 18, 2017. The total amount of Initial Owner Expended Funds approved by the City pursuant to this Section 4.02 and the PID Act shall be referred to herein as the "**Initial Reimbursement Payment."**

(h) Prior to disbursement of proceeds of the PID Bonds, (1) Owner may submit to the City a Closing Disbursement Request satisfactory to the City and the Trustee for the remainder of the Initial Reimbursement Payment and (2) the City, upon verifying the accuracy of all representations of the Owner made in such Closing Disbursement Request, will sign the Closing Disbursement Request and deliver that Closing Disbursement Request to the Trustee. At the closing of the PID Bonds, Owner shall be reimbursed an amount equal to the Initial Reimbursement Payment and such amount shall be transferred to the Trustee for distribution to the Owner or the Owner's designee.

(i) At the closing of the PID Bonds, the Owner shall be reimbursed Bond Issuance Costs for PID Bonds paid by the Owner, as described in the Service and Assessment Plan and approved by the City. Such Bond Issuance Costs paid at closing shall be set forth in a closing memorandum issued by the Underwriter or the Financial Advisor and included in the Certification for Payment. Bond Issuance Costs for any Future Improvement Area Bonds will be paid after the closing of the applicable Future Improvement Area Bonds upon submittal of proper

documentation so long as such Bond Issuance Costs are described in the Service and Assessment Plan and funds remain in the respective Costs of Issuance Account described in the Indenture.

Section 4.03. Payments for Completed Authorized Improvements

(a) Pursuant to the terms of an Acquisition and Reimbursement Agreement entered into prior to commencement of construction of an applicable Authorized Improvement, the Owner shall convey, and the City or the County (as applicable) shall acquire, the given Authorized Improvement for the Actual Cost, after such Authorized Improvement is completed and has been accepted by the applicable Entity. The general process for funding of Authorized Improvements under an Acquisition and Reimbursement Agreement is as follows:

(1) The Owner and the City will enter into an Acquisition and Reimbursement Agreement to finance the Authorized Improvements as agreed between the Parties, which will provide for Assessments that will reimburse the Owner for Actual Costs incurred in connection with certain Authorized Improvements until PID Bonds are issued in an amount necessary to reimburse Owner for the Actual Costs of those certain Authorized Improvements less any amounts already reimbursed to Owner pursuant to the Acquisition and Reimbursement Agreement. The form of the Acquisition and Reimbursement Agreement shall be reasonably acceptable to both the City (as applicable) and Owner and substantially in accordance with the form attached as Exhibit "H".

(2) Simultaneously, the Service and Assessment Plan will be amended to reflect the Assessments and those certain Authorized Improvements as contemplated by the Acquisition and Reimbursement Agreement. The City will levy the Assessment for the associated improvement area.

(3) Owner will construct or cause the construction of the Authorized Improvements for the associated improvement area.

(4) After the levy of the Assessments contemplated by an Acquisition and Reimbursement Agreement, the City will begin collecting the Annual Installments for the associated improvement area. Upon collection of such Annual Installments, the City will place such Annual Installments in a designated account separate from the City's other accounts. The funds within the account will be used to reimburse Owner for the Actual Costs of the Authorized Improvements pursuant to the terms of the Acquisition and Reimbursement Agreement. If the PID Bonds are issued in an amount that is not sufficient to fully reimburse the Owner for the Actual Costs of the Authorized Improvements less any amounts already reimbursed to Owner pursuant to the Acquisition and Reimbursement Agreement, then Additional PID Bonds may be issued to reimburse the Owner for any Actual Costs not reimbursed by such PID Bonds and Acquisition and Reimbursement Agreement.

(5) Upon completion of the Authorized Improvements contemplated by the Acquisition and Reimbursement Agreement and compliance with the applicable Future Bond Test, the City intends to issue PID Bonds to reimburse the Owner for Actual Cost of those Authorized Improvements less any amounts already reimbursed to Owner pursuant to the Acquisition and Reimbursement Agreement.

(6) If the PID Bonds issued as described in subparagraph 4 above are not sufficient to fully reimburse the Owner for the Actual Costs of those Authorized Improvements less any amounts already reimbursed to Owner pursuant to the Acquisition and Reimbursement Agreement, then so long as the applicable Future Bond Test is satisfied, Additional PID Bonds may be issued to reimburse the Owner for any Actual Costs not reimbursed by the PID Bonds and Acquisition and Reimbursement Agreement.

(b) To receive funds from the proceeds of the Improvement Area #1 Bonds or Additional Improvement Area #1 Bonds (as applicable) to pay the Actual Cost of a particular Improvement Area #1 Improvement, the Owner shall deliver to the City and the Project Engineer (x) documentation evidencing the Actual Cost, (y) documentation evidencing the acceptance of the Improvement Area #1 Improvement by the City or County, as applicable, and (z) an assignment of the warranties and guaranties, if applicable, for such Authorized Improvement, in form reasonably acceptable to the City (if the City is the entity accepting such Authorized Improvements) or the County (if the County is the entity accepting such Authorized Improvement). Nothing herein shall prohibit Owner from being reimbursed for design costs associated with an Improvement Area #1 Improvement (provided that the plans and specifications for such applicable Improvement Area #1 Improvement have been accepted by the City or County, as applicable) prior to the completion of construction of such Improvement Area #1 Improvement or for other costs that are otherwise eligible to be paid under the PID Act prior to completion of construction of such Improvement Area #1 Improvement.

(c) At the time of the closing of any PID Bonds, Owner may, concurrently with the initial draw from the PID Bonds and under substantially the same procedures as set forth above, be reimbursed for (i) the Unpaid Balance under the applicable Acquisition and Reimbursement Agreement and (ii) any other qualified and permitted costs approved by the City under substantially the same procedures as set forth above (collectively, the "**Owner Expended Funds**"). The total amount of Owner Expended Funds approved by the City pursuant to this Section shall be referred to herein as the "**Reimbursement Payment."**

(d) The City, in its discretion, may allow for construction and funding of Authorized Improvements to be handled in accordance with Section 4.02 or with a combination of progress payments (Section 4.02) and reimbursement payments pursuant to an Acquisition and Reimbursement Agreement (Section 4.03). If the City, in its discretion, elects to allow for such combination, this Agreement shall be modified accordingly to reflect such terms.

ARTICLE V. PID BONDS

Section 5.01. Issuance of PID Bonds

(a) Subject to the terms and conditions set forth in this Article ~~V~~, the City intends to pay for the Authorized Improvements, by issuing PID Bonds in one or more series. The City will use reasonable and good faith efforts to issue PID Bonds after receiving a Bond Issuance Request from Owner, provided that Owner can reasonably demonstrate to the City and its financial advisors that (i) the applicable Future Bonds Test, if any, has been satisfied and (ii) there is sufficient security for the PID Bonds, based upon the bond market conditions existing at

the time of such proposed sale. In addition to the criteria outlined in the applicable Future Bonds Test, the City may consider additional requirements prior to authorizing the issuance of any Future Improvement Area Bonds, including but not limited to a market condition assessment (including market study update), development of the District and current status of Owner, developers, and related builder positions. The City Council may require a recommendation from City staff, advisors and consultants.

(b) The aggregate principal amount of PID Bonds required to be issued hereunder shall not exceed an amount sufficient to fund: (i) the Actual Costs of the Authorized Improvements, (ii) required reserves and capitalized interest during the period of construction and not more than 12 months after the completion of construction of the applicable Authorized Improvements funded by the PID Bond issue in question and in no event for a period greater than 24 months from the date of the initial delivery of the applicable PID Bonds and (iii) Bond Issuance Costs. Provided, however that to the extent the law(s) which limit the period of capitalized interest to 12 months after completion of construction change, the foregoing limitation may be adjusted to reflect the law(s) in effect at the time of future PID Bond issuances.

(c) The final maturity for each series of PID Bonds shall occur no later than 30 years from the issuance date of those PID Bonds.

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

(e) The foregoing requirements apply to each series of PID Bonds issued.

(f) If proceeds from the PID Bonds or Future Improvement Area Bonds are still available after all the Authorized Improvements are accepted by the City or County and Owner has been reimbursed for all unreimbursed Actual Costs incurred in connection therewith, the proceeds may be utilized to finance other Authorized Improvements within the Property as allowed by the PID Act, if approved by the City.

Section 5.02. Project Fund

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

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

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

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

Section 5.04. Sale of PID Bonds.

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

Section 5.05. Sale of PID Bonds

Notwithstanding the foregoing, the City may authorize the issuance of the PID Bonds contemporaneously with authorizing the execution of this Agreement. The Authorized Improvements to be constructed and funded in connection with the PID Bonds are more particularly described on attached Exhibit "D".

Section 5.06. Phased Issuance of Debt

As previously noted, the proposed bond issuance program is anticipated to entail a series of bond financings that will finance the Authorized Improvements required for the development of the Project. This financing will be undertaken in phases to coincide with the private investment and development of the Authorized Improvements. Following the issuance of the Improvement Area #1 Bonds, Additional Improvement Area #1 Bonds and/or Future Improvement Area Bonds may be issued over the upcoming years as the subsequent phases of the Project are gradually constructed.

The purpose of this gradual issuance of any Additional Improvement Area #1 Bonds and Future Improvement Area Bonds in phases is to mirror the actual private development of the Authorized Improvements. The Additional Improvement Area #1 Bonds and Future Improvement Area Bonds to be issued are most prudently and efficiently utilized when directly coinciding with construction of public infrastructure needed for private development that is to occur once the infrastructure is completed; it is most effective to issue the Additional Improvement Area #1 Bonds and Future Improvement Area Bonds when the infrastructure is needed, not before. Furthermore, there is no economic advantage, and several disadvantages, to

issuing debt and encumbering property within the District prior to the need for the Authorized Improvements.

Section 5.07. Phased Assessments

In connection with the issuance of Additional Improvement Area #1 Bonds and Future Improvement Area Bonds and/or execution of related Acquisition and Reimbursement Agreements, the Service and Assessment Plan will be updated to reflect the special benefit each Parcel of Assessed Property within an Improvement Area receives from the specific Authorized Improvements funded with those Improvement Area Bonds issued with respect to that Improvement Area.

It is acknowledged and agreed that one or more of the following types of PID Bonds contemplated to be issued for this Project (Additional Improvement Area #1 Bonds and Future Improvement Area Bonds) may be covered under a new and separate Indenture; however, all of the Assessments pledged for the payment of any PID Bonds will have the same lien priority as the Assessments pledged for the payment of Improvement Area #1 Bonds.

If the total Assessments levied on a particular Parcel within the Project consist of Assessments stemming from two or more different types of PID Bonds and an owner of an Assessed Parcel pays only a portion of the Annual Installment due for such Assessments, then such payment will be allocated pro-rata to the payment of the Annual Installment based on the portions of each Assessment as it relates to the total Assessments. For example, assume that a parcel has Assessments totaling $20,000, $12,000 of which is for the Improvement Area #1 Bonds and $8,000 of which is for an Additional Improvement Area #1 Bond. Further assume that the Annual Installment for such Parcel is $1,000 which consists of a $550 annual installment from the Improvement Area #1 Bonds and a $450 annual installment from the Additional Improvement Area #1 Bonds and an owner of an Assessed Parcel pays $600, then the $600 will be allocated as follows:

$360 (60% of $600) will go towards the Assessment for the Improvement Area #1 Bonds; and

$240 (40% of $600) will go towards the Assessment for the Additional Improvement Area #1 Bonds

Total: $600

Further detail regarding partial payments of the Annual Installments will be contained in the Indenture relating to Additional Improvement Area #1 Bonds and Future Improvement Area Bonds.

Section 5.08. Acquisition and Reimbursement Agreements

The costs of some Authorized Improvements will be initially financed through Acquisition and Reimbursement Agreements. As provided in Section 4.03 above, prior to commencing construction of any such Authorized Improvements, the Owner and the City will

enter into an Acquisition and Reimbursement Agreement, which will provide for Assessments that will reimburse the Owner for Actual Costs incurred in connection with those Authorized Improvements until PID Bonds are issued in an amount equal to the outstanding Special Assessments.

Section 5.09. Future Bonds Tests

(a) The City has reserved the right to issue Additional Improvement Area #1 Bonds to pay the Improvement Area #1 Reimbursement Obligation, in accordance with the conditions set forth below. Terms used in this Section but not defined herein shall have the meanings assigned to them in the Indenture for the Improvement Area #1 Bonds:

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

(ii) The Developer, through an authorized representative, shall certify that the Developer is not in default beyond any applicable notice and cure period in the performance and observance of any of the PID-related terms, provisions and conditions applicable to the Developer contained in the Development Agreement, or in the performance and observance of any provisions and conditions applicable to the Developer contained in this Agreement, any Acquisition and Reimbursement Agreement applicable to Improvement Area # 1, or any continuing disclosure agreement entered into by the Developer relating to PID Bonds, unless any defaults under the foregoing agreement (except for disagreements under any continuing disclosure agreements entered into by the Developer, which shall be cured) are disclosed in a certificate from the Developer to the City, acting by and through its City Council, elects to proceed with the issuance of Additional Improvement Area #1 Bonds regardless of the existence of such default or defaults;

(iii) A certificate or report from the Developer, through an authorized representative, shall certify that (A) certificates of occupancy have been issued for a minimum of thirty-five percent (35%) of the single-family homes to be built within Improvement Area #1; and a certificate or report from an independent certified appraiser or appraisal firm (that may rely on County assessed value figures for the completed homes as to their value) that, assuming completion of the improvements to be financed with the proceeds of the Additional Improvement Area #1 Bonds or with funds withdrawn from the Developer Improvement Account of the Project Fund, as applicable, (B) the appraised value of the property within Improvement Area #1 of the PID is equal to at least four (4) times the principal amount of the Outstanding Bonds Similarly Secured, taking into account the Additional Improvement Area #1 Bonds to be issued, (C) the appraised value allocated to each parcel within Improvement Area #1 is at least three (3) times the portion of the principal amount of any Outstanding Bonds Similarly Secured, taking into account the Additional Improvement Area #1 Bonds to be issued, that is allocated to each such parcel;

(iv) The principal of and interest on the Additional Improvement Area #1 Bonds must be scheduled to be paid or mature on March 1 or September 1, or both, of the years in which each principal or interest are scheduled to be paid or mature;

(v) There shall be deposited to the Reserve Fund an amount equal to the Reserve Fund Requirement taking into account the Outstanding Bonds Similarly Secured, and the Additional Improvement Area #1 Bonds then proposed to be issued;

(vi) The maximum amount of Additional Improvement Area #1 Bonds that may be issued, subject to the approval of the City, in total, is the then outstanding balance of the Improvement Area #1 Reimbursement Obligation; and

(vii) The Developer, through an authorized representative, shall certify that the Developer is in compliance with any further conditions established by the City, its advisors, or the underwriter(s).

(b) The City has reserved the right to issue Future Improvement Area Bonds for any purpose permitted by the Act, and in accordance with the conditions set forth below:

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

(ii) The Developer, through an authorized representative, shall certify that the Developer is not in default beyond any applicable notice and cure period in the performance and observance of any of the PID-related terms, provisions and conditions applicable to the Developer contained in the Development Agreement, or in the performance and observance of any provisions and conditions applicable to the Developer contained in this Agreement, any Acquisition and Reimbursement Agreement applicable to Improvement Area # 1, or any continuing disclosure agreement entered into by the Developer relating to PID Bonds, unless any defaults under the foregoing agreement (except for disagreements under any continuing disclosure agreements entered into by the Developer, which shall be cured) are disclosed in a certificate from the Developer to the City, acting by and through its City Council, elects to proceed with the issuance of Future Improvement Area Bonds regardless of the existence of such default or defaults;

(iii) A certificate or report from the Developer, through an authorized representative, shall certify that either (A) seventy-five percent (75%) or less of the Lots within Improvement Area #1 have been sold to end-users, and at least fifty percent (50%) of the Lots within the particular Future Improvement Area for which Authorized Improvements are financed by the Future Improvement Area Bonds are under contract with merchant builders unaffiliated with the Owner; or that (B) more than seventy-five (75%) of the Lots within Improvement Area #1 have been sold to end users, and at least thirty-five percent (35%) of the Lots within the particular Future Improvement Area for which Authorized Improvements are financed by the Future Improvement Area Bonds are under contract with merchant builders unaffiliated with the Owner.

(iv) The ratio of the appraised value of all of the land in the particular Future Improvement Area of the PID, based on an independent appraisal and assuming completion of the improvements within such phase to be financed with the proceeds of the Future Improvement Area Bonds to be issued, to the principal amount of the Future Improvement Area Bonds to be issued must be at least 3.0:1;

(v) Construction contracts for One-hundred percent (100%) of the costs of the Authorized Improvements in such Future Improvement Area to be paid with proceeds of the applicable series of Future Improvement Area Bonds must be executed and ready to proceed, and the construction of each such Authorized Improvement must be no less than seventy-five percent (75%) complete; and

(vi) The Developer, through an authorized representative, shall certify that the Developer is in compliance with any further conditions established by the City, its advisors, or the underwriter(s).

Section 5.10. Non-Bank Qualified Debt

(a) If in any calendar year (including 2018) the City issues debt obligations that would be qualified tax-exempt obligations but for the issuance of the PID Bonds or other bonds supporting public improvements for non-City owned development projects, including bonds authorized by the Act, then the Owner shall pay to the City a fee (the "**PID Bond Fee**") to compensate the City for the interest savings the City would have achieved had the debt issued by the City been qualified tax-exempt obligations, provided that all other developers or owners benefitting from the City issuing debt for non-City owned development projects are similarly burdened with an obligation to compensate the City proportionately based on the original principal amount of such PID Bonds or other City debt supporting public improvements for non-City owned development projects. The City and the Owner shall approve an estimate of the PID Bond Fee for all series of PID Bonds at least 10 business days prior to pricing the first series of PID Bonds. The Owner agrees to pay the approved estimated PID Bond Fee to the City on the later of (1) five business days prior to the closing of any series of PID Bonds or other City-issued debt, or (2) five business days after the City and the Owner approve the estimated PID Bond Fee. The City shall not be required to sell any series of PID Bonds until the Owner has paid the approved estimated PID Bond Fee.

(b) To the extent any developer or owner (including the Owner, as applicable) has paid all or part of a PID Bond Fee estimate for any particular calendar year, any such PID Bond Fee estimate paid subsequently by a developer or owner (including the Owner, as applicable) to the City applicable to the same calendar year shall be reimbursed by the City to the developer or owner (including the Owner, as applicable) as necessary so as to put all developers and owners so paying for the same calendar year in the required payment proportion as set forth above, such reimbursement to be made by the City within 10 business days after its receipt of such subsequent payments of the estimated PID Bond Fee. The City will deposit all payments of a PID Bond Fee estimate received from a developer or owner (including the Owner, as applicable) into a segregated account until such time as (1) the City transfers funds from the segregated

account to a capital improvement project fund in conjunction with issuing City debt; and/or (2) the City refunds a portion of the estimated PID Bond Fee consistent with the pro rata formula described above within 10 days of issuing the PID Bonds. On or before January 15th of the following calendar year, the final PID Bond Fee shall be agreed to by the City and the Owner. By January 31st of such year, any funds in excess of the final PID Bond Fee that remain in such segregated account on December 31st of the preceding calendar year shall be refunded to the developers or owners (including the Owner as applicable), and any deficiencies in the estimated PID Bond Fee paid to the City by any developer or owner (including the Owner, as applicable) shall be remitted to the City by the respective developer or owner (including the Owner, as applicable).

ARTICLE VI. REPRESENTATIONS, WARRANTIES, AND INDEMNIFICATION

Section 6.01. Representations and Warranties of City

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

(a) The City will deliver a certificate relating to the PID Bonds (such certificate, as it may be amended and supplemented from time to time, being referred to herein as the "**Tax Certificate**") containing covenants and agreements designed to satisfy the requirements of Sections 103 and 141 through 150, inclusive, of the Texas Tax Code and the income tax regulations issued thereunder relating to the use of the proceeds of the PID Bonds or of any monies, securities or other obligations on deposit to the credit of any of the funds and accounts created by the Indenture or this Agreement or otherwise that may be deemed to be proceeds of the Bonds within the meaning of Section 148 of the Tax Code (collectively, "**Bond Proceeds**").

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

Section 6.02. Covenants, Representation, and Warranties of Owner

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

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

(b) The Owner represents and warrants that the Owner has the power and authority to enter into this Agreement, and has taken all action necessary to cause this Agreement to be executed and delivered, and this Agreement has been validly executed and delivered on behalf of the Owner.

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

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

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

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

(g) For a period of two (2) years after the final Acceptance Date of each applicable Authorized Improvement, the Owner covenants to maintain proper books of record and account for the Authorized Improvements and all costs related thereto. The Owner covenants that such accounting books will be maintained in accordance with sound accounting practices, and will be available for inspection by the City or its agent at any reasonable time during regular business hours upon at least 72 hours' notice.

(h) The Owner agrees to provide the information required pursuant to the Owner Continuing Disclosure Agreement executed by the Owner in connection with the issuance of the PID Bonds.

(i) The Owner covenants that, in its contracts with builders, it shall require that a builder for an assessed parcel shall distribute informational brochures about the existence and effect of the PID in prospective homebuyer sales packets, if such brochures are prepared and provided by the City. For this section 6.01(i), a builder mean a commercial builder who is in the business of constructing and/or selling residences to individual home buyers.

(j) The Owner covenants to provide, or cause to be provided, such facts and estimates as the City reasonably considers necessary to enable it to execute and deliver its Tax Certificate. The Owner further covenants that (i) such facts and estimates will be based on its reasonable expectations on the date of issuance of the PID Bonds and will be, to the best of the knowledge of the officers of the Owner providing such facts and estimates, true, correct and complete as of that date, and (ii) the Owner will make reasonable inquires to ensure such truth, correctness and completeness. The Owner covenants that it will not make, or (to the extent that it exercises control or direction) permit to be made, any use or investment of the Bond Proceeds that would cause any of the covenants or agreements of the City contained in the Tax Certificate to be violated or that would otherwise have an adverse effect on the tax-exempt status of the

interest payable on the PID Bonds for federal income tax purposes.

(k) The Owner agrees not to take any action or actions to reduce the total amount of such Assessments to be levied as of the Effective Date.

Section 6.03. Indemnification and Hold Harmless by Owner

THE OWNER WILL DEFEND, INDEMNIFY, AND HOLD HARMLESS THE CITY, AND ITS OFFICIALS, EMPLOYEES, OFFICERS, REPRESENTATIVES, AND AGENTS (IN THIS SECTION, THE "**CITY**") AGAINST AND FROM, AND WILL PAY TO THE CITY, THE AMOUNT OF, ALL ACTIONS, DAMAGES, CLAIMS, LOSSES, OR EXPENSE OF ANY TYPE, WHETHER OR NOT INVOLVING A THIRD-PARTY CLAIM (COLLECTIVELY, "**DAMAGES**"), ARISING DIRECTLY OR INDIRECTLY, FROM (i) THE BREACH OF ANY PROVISION OF THIS AGREEMENT BY THE OWNER; (ii) THE NEGLIGENT DESIGN, ENGINEERING, OR CONSTRUCTION BY THE OWNER OF ANY AUTHORIZED IMPROVEMENT ACQUIRED BY THE CITY; (iii) THE OWNER'S NONPAYMENT UNDER CONTRACTS WITH THE OWNER FOR ANY AUTHORIZED IMPROVEMENT UNDER THIS AGREEMENT; (iv) ANY CLAIMS AGAINST THE CITY RELATING TO ANY AUTHORIZED IMPROVEMENT ACQUIRED UNDER THIS AGREEMENT; OR (v) ANY THIRD PARTY CLAIMS RELATING TO ANY AUTHORIZED IMPROVEMENT ACQUIRED UNDER THIS AGREEMENT, INCLUDING ANY CLAIM RELATING TO NEGLIGENCE OF THE CITY. THE OWNER WILL DEFEND THE CITY AGAINST ALL SUCH CLAIMS AND THE CITY WILL REASONABLY COOPERATE AND ASSIST IN PROVIDING SUCH DEFENSE. THE CITY WILL HAVE THE RIGHT TO APPROVE OR SELECT DEFENSE COUNSEL TO BE RETAINED BY THE OWNER IN FULFILLING ITS OBLIGATIONS HEREUNDER. THE CITY RESERVES THE RIGHT, BUT IS NOT REQUIRED, TO PROVIDE A PORTION OR ALL OF ITS OWN DEFENSE AT ITS OWN EXPENSE. THE OWNER SHALL RETAIN CITY-APPROVED DEFENSE COUNSEL WITHIN 10 BUSINESS DAYS OF WRITTEN NOTICE THAT THE CITY IS INVOKING ITS RIGHT TO INDEMNIFICATION AND IF THE OWNER DOES NOT DO SO, THE CITY MAY RETAIN ITS OWN DEFENSE COUNSEL AND THE OWNER WILL BE LIABLE FOR ALL REASONABLE SUCH COSTS. THIS SECTION SURVIVES THE TERMINATION OF THIS AGREEMENT INDEFINITELY, SUBJECT TO APPROPRIATE STATUTES OF LIMITATIONS, AS THEY MAY BE TOLLED OR EXTENDED BY AGREEMENT OR OPERATION OF LAW.

ARTICLE VII. DEFAULT AND REMEDIES

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

(b) Before any failure of any Party to perform its obligations under this Agreement will be deemed to be a breach of this Agreement, the Party claiming such failure shall notify, in writing, the Party alleged to have failed to perform of the alleged failure and shall demand performance. No breach of this Agreement may be found to have occurred if performance has

commenced to the reasonable satisfaction of the complaining Party within thirty (30) days of the receipt of such notice (or five (5) days in the case of a monetary default), subject, however, in the case of nonmonetary default, to the terms and provisions of subparagraph (c) below. Upon a breach of this Agreement, the nondefaulting Party in any court of competent jurisdiction, by an action or proceeding at law or in equity, may secure the specific performance of the covenants and agreements herein contained (and/or an action for mandamus as and if appropriate). Except as otherwise set forth herein, no action taken by a Party pursuant to the provisions of this Article VII or pursuant to the provisions of any other Section of this Agreement shall be deemed to constitute an election of remedies and all remedies set forth in this Agreement shall be cumulative and non-exclusive of any other remedy either set forth herein or available to any Party at law or in equity. Each of the Parties shall have the affirmative obligation to mitigate its damages in the event of a default by the other Party. Notwithstanding any provision contained herein to the contrary, the Owner shall not be required to construct any portion of the Authorized Improvements (or take any other action related to or in furtherance of same) while the City is in default under this Agreement).

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

ARTICLE VIII. GENERAL PROVISIONS

Section 8.01. Notices.

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

If to City: Scott Sellers

City Manager
City of Kyle
100 W. Center St.
Kyle, TX 78640
Facsimile: (512) 262-3987

With a copy to:

Bickerstaff Heath Delgado Acosta LLP
Attn: David Méndez
3711 S. MoPac Expressway
Building One
Suite 300
Austin, Texas 78746
Facsimile: (512) 320-5638

If to Owner: Blake Magee Co.
Attn: Blake Magee
1011 North Lamar Blvd
Austin, Texas 78703
Facsimile: (512) 481-0333

With a copy to: Armbrust & Brown, PLLC
Attn: Sharon Smith
100 Congress Avenue, Suite 1300
Austin, Texas 78701
Facsimile: (512) 435-2360

Section 8.02. Fee Arrangement /Administration of District

(a) The Owner agrees that it will pay all of the City's costs and expenses (including the City's third party advisors and consultants) related to the creation and administration of the District, as well as costs and expenses relating to the development and review of the Service and Assessment Plan (including legal fees and financial advisory fees) ("**City PID Costs**"). The Owner and the City will make best efforts to agree to a budget for the City's costs and expenses. Prior to closing of the PID Bonds, the City shall (i) submit to the Owner and the Trustee invoices and other supporting documentation evidencing the City PID Costs and (ii) direct the Trustee to pay these fees, as applicable, to the City or on behalf of the City from proceeds of the PID Bonds. In addition to any City PID Costs pursuant to the preceding sentences, all fees of City legal counsel related to the issuance of the PID Bonds, including fees for the review of the District creation and District administration documentation, the preparation of customary bond documents and the obtaining of Attorney General approval for the PID Bonds, will be paid at closing from proceeds of the PID Bonds. Further, the Owner or agrees that it or the District will be responsible for paying the Administrative Expenses.

(b) The Owner will be solely responsible for the costs associated with the issuance of any Additional Improvement Area #1 Bonds and Future Improvement Area Bonds. The terms of subparagraph (a) above will apply to the Owner in the event that such bonds are issued.

(c) The City may enter into a separate agreement with an Administrator to administer the District after Closing. The Administrative Expenses shall be collected as part of and in the same manner as Annual Installments in the amounts set forth in the Service and Assessment Plan.

Section 8.03. Assignment and Other Transfers

(a) Subject to subparagraph (b) below, Owner may, in its sole and absolute discretion, assign this Agreement with respect to all or part of the Project from time to time so long as the assigned rights and obligations are assumed without modifications to this Agreement. Owner shall provide the City thirty (30) days prior written notice of any such assignment. Upon such assignment or partial assignment, Owner will be fully released from any and all obligations under this Agreement and will have no further liability with respect to this Agreement for the part of the Project so assigned.

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

(c) For the purposes of 17 Code of Federal Regulations 240.15c2-12 and municipal securities disclosure, a purchaser of Property, or an assignee under this section 8.03, is an "Obligated Person" to the extent the purchaser or assignee meets the definition of "Obligated Person" in the Owner Continuing Disclosure Agreement.

Section 8.04. Term of Agreement

This Agreement will terminate on the date on which the City and Owner discharge all of their obligations hereunder; provided, that if the Assessments are not levied on or before the date five years after the effective date of the creation of the PID, the City may dissolve the District and the Owner hereby consents to the City taking any and all steps necessary to dissolve the District in accordance with Section 372.011, Texas Local Government Code. This section is a covenant running with the land and is binding on the Owner's successors and assigns.

Section 8.05. Construction of Certain Terms

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

(a) Words importing a gender include either gender.

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

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

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

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

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

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

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

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

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

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

Section 8.06. Table of Contents; Titles and Headings

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

Section 8.07. Amendments.

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

Section 8.08. Time

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

Section 8.09. Counterparts

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

Section 8.10. Entire Agreement

This Agreement contains the entire agreement of the Parties.

Section 8.11. Severability; Waiver

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

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

Section 8.12. Owner as Independent Contractor

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

Section 8.13. Supplemental Agreements

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

Section 8.14. Audit

The City Construction Representative or City Finance Director will have the right, during normal business hours and upon the giving of three business days' prior written notice to the Owner, to review all books and records of the Owner pertaining to costs and expenses incurred by the Owner with respect to any of the Authorized Improvements and any bids taken or received for the construction thereof or materials therefor.

Section 8.15. Exhibits

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

Exhibit A	-	Definitions
Exhibits B-1, B-2, and B-3		Property Description for Project
Exhibit B-4		Improvement Areas
Exhibit C	-	Form of Service and Assessment Plan
Exhibit D	-	Major Improvements
Exhibit E	-	Form of Certification for Payment
Exhibit F	-	Improvement Area #1 Improvements
Exhibit G	-	Closing Disbursement Request
Exhibit H	-	Acquisition and Reimbursement Agreement

[Signature Pages to Follow]

CITY OF KYLE, TEXAS, a municipal corporation

By:
Name: Travis Mitchell
Title: Mayor

[Signatures Continue on Next Page]

HMBRR DEVELOPMENT, INC.,
a Texas corporation

By: _____

Name: Blake J. Magee
Title: President

HMBRR, LP, a Texas limited partnership

By: _____

Name: Blake J. Magee
Title: Partner

HMBRR, LP #2, a Texas limited partnership

By: _____

Name: Blake J. Magee
Title: Partner

[SIGNATURE PAGE]

Exhibit "A"

DEFINITIONS

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

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

"**Acquisition and Reimbursement Agreement**" means agreement that obligates the City to reimburse the Owner for Actual Costs of an Authorized Improvement not funded with PID Bonds, secured solely by Assessments to be paid to Owner pursuant to an agreement between the City and the Owner.

"**Actual Costs**" mean, with respect to Authorized Improvements, the actual costs paid or incurred by or on behalf of owners and developers of the Property: (1) to plan, finance, design, acquire, construct, install, and dedicate such improvements to the City; (2) to prepare plans, specifications (including bid packages), contracts, and as-built drawings; (3) to obtain zoning, licenses, plan approvals, permits, inspections, and other governmental approvals; (4) to acquire easements and other right-of-way; (5) for third-party professional consulting services including, but not limited to, engineering, surveying, geotechnical, land planning, architectural, landscaping, legal, accounting, and appraisals; (6) of labor, materials, equipment, fixtures, payment and performance bonds and other construction security, and insurance premiums;(7) the City's cost of reviewing a Certification for Payment; (8) of fees charged by the City or any other political subdivision or governmental authority; and (9) to implement, administer, and manage the above-described activities including, but not limited to, a construction management fee equal to four percent (4%) of construction costs if managed by or on behalf of the owners or developers. Actual Costs shall not include general contractor's fees in an amount that exceeds a percentage equal to the percentage of work completed or construction management fees in an amount that exceeds an amount equal to the construction management fee amortized in approximately equal monthly installments over the term of the applicable construction management contract. Amounts expended for costs described in subsections (3), (4), (5), and (8) above shall be excluded from the amount upon which the general contractor and construction management fees are calculated.

"Additional Improvement Area #1 Bonds" means bonds issued to fund Improvement Area #1 Improvements or refund the Improvement Area #1 Reimbursement Obligation, in whole or in part, that are secured by the Improvement Area #1 Assessments.

"**Administrative Expenses**" means the actual or budgeted costs and expenses related to the creation and operation of the PID, the issuance and sale of PID Bonds, and the administration of construction of the Authorized Improvements, including, but not limited to, costs and expenses for: (1) the Administrator; (2) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (3) calculating, collecting, and maintaining records

with respect to Assessments and Annual Installments; (4) preparing and maintaining records with respect to assessment rolls and annual Service Plan updates; (5) issuing, paying, and redeeming PID Bonds; (6) investing or depositing Assessments and Annual Installments; (7) complying with this SAP and the Act with respect to the issuance and sale of PID Bonds, including continuing disclosure requirements; (8) the paying agent/registrar and Trustee in connection with PID Bonds, including their respective legal counsel; and (9) administering the construction of the Authorized Improvements. Administrative Expenses collected but not expended in any year shall be carried forward and applied to reduce Administrative Expenses for subsequent years.

"Administrator" means the person or independent firm designated by the City Council to perform the duties and obligations of the Administrator in the Service and Assessment Plan. The initial Administrator is PIDWorks, LLC, and Administrator includes any successor designated by the City.

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

"Annual Installment" has the meaning given in the Service and Assessment Plan.

"Appraisal" means the Appraisal of Blanco River Ranch dated effective _____, prepared by _____.

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

"**Assessment Ordinance**" means each ordinance adopted by the City Council levying the Assessments on the Property, as required by Article II of this Agreement.

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

"**Assessments**" means the assessments levied against properties in the District, as provided for in the applicable Assessment Ordinance and in the Service and Assessment Plan, including any supplemental assessments or reallocation of assessments levied in accordance with Sections 372.019 and 372.020 of the PID Act.

"**Attorney General**" means the Texas Attorney General's Office.

"**Authorized Improvements**" means collectively the Major Improvements described in Exhibit "D", and Improvement Area #1 Improvements described in Exhibit "F", together with any and all of the improvements which are included in the Service and Assessment Plan as such plan is amended and updated from time to time.

"**Bond Counsel**" means Bickerstaff Heath Delgado Acosta LLP or its successor.

"Bond Issuance Cost" means the total of the expenses associated with the sale of PID Bonds, including such items as underwriter's discount, if any, and financial advisory, bond counsel, other counsel and rating agency fees, printing costs, and other expenses relating to the sale of the PID Bonds.

"**Bond Issuance Request**" means written request made by Owner to the City in good faith as evidenced by Owner's expenditure of necessary amounts for market studies, financial analysis, legal counsel, and other professional services and due diligence necessary to support the request.

"**Bond Proceeds**" has the meaning given to them in Section 6.01(a) hereof.

"**Certification for Payment**" means the certificate (whether one or more) in substantially the same form as attached Exhibit "E".

"**City Construction Representative**" means the _____ or such other person selected by the City to oversee the construction of the Authorized Improvements on behalf of the City.

"City Council" means the governing body of the City.

"City PID Costs" shall have the meaning given in Section 8.02 of this Agreement.

"**Closing Disbursement Request**" means the request (whether one or more) in substantially the same form as attached Exhibit "G".

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

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

"**Cost of Issuance Account**" shall have the meaning given in the Indenture.

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

"**Designated Successors and Assigns**" shall mean (i) an entity to which Owner assigns (in writing) its rights and obligations contained in this Agreement pursuant to Section 8.03 related to all or a portion of the Property, (ii) any entity which is the successor by merger or otherwise to all or substantially all of Owner's assets and liabilities including, but not limited to, any merger or acquisition pursuant to any public offering or reorganization to obtain financing and/or growth capital; or (iii) any entity which may have acquired all of the outstanding stock or ownership of assets of Owner.

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

"**Effective Date**" has the meaning given in this Agreement.

"**Future Bonds Test**" means the additional investment and underwriting criteria which must be met prior to the issuance of PID Bonds (other than the PID Bonds that are being issued concurrently herewith) which are more particularly described in an Indenture.

"**Future Improvement Area Bonds**" means bonds issued to fund Authorized Improvements (or a portion thereof) in a Future Improvement Area. In connection with the Future Improvement Area Bonds, Assessments will be levied only on Parcels located within the Future Improvement Area in question.

"**Future Improvement Areas**" means the property within the District, excluding Improvement Area #1, as depicted on the map on Exhibit B-4 consisting of approximately _____ acres within the District. Future Improvement Areas may be developed in phases after Improvement Area #1, as generally depicted in Exhibit B-4. The Future Improvement Areas are subject to adjustment and are shown for example only.

"**Improvement Area #1**" means the initial area to be developed within the PID, consisting of approximately ___ acres within the District and as specifically described in **Exhibit B** and as depicted in **Exhibit B-4.**

"**Improvement Area #1 Bonds**" means the "City of Kyle, Texas, Assessment Revenue Bonds, Series 2018 (Blanco River Ranch Public Improvement District Improvement Area #1 Project)" that are secured by actual revenues received by or on behalf of the City from the collection of Assessments levied against Improvement Area #1 Assessed Property, or the Annual Installments thereof, for the Improvement Area #1 Improvements.

"**Improvement Area #1 Improvements**" means (i) the pro rata portion of the Major Improvements that benefit the entire District, allocable to Improvement Area #1, and (ii) the Authorized Improvements which only benefit the Improvement Area #1 Assessed Property and are described in Section III.A. of the Service and Assessment Plan, and which are to be financed with Improvement Area #1 Bonds.

"**Improvement Area #1 Reimbursement Obligation**" means the $3,710,000 secured by Improvement Area #1 Assessed Property to be paid to Owner pursuant to the "Blanco River Ranch Public Improvement District Improvement Area #1 Acquisition and Reimbursement Agreement" with an effective date of _____.

"**Indenture**" means the applicable Indenture of Trust between the City and a trustee relating to the issuance of a series of PID Bonds for financing costs of Authorized Improvements, as it may be amended from time to time.

"**Initial Owner Expended Funds**" has the meaning given in Section 4.02(g) of this Agreement.

"**Initial Reimbursement Payment**" has the meaning given in Section 4.02(g) of this Agreement.

"**Interest**" mean the interest rate charged for the PID Bonds or Acquisition and Reimbursement Agreement or such other interest rate as may be required by applicable law.

"**Issue Date**" means the date of the initial delivery of any of the PID Bonds.

"**Major Improvements**" means both onsite and offsite Authorized Improvements which benefit Improvement Area #1 as well as Future Improvement Areas, and as further described in attached Exhibit F.

"**Nonbenefited Property**" means Parcels within the boundaries of the District that accrue no special benefit from the Authorized Improvements, including Owners Association Property, Public Property.

"**Notice**" means any notice, writing, or other communication given under this Agreement.

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

"**Owners Association**" means a homeowner's association or property owner's association.

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

"**Owner Continuing Disclosure Agreement**" shall have the meaning given in the Indenture or any purchase agreement relating to the sale of the PID Bonds.

"**Owner Expended Funds**" has the meaning given in Section 4.03(c).

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

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

"**Payment Request**" means the Certification for Payment.

"**PID Act**" means Chapter 372 of the Texas Local Government Code, as amended.

"**PID Bond Ordinance**" means and refers to the ordinance(s) of the City Council that will authorize and approve the issuance and sale of the PID Bonds and provide for their security

and payment, either under the terms of the bond ordinance or a trust indenture related to the PID Bonds.

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

"**PID Bonds**" means the bonds to be issued by the City, in one or more series, to finance the Authorized Improvements that confer special benefit on the Property, which may include funds for any required reserves and amounts necessary to pay the PID Bond Issuance Costs, and to be secured by a pledge of the Assessments pursuant to the authority granted in the PID Act, for the purposes of (i) financing the costs of Authorized Improvements and related costs, and (ii) reimbursement for Actual Costs paid prior to the issuance of and payment for the PID Bonds. This term is used to collectively refer to the Improvement Area #1 Bonds and the Future Improvement Area Bonds throughout this SAP.

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

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

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

"**Project Costs**" means the total of all Actual Costs.

"**Project Engineer**" means the civil engineer or firm of civil engineers selected by the Owner to perform the duties set forth herein, which is currently Kimley-Horn and Associates.

"**Project Fund**" means the separate and unique fund established by the City under such name pursuant to the Indenture as described in Section 5.02 hereof.

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

"**Public Property**" means property, real property, right of way, and easements located within the boundaries of the District owned by or irrevocably offered for dedication to the federal government, the State, the County, the City, a school district, a public utility provider, or any other political subdivision or public agency, whether in fee simple, through an easement, or by plat.

"**Regulatory Requirements**" means the requirements and provisions of any state or federal law, and any permits, rules, orders or regulations issued or adopted from time to time by

any regulatory authority, state, federal or other, having jurisdiction over the Authorized Improvements, as adjusted by the Development Agreement.

"**Reimbursement Payment**" has the meaning given in Section 4.03(c).

"**SAP Consultant**" means PIDWorks, LLC.

"**Segment**" **or** "**Segments**" means the discrete portions of the Authorized Improvements identified as such.

"**Service and Assessment Plan**" means the Blanco River Ranch Public Improvement District Service and Assessment Plan (as such plan is amended and updated from time to time), to be initially adopted by the City Council in the Assessment Ordinance for the purpose of assessing allocated costs against property located within the boundaries of the District having terms, provisions, and findings approved and agreed to by the Owner, as required by Article II of this Agreement.

"**Subdivision Ordinance**" means the Hays County Subdivision and Development Regulations in effect as of the Effective Date.

"**Tax Certificate**" shall have the meaning given in Section 6.01(a) hereof.

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

"**Transfer**" shall have the meaning given in Section 2.05(b) hereof.

"**Transferee**" shall have the meaning given in Section 2.05(b) hereof.

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

"**Underwriter**" means _____, or its successor.

"**Unpaid Balance**" shall have the meaning given in the applicable Acquisition and Reimbursement Agreement.

Exhibits “B-1”

PROPERTY DESCRIPTION FOR PROJECT

Exhibit "B-4"

IMPROVEMENT AREAS

Exhibit "C"

FORM OF SERVICE AND ASSESSMENT PLAN

[See Attached]

Exhibit "D"

MAJOR IMPROVEMENTS

Major Improvements	**Dedicated to City or County**	**Estimated Cost**

EXHIBIT "E"
FORM OF CERTIFICATION FOR PAYMENT
(Blanco River Ranch)

_____ ("**Construction Manager**") hereby requests payment for the Actual Cost of the work (the "Draw Actual Costs") described in attached Attachment A. Capitalized undefined terms shall have the meanings ascribed thereto in the Blanco River Ranch Public Improvement District Financing Agreement between HMBRR Development, Inc., and HMBRR, L.P. (the "**Owner**"), and the City of Kyle, Texas (the "**City**"), dated as of _____ (the "**Finance Agreement**"). In connection with this Certification for Payment, the undersigned, in his or her capacity as the _____ of Construction Manager, to his or her knowledge, hereby represents and warrants to the City as follows:

1. He (she) is an authorized representative of Construction Manager, qualified to execute this request for payment on behalf of the Construction Manager and knowledgeable as to the matters forth herein.

2. The true and correct Draw Actual Costs for which payment is requested is set forth in Attachment A and payment for such requested amounts and purposes has not been subject to any previously submitted request for payment.

3. Attached as Attachment B is a true and correct copy of a bills paid affidavit evidencing that any contractor or subcontractor having performed work on a Segment described in Attachment A has been paid in full for all work completed through the previous Certification for Payment.

4. Attached as Attachment C are invoices, receipts, worksheets and other evidence of costs which are in sufficient detail to allow the City to verify the Draw Actual Costs for which payment is requested.

[Signature Page Follows]

SIGNATURE PAGE TO

FORM OF CERTIFICATION FOR PAYMENT

Date :_____

[Construction Manager Signature Block to be added]

APPROVAL BY THE CITY

The Draw Actual Costs of each Segment described in Attachment A have been reviewed, verified, and approved by the City Construction Representative. Payment of the Draw Actual Costs of each such Segment is hereby approved.

Date: _____ **CITY OF KYLE, TEXAS**

By: _____

ATTACHMENT A TO CERTIFICATION OF PAYMENT

Segment	Description of Work Completed under this Certification for Payment	Draw Actual Costs

ATTACHMENT B TO CERTIFICATION OF PAYMENT

[attached – bills paid affidavit]

ATTACHMENT C TO CERTIFICATION OF PAYMENT

[attached – receipts]

Exhibit "F"

IMPROVEMENT AREA #1 IMPROVEMENTS

[To be provided prior to prior to or simultaneously with issuance of Improvement Area #1 Bonds.]

Exhibit "G"

FORM OF CLOSING DISBURSEMENT REQUEST

The undersigned is a lawfully authorized representative for HMBRR Development, Inc., and HMBRR, L.P. (the "**Owner**"), and requests payment from the Costs of Issuance Account of the Project Fund (as defined in the Blanco River Ranch Public Improvement District Financing Agreement) from _____ (the "**Trustee**") in the amount of _____ ($_____) to be transferred from the Cost of Issuance Account of the Project Fund upon the delivery of the [_____ Bonds] for costs incurred in the establishment, administration, and operation of the Blanco River Ranch Public Improvement District (the "**District**"), as follows.

In connection to the above referenced payment, the Owner represents and warrants to the City as follows:

1. The undersigned is an authorized officer of the Owner, is qualified to execute this Closing Disbursement Request on behalf of the Owner, and is knowledgeable as to the matters set forth herein.

2. The payment requested for the below referenced establishment, administration, and operation of the District at the time of the delivery of the PID Bonds has not been the subject of any prior payment request submitted to the City.

3. The amount listed for the below itemized costs is a true and accurate representation of the Actual Costs incurred by Owner with the establishment of the District at the time of the delivery of the PID Bonds, and such costs are in compliance with the Service and Assessment Plan. The itemized costs are as follows:

[insert itemized list of costs here]

TOTAL REQUESTED: $_____

4. The Owner is in compliance with the terms and provisions of the Blanco River Ranch Public Improvement District Financing Agreement, the Indenture and the Service and Assessment Plan.

5. All conditions set forth in the Indenture and [the Acquisition and Reimbursement Agreement for _____] for the payment hereby requested have been satisfied.

6. The Owner agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete its review.

Payments requested hereunder shall be made as directed below:

[Information regarding Payee, amount, and deposit instructions]

I hereby declare that the above representations and warranties are true and correct.

By:

By: _____
Name: _____
Title: _____

APPROVAL OF REQUEST BY CITY

The City is in receipt of the attached Closing Disbursement Request. After reviewing the Closing Disbursement Request, the City approves the Closing Disbursement Request and shall include the payments in the City Certificate submitted to the Trustee directing payments to be made from Cost of Issuance Account upon delivery of the Bonds.

CITY OF KYLE, TEXAS

By: _____
Name: _____
Title: _____

Exhibit "H"

ACQUISITION AND REIMBURSEMENT AGREEMENT

[See Attached]

BLANCO RIVER RANCH PUBLIC IMPROVEMENT DISTRICT
ACQUISITION AND REIMBURSEMENT AGREEMENT

This Blanco River Ranch Public Improvement District Acquisition and Reimbursement Agreement (this "Agreement") is executed between HMBRR Development, Inc., a Texas corporation, HMBRR, LP, a Texas limited partnership, and HMBRR, LP #2, a Texas limited partnership (including their designated successors and assigns, the "Owner") and the City of Kyle, Texas (the "City") to be effective _____, 20__ (collectively, the "Parties").

RECITALS

WHEREAS, on June 6, 2017, the Kyle City Council (the "City Council") passed and approved a resolution (the "Creation Resolution") authorizing the creation of the Blanco River Ranch Public Improvement District (the "PID" or "District") covering approximately 858.7 acres of land described by a map thereof in the Creation Resolution (the "District Property"); and

WHEREAS, on _____, 2017, the City Council approved the Blanco River Ranch Public Improvement District Financing Agreement by and between the Owner and City (the "PID Financing Agreement");

WHEREAS, the purpose of the District is to finance certain improvements authorized by Chapter 372, Texas Local Government Code (the "Act") that promote the interests of the City and confer a special benefit on the Assessed Property within the District; and

WHEREAS, Assessments have been levied against the Assessed Property within the District for the construction of the Authorized Improvements in accordance with the Blanco River Ranch Public Improvement District Service and Assessment Plan (as the same may be amended or updated from time to time, the "SAP") which was originally approved by the City Council on _____, 2018; and

WHEREAS, the SAP recommended an assessment be levied against the District Property in the amount of $_____ (the "Assessment"); and

WHEREAS, the SAP recommended that each of the lots within District Property be assessed $_____; and

WHEREAS, the PID Financing Agreement between the Owner and the City states that certain Authorized Improvements are intended to be constructed pursuant to one or more Acquisition and Reimbursement Agreements and paid for by the Owner prior to the issuance of PID Bonds intended to fund such Authorized Improvements and that the funding of such improvements will be governed by the applicable Acquisition and Reimbursement Agreement and Article IV of the PID Financing Agreement; and

WHEREAS, Owner is ready to commence the design and/or construction of the Authorized Improvements (herein so called) which are more particularly described in the SAP and on the attached Exhibit A; and

WHEREAS, all revenue received and collected by the City from the Assessment (excluding any reasonable collection and/or administrative costs, the "Assessment Revenue") shall be deposited into an account held by the City that is segregated from all other funds of the City and used solely for the purposes set forth herein (the "Assessment Reimbursement Fund"); and

WHEREAS, the Parties intend that the Repayment Amount (defined below) shall be reimbursed to Owner from (i) the Assessment Reimbursement Fund, and/or (ii) the net proceeds of PID Bonds issued by the City and secured by the Project Fund; and

WHEREAS, capitalized terms not defined herein shall have the meaning ascribed to them in the PID Financing Agreement.

NOW THEREFORE, FOR VALUABLE CONSIDERATION THE RECEIPT AND ADEQUACY OF WHICH ARE ACKNOWLEDGED, THE PARTIES AGREE AS FOLLOWS:

1. Recitals. The recitals in the "WHEREAS" clauses of this Agreement are true and correct, and are incorporated as part of this Agreement for all purposes.

2. Assessment Reimbursement Fund.

   (a) When PID Bonds are issued, the City shall bill, collect, and deposit into the Pledged Revenue Fund of the Indenture all Assessment Revenue constituting "pledged revenues" as defined in the Indenture.

   (b) When PID Bonds have been defeased, the City shall bill, collect, and immediately deposit the Assessments collected into an Assessment Reimbursement Fund (excluding Administrative Expenses and Delinquent Collection Costs). Funds in the Assessment Reimbursement Fund shall only be used to pay Costs of the Authorized Improvements in accordance with this Agreement.

3. Repayment Amount. Subject to the terms, conditions, and requirements contained herein, the City agrees to reimburse the Owner, and the Owner shall be entitled to receive from the City, the amount equal to the Actual Cost of the Authorized Improvements (the "Repayment Amount") plus interest on the unpaid balance in accordance with the terms of this Agreement until _____, 20____ (the "Maturity Date"); provided, however, the Repayment Amount shall not exceed $_____. The Repayment Amount shall be payable to the Owner solely from: (i) the Assessment Revenues deposited in the Assessment Reimbursement Fund; (ii) the net proceeds (after payment of costs of issuance) of PID Bonds issued by the City and secured by the Assessment Revenues; or (iii) a combination of items (i) and (ii). The Repayment Amount is authorized by the Act, was approved by the City Council, and represents the total costs to be assessed against the Assessed Property for the Authorized Improvements which, upon completion, will be dedicated in fee and accepted by the City or County, pursuant to the terms of the PID Financing Agreement. The unpaid

Repayment Amount shall bear simple interest per annum at the rate of (x) ____ % for years one through five and (y) ____% for years six through the Maturity Date or until PID Bonds are sold, whichever is earlier. If any portion of the Repayment Amount remains unpaid after the City has elected to sell PID Bonds, the interest rate paid to the Owner shall be the same as the interest rate on the PID Bonds; however, such rate shall not exceed _____%. The interest rate has been approved by the City Council and complies with the Act.

4. Unpaid Balance. The Repayment Amount, plus interest as described above (collectively, the "Unpaid Balance"), is payable to the Owner and secured under this Agreement solely as described herein. No other City funds, revenue, taxes, income, or property shall be used even if the Unpaid Balance is not paid in full at the Maturity Date. The City acknowledges and agrees that until the Unpaid Balance is paid in full, the obligation of the City to use the Assessment Reimbursement Fund to pay the Unpaid Balance to Owner is absolute and unconditional and that the City does not have, and will not assert, any defenses to such obligation.

5. City Collection Efforts. The City will use all reasonable efforts to receive and collect Assessment Revenue concurrently with the collection of City ad valorem taxes (including the foreclosure of liens resulting from the nonpayment of the Assessments, or other charges due and owing under the SAP), and upon receipt and collection, immediately deposit the same into the Assessment Reimbursement Fund. Notwithstanding its collection efforts, if the City fails to receive all or any part of the Assessments, such failure and inability shall not constitute default by the City under this Agreement. This Agreement and/or any of the PID Bonds shall never give rise to or create:

   (a) a charge against the general credit or taxing powers of the City or any other taxing unit; or

   (b) a debt or other obligation of the City payable from any source of revenue, taxes, income, or properties of the City other than from the Assessments or from the net proceeds of the PID Bonds.

6. Process for Payment from the Assessment Reimbursement Fund. After completion of design or construction of the Authorized Improvements, Owner may submit (but not more frequently than monthly) to the City a written request for payment from the Assessment Reimbursement Fund in the form attached hereto as Schedule 1 (each a "Payment Request") to disburse all or a portion of the Assessment Reimbursement Fund to pay for the cost of constructing the Authorized Improvements. Each Payment Request shall designate the Authorized Improvements (or portion thereof) to which the Payment Request pertains. This process will continue until the Unpaid Balance is paid in full, whether through the issuance of PID Bonds or not.

7. Issuance of PID Bonds. The City intends to issue PID Bonds to reimburse the Developer for the Unpaid Balance. If the PID Bonds are not sufficient to fully reimburse the Developer for the Unpaid Balance, then, in addition to receiving the net proceeds of the PID Bonds, the Owner may continue to receive the Periodic Repayment Amounts from eligible accounts and

funds established in the Indenture.. Furthermore, if the Owner has still not received the entire Unpaid Balance after the foregoing actions, then, the City intends to issue Additional PID Bonds to reimburse Owner for the Unpaid Balance. In the case where net proceeds of the PID Bonds do not cover the entire Unpaid Balance, then PID Bonds Assessment Revenues shall first be used to service the PID Bonds and then to reimburse Owner for the Unpaid Balance in accordance with the Indenture. The Parties acknowledge that the approval of the issuance of any PID Bonds by the City Council is a governmental function within the City Council's sole discretion.

8. Termination. Once all payments paid to the Owner under this Agreement (including net proceeds of PID Bonds) equal the Unpaid Balance, this Agreement shall terminate; provided, however that if on the Maturity Date, after application of the net proceeds of any PID Bonds, any portion of the Unpaid Balance remains unpaid, such Unpaid Balance shall be canceled and for all purposes of this Agreement shall be deemed to have been conclusively and irrevocably PAID IN FULL; if any Assessment Revenue remains due and payable and are uncollected on the Maturity Date, such Assessment Revenue, when, as, and if collected after the Maturity Date, shall be applied to any amounts due in connection with outstanding PID Bonds, and then paid to the Owner and applied to the Unpaid Balance in accordance with the Indenture.

9. Nonrecourse Obligation. The obligations of the City under this Agreement are nonrecourse and payable only from (i) Assessments, or (ii) net proceeds of PID Bonds; such obligations do not create a debt or other obligation payable from any other City revenues, taxes, income, or property. None of the City or any of its elected or appointed officials or any of its employees shall incur any liability hereunder to the Owner or any other party in their individual capacities by reason of this Agreement or their acts or omission under this Agreement.

10. No Defense. Following the City's inspection and approval of the Authorized Improvements, there will be no conditions or defenses to the obligation of the City to use the proceeds of any PID Bonds to pay the Unpaid Balance and to pledge the Assessment Revenues as security for such bonds, other than the City's right to pay costs of issuance of such bonds, costs of collection and administration, and/or other costs incurred by the City relating to the Authorized Improvements. As applicable, the City agrees to transfer such portion of the Assessment Revenues to the Trustee under the Indenture.

11. No Waiver. Nothing in this Reimbursement Agreement is intended to constitute a waiver by the City of any remedy the City may otherwise have outside this Agreement against any person or entity involved in the design, construction, or installation of the Authorized Improvements.

12. Amendment for Additional PID Bonds. If Additional PID Bonds are issued in the future, the Owner and City agree to amend this Agreement (if required or reasonably necessary) to adjust defined terms and/or other applicable provisions.

13. Governing Law Venue. This Agreement is being executed and delivered, and is intended to be performed in the State of Texas. Except to the extent that the laws of the United States may apply to the terms hereof, the substantive laws of the State of Texas shall govern the validity, construction, enforcement, and interpretation of this Agreement. In the event of a dispute involving this Agreement, venue for such dispute shall lie in any court of competent jurisdiction in Hays County, Texas.

14. Notice. Any notice required or contemplated by this Agreement shall be deemed given at the addresses shown below: (i) when delivered by a national company such as FedEx or UPS with evidence of delivery signed by any person at the delivery address regardless of whether such person was the named addressee; or (ii) 24 hours after the notice was deposited with the United States Postal Service, Certified Mail, Return Receipt Requested. Any Party may change its address by delivering written notice of such change in accordance with this section.

If to City:	Scott Sellers City Manager City of Kyle 100 W. Center St. Kyle, Texas 78640 Facsimile: (512) _____
If to Owner:	Blake Magee 1011 North Lamar Blvd. Austin, Texas 78703 Facsimile: (512) 481-0333
With a copy to:	Armbrust & Brown, PLLC Attn: Sharon Smith 100 Congress Avenue, Suite 1300 Austin, Texas 78701 Facsimile: (512) 435-2360

15. Invalid Provisions. If any provision of this Agreement is held invalid by any court, such holding shall not affect the validity of the remaining provisions, and the remainder of this Agreement shall remain in full force and effect.

16. Exclusive Rights of Owner. Owner's right, title and interest into the payments of Repayment Amounts, as described herein, shall be the sole and exclusive property of Owner (or its Transferee) and no other third party shall have any claim or right to such funds unless Owner transfers its rights to its Unpaid Balance to a Transferee in writing and otherwise in accordance with the requirements set forth herein. Subject to the terms of Section 17 hereof, Owner has the right to collaterally convey, transfer, assign, mortgage, pledge, or otherwise encumber, in whole or in part, all or any portion of Owner's right, title, or interest under this Agreement including, but not limited to, any right, title or interest regarding receipt of payments of Owner in and to payment of its Unpaid Balance (a "Transfer," and the person or

entity to whom the transfer is made, a "Transferee"). Further, any sale of a portion of the Property or assignment of any right hereunder shall not be deemed a Transfer unless the conveyance or transfer instrument effecting such sale or assignment expressly states that the sale or assignment is deemed to be a Transfer. No Transfer shall be effective until written notice of the Transfer, including the name and address of the Transferee, is provided to the City. The City may rely conclusively on any written notice of a Transfer provided by Owner without any obligation to investigate or confirm the Transfer.

17. Assignment.

(a) Subject to subparagraph (b) below, Owner may, in its sole and absolute discretion, assign this Agreement with respect to all or part of the Property from time to time to any third party. Owner shall provide the City thirty (30) days prior written notice of any such assignment. Upon such assignment or partial assignment, Owner shall be fully released from any and all obligations under this Agreement and shall have no further liability with respect to this Agreement for the part of the Project so assigned. The City, may, in its discretion, determine that an assignee is an "Obligated Person," for the purposes of compliance with 17 C.F.R. § 240.15c2-12 (f)(10). For the purposes of 17 Code of Federal Regulations 240.15c2-12 and municipal securities disclosure, an assignee under this section 17(a) is an "Obligated Person" to the extent the assignee meets the definition of "Obligated Person" in the Owner Continuing Disclosure Agreement.

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

(c) "Designated Successors and Assigns" shall mean (i) an entity to which Owner assigns (in writing) its rights and obligations contained in this Agreement pursuant to Section 16; (ii) any entity which is the successor by merger or otherwise to all or substantially all of Owner's assets and liabilities including, but not limited to, any merger or acquisition pursuant to any public offering or reorganization to obtain financing and/or growth capital; or (iii) any entity which may have acquired all of the outstanding stock or ownership of assets of Owner.

18. Right to Designate Right to Receive Payments. The Owners, in its sole discretion, may designate, by written notice to the City, which party comprising the Owner will receive payments under this Agreement, and if payments are to be allocated between more than one such Owner, what percentage or amount is payable to each such Owner party.

19. Failure; Default; Remedies.

(a) If either Party fails to perform an obligation imposed on such Party by this Agreement (a "Failure") and such Failure is not cured after written notice and the expiration of the cure periods provided in this section, then such Failure shall constitute a "Default." Upon the occurrence of a Failure by a nonperforming Party, the other Party shall notify the nonperforming Party in writing specifying in reasonable detail the nature of the Failure.

The nonperforming Party to whom notice of a Failure is given shall have at least 30 days from receipt of the notice within which to cure the Failure; however, if the Failure cannot reasonably be cured within 30 days and the nonperforming Party has diligently pursued a cure within such 30-day period and has provided written notice to the other Party that additional time is needed, then the cure period shall be extended for an additional period (not to exceed 90 days) so long as the nonperforming Party is diligently pursuing a cure.

(b) If the Owner is in Default, the City's sole and exclusive remedy shall be to seek specific enforcement of this Agreement. No Default by the Owner, however, shall: (1) affect the obligations of the City to use the net proceeds of the PID Bonds as provided in Sections 6 and 7 of this Agreement; or (2) entitle the City to terminate this Agreement. In addition to specific enforcement, the City shall be entitled to attorney's fees, court costs, and other costs of the City to obtain specific enforcement.

(c) If the City is in Default, the Owner's sole and exclusive remedies shall be to: (1) seek a writ of mandamus to compel performance by the City; or (2) seek specific enforcement of this Agreement.

20. Miscellaneous.

(a) The failure by a Party to insist upon the strict performance of any provision of this Agreement by the other Party, or the failure by a Party to exercise its rights upon a Default by the other Party shall not constitute a waiver of such Party's right to insist and demand strict compliance by such other Party with the provisions of this Agreement.

(b) The City does not waive or surrender any of its governmental powers, immunities, or rights except to the extent permitted by law and necessary to allow the Owner to enforce its remedies under this Agreement.

(c) Nothing in this Agreement, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or entity other than the City and the Owner any rights, remedies, or claims under or by reason of this Agreement, and all covenants, conditions, promises, and agreements in this Agreement shall be for the sole and exclusive benefit of the City and the Owner.

(d) This Agreement may be amended only by written agreement of the Parties.

(e) This Agreement may be executed in counterparts, each of which shall be deemed an original.

[Signature pages to follow]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of _____, 20__, to be effective as of the date written on the first page of this Agreement.

CITY OF KYLE, TEXAS

By: _____
Name: _____
Title: _____

[Signatures Continue on Next Page]

HMBRR DEVELOPMENT, INC.,
a Texas corporation

By: _____
Blake J. Magee, President

HMBRR, LP, a Texas limited partnership

By: Hanna Magee GP #1, Inc., a Texas corporation, its General Partner

By: _____
Blake J. Magee, President

HMBRR, LP #2, a Texas limited partnership

By: Hanna Magee GP #1, Inc., a Texas corporation, its General Partner

By: _____
Blake J. Magee, President

Exhibit A

Authorized Improvements

Schedule 1

Form of Payment Request

[Insert example from Financing Agreement]

(THIS PAGE IS INTENTIONALLY LEFT BLANK.)

APPENDIX H

DEVELOPMENT AGREEMENT

Instrument # 17018505 Number of Pages: 77
Filed and Recorded: 5/31/2017 4:40 PM
Liz Q. Gonzalez, Hays County Clerk, Texas
Rec $330.00 Deputy Clerk: KBOGGUS

BLANCO RIVER RANCH (Phase One Residential Area)

DE-ANNEXATION AND DEVELOPMENT AGREEMENT

THE STATE OF TEXAS §
§
COUNTY OF HAYS §

This Blanco River Ranch (Phase One Residential Area) De-Annexation and Development Agreement (this "*Agreement*") is entered into between the **CITY OF KYLE**, a Texas home rule city and municipal corporation (the "*City*"), and **BLANCO RIVER RANCH PROPERTIES LP,** a Texas limited partnership, or its successors and assigns ("*Owner*"). In this Agreement, the City and Owner are sometimes individually referred to as "*a Party*" and collectively referred to as "*the Parties*".

RECITALS

A. Owner and the City previously entered in the "Blanco River Ranch Interim Annexation and Development Agreement" dated effective as of May 6, 2016 and recorded under Document No. 2016-16014625, Official Public Records of Hays County, Texas (the "*IDA*") relating to the development of approximately 2,166 acres of land more particularly described therein (the "*Blanco River Ranch*"). The IDA contemplated, among other things, that the City and Owner would enter into a final development agreement for the Blanco River Ranch, that the City would de-annex a portion of the Blanco River Ranch located within the City's corporate limits (the "*Current City Limits Property*"), and that the City would create a public improvement district ("*PID*") and other financing mechanisms for the Blanco River Ranch.

B. The 858.7 acre tract of land described on the attached **Exhibit "A"** (the "*Property*") is a portion of the Blanco River Ranch. Owner intends to develop or to sell the Property for development for residential purposes and related amenities and improvements, as more particularly described in this Agreement. The City and Owner have agreed that this Agreement will constitute the final development agreement contemplated by the IDA with respect to the Property, but not with respect to the remainder of the Blanco River Ranch. The remainder of the Blanco River Ranch, being all of the 2,166 acre tract described in the IDA, save and except the Property (the "*BRR Remainder*"), is and will remain subject to the IDA, and will also be subject to any provision of or obligations under this Agreement that are expressly applicable to the BRR Remainder, including the obligation to dedicate the river park as provided in Section 2.08.

C. The Property includes the "Current City Limits Property", which is depicted on the attached **Exhibit "B"**. The remainder of the Property is located in the City's extraterritorial jurisdiction ("*ETJ*"). As provided in the IDA, Owner has requested that the City de-annex the Current City Limits Property and the City

has agreed to do so. Owner and the City now wish to agree on a schedule for such de-annexation.

D. Owner has petitioned the City for the creation of a PID over the Blanco River Ranch. The City agrees that the Property will be designated as Improvement Areas 1 through 7, inclusive, within the PID. The City acknowledges that the public improvement projects contemplated for the Property and described in this Agreement will confer a special benefit on the Property, and that PID financing is essential for the development of the Property as contemplated by this Agreement.

E. In the IDA, the City agreed not to annex the portion of the Blanco River Ranch that includes the Property until all PID bonds, each issuance of which is to be for a term not to exceed 25 years, that are to be repaid through assessments have been issued and repaid in full, and there are no further PID assessments against such portion of the Blanco River Ranch. The City desires to confirm such agreement with respect to the Property and emphasize the following qualifications: the payment in full of the PID bonds secured by assessments levied on properties located within a PID Area (the PID Areas within the Property are currently proposed to be areas 1 through 7, the actual PID Areas will be determined at the time of City creation of the PID) constitutes a voluntary request for immediate annexation by the City of the properties within that PID Area; or, should any or all PID Areas be dissolved, the finality of the dissolution of the PID Area or Areas would constitute an immediate voluntary request for annexation into the City for the affected PID Areas. PID Areas established must be adjacent to current City limits (which includes the Spine Road alignment and collector road within the Property).

F. The City owns, operates, and maintains a water supply system, including groundwater wells and surface water supplies, and a wastewater collection, treatment, and disposal system, including a wastewater treatment plant operating under TPDES Permit Number WQ0011041002, to serve the needs of its customers.

G. The City has agreed to provide retail water and wastewater services to the Property pursuant to the terms of this Agreement. Owner has agreed to construct and install a potable water distribution system and related facilities and a wastewater collection system and related facilities within the Property (the "*Internal Facilities*") and certain improvements necessary to connect the Internal Facilities to the City's water and wastewater systems (the "*Connecting Facilities*") and to construct and/or cost-participate in certain off-site improvements more particularly described in this Agreement (the "*Offsite Facilities*") in order to enable the City to provide water and wastewater services to the Property.

H. The City will use the Internal Facilities and the Connecting Facilities, as well as capacity in all Offsite Facilities constructed and/or cost-participated in by Owner, to provide retail water and wastewater services to customers within the Property. The City has agreed that, along with the other public improvements that will

benefit or serve the Property described in this Agreement, the City will issue PID bonds to finance and reimburse Owner for the cost of the Internal Facilities and the Connecting Facilities, and the cost of Owner's cost-participation in the Offsite Facilities.

NOW, THEREFORE, for and in consideration of the mutual agreements, covenants, and conditions contained in this Agreement, and other good and valuable consideration, the City and Owner agree as follows:

ARTICLE I.
RECITALS AND DEFINITIONS

Section 1.01 **Recitals**. The City Council finds and determines that each of the Recitals contained in this Agreement is true and correct and such Recitals are incorporated into this Agreement for all purposes.

Section 1.02 **Defined Terms**. In addition to the defined terms set forth in the Recitals and elsewhere in this Agreement, the following terms will have the meanings set forth below when used in this Agreement:

"Applicable City Rules" means the provisions of the City Code in effect on the Vesting Date or any updated Code provision Owner, at its option, elects to take advantage of adopted by the City after the Vesting Date that Owner determines are in the best interests of the Owner without forfeiting vested rights under this Agreement.

"City Charter" means the City Charter of the City, as amended from time to time.

"City Code" means the City's Code of Ordinances, as amended from time to time.

"City Council" means the City Council of the City of Kyle.

"City's Engineer" means a licensed professional engineer selected by the City to provide the engineering services described in this Agreement to the City, or his/her designee.

"City's Service Area(s)" means the City's retail water service area and/or retail wastewater service area, whether or not certificated, as such service areas now exist or are changed by the City hereafter.

"City's Water System" means all water supply, treatment, transmission, and distribution facilities; lines, mains, reservoirs, and pump stations; residential, commercial, and industrial connections; and any other parts or components that comprise the City's public water system, together with all extensions, expansions, improvements, enlargements, betterments and replacements thereof.

"City's Wastewater System" means all wastewater treatment, disposal, and collection facilities and appurtenances that comprise the City's wastewater system, together with all extensions, expansions, improvements, enlargements, and replacements thereof.

"Concept Plan" means the concept plan for the Property attached as **Exhibit "C"**, as amended from time to time.

"County" means Hays County, Texas.

"Customers" mean the City's retail water and wastewater customers located within the Property.

"**Director of Planning**" means the duly authorized employee or representative of the City in charge of the City's planning and/or zoning department(s), or his/her designee.

"**Director of Public Works**" means the duly authorized employee or representative of the City in charge of the City's street, water and/or wastewater department(s), or his/her designee.

"Emergency" means a sudden unexpected happening; an unforeseen occurrence or condition, exigency, or pressing necessity; or a relatively permanent condition of insufficiency of service or of facilities. The term includes Force Majeure and acts of third parties that cause either the City's Water System or the City's Wastewater System to be unable to provide the services the City has agreed to provide under this Agreement.

"Effective Date" means the date of the latest signature on this Agreement by an authorized representative of a Party.

"Force Majeure" means acts of God; strikes, lockouts, or other industrial disturbances; acts of the public enemy; orders of any kind of any governmental entity or any civil or military authority; acts, orders or delays of any regulatory authorities with jurisdiction over the Parties; insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions or breakages; accidents to machinery, pipelines or canals; or any other conditions that are not within the control of a Party.

"Impact Fees" means water and/or 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.

"Industrial Waste" means waterborne, liquid, gaseous, or solid substances that result from any process of industry, manufacturing, trade or business, including a restaurant.

"LUE" means the average daily amount of water required for or wastewater produced by a typical single-family residence, which the City agrees will be 280 gallons for water and 262.5 gallons for wastewater for purposes of this Agreement.

"Phase One" means the master-planned residential development of the Property, which will include approximately 2,100 single family homes and garden homes, condominiums and residential cluster units, as well as park land, amenity centers with recreational facilities, and other improvements to serve the residential development. Phase One includes the construction of off-site and on-site utility facilities to be dedicated and conveyed to the City and other infrastructure adequate to serve Phase One consistent with this Agreement. Phase One may include multiple development phases for platting and construction purposes.

"PID Area" or, collectively, **"PID Areas"** means an improvement area or, collectively, the improvement areas within the Property, which are currently projected to be designated as PID Areas 1-7, inclusive. The final PID Areas within the Property will be determined at the time of City creation of the PID and, at that time, an exhibit depicting the approved PID Areas within the Property will be incorporated into this Agreement by written amendment of this Agreement, which will be recorded in the Official Public Records of Hays County, Texas.

"Project Approvals" means the land use and development standards applicable to Phase One, as set forth on **Exhibit "D" and Exhibit "D-1"**; all City approvals and variances, waivers and exceptions to the Applicable City Rules granted by the City or necessary for the development of the Property that are contemplated by or set forth in this Agreement; and all future regulatory approvals, variances, waivers and exceptions that are necessary for or are granted with respect to the development of the Property, including plat approvals and site development plan approvals, if applicable.

"Public Improvements" means all public improvement projects that benefit the Property and constitute Authorized Improvements under Section 372.003, *Texas Local Government Code*.

"Reclaimed Water" means 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* Section 210.

"TCEQ" means the Texas Commission on Environmental Quality or its successor entity.

"Type I Reclaimed Water Use" means the use of Reclaimed Water when contact between humans and the Reclaimed Water is likely.

"Vesting Date" means the effective date of the IDA: May 6, 2016.

Section 1.03 **Other Definitions**. Any capitalized terms used but not defined in this Agreement will have the meanings given to them in the IDA or, if not defined in the IDA, the City Code.

ARTICLE II.
DEVELOPMENT MATTERS

Section 2.01 **Development Standards and Other Project Approvals**. Because the Property will be developed within the City's ETJ, the City's zoning ordinances are not applicable to the Property; however, Owner agrees that the development of the Property will comply with the land use and development standards set forth on the attached **Exhibit "D"** (the "*Development Standards*") and the design guidelines attached as **Exhibit "D-1"** (the "*Design Guidelines*") and that builders within Phase One will be required to comply with the City's building code in effect on the Vesting Date, attached as **Exhibit "D-2"**. The City approves the development of the Property in accordance with the Project Approvals, including the Development Standards, Design Guidelines, and the Concept Plan; the Applicable City Rules; and this Agreement. This Agreement, including all exhibits hereto, will also serve as guidance for the review and approval of any additional waivers, variances, exceptions or other municipal authorizations not specifically included in this Agreement. If there is any conflict between the Applicable City Rules and the Project Approvals, the Project Approvals will control.

Section 2.02 **De-annexation of Current City Limits Property**. The City acknowledges that it has deemed the IDA to constitute a petition to de-annex the Current City Limits Property pursuant to Section 1.07 of the City Charter. The City acknowledges receipt of such petition and agrees to proceed to de-annex the Current City Limits Property according to the schedule attached as **Exhibit "E"**.

Section 2.03 **Realignment of Spine Road.** Owner and the City have agreed that it is in their mutual best interests that the spine road through the Property (the "*Spine Road*") be included in the City's corporate limits. The City previously annexed the proposed right-of-way for the Spine Road through the Property; however, the alignment of the Spine Road was reconfigured during the land-planning process and will now be as shown on the Concept Plan. Accordingly, the City agrees to de-annex the area shown on page 2 of **Exhibit "F"**, which will no longer be included in the right-of-way for the Spine Road, and Owner agrees to petition the City for annexation of the area shown on page 2 of **Exhibit "F"**, which will now be included in the right-of-way for the Spine Road as reconfigured. The City will proceed with the de-annexation and annexation contemplated by this Section in accordance with the schedule attached as **Exhibit "E"**.

Section 2.04 **Contemplated Schedule of Initial Events**. The sequence of initial events contemplated by this Agreement is as follows:

(a) The City's and Owner's approval of this Agreement, including the City's approval of the Concept Plan;

(b) The finalization of a tri-party agreement between the City, Owner, and the County that provides, among other things, standards for maintenance of roadways within the County prior to annexation by the City;

(c) The City's annexation of the new Spine Road alignment;

(d) The City's de-annexation of the Current City Limits Property as described in **Exhibit "B"** and the prior Spine Road alignment;

(e) All legally required steps for the City to create the PID, approve the service and assessment plan for the Property, and authorize the issuance of related bonds and the levy of assessments; and

(f) Owner's submittal and the City's review and approval of preliminary plats, construction plans and final plats of the Property.

The events described in subsection (f) may occur concurrently with the events described in subsections (a) through (e). Owner may submit final plats and construction plans for Phase One for City review prior to City approval of a preliminary plan. The City agrees to use good faith, diligent efforts to respond to submittals and schedule hearings and meetings in a timely manner so that the events contemplated by this Section can be obtained in accordance with the schedule attached as **Exhibit "E"**.

Section 2.05 Development; Phasing.

(a) The City acknowledges that Owner may submit preliminary and final plats of the Property in multiple phases, and that the phases set forth on the Concept Plan or any preliminary plat may not reflect the portion of the Property that Owner will ultimately include in a particular final plat. Owner may include all or a portion of one or more phases reflected on the Concept Plan or on any preliminary plat within a final plat provided that the final plat is otherwise in accordance with the Concept Plan, the preliminary plat, and the Applicable City Rules.

(b) Although the Concept Plan sets forth the current development plan for the Property, the City acknowledges that, because the Property consists of a significant land area that will be developed in phases over a number of years, the actual development of the Property may ultimately vary from the Concept Plan due to changes in market conditions or other factors. Any preliminary plat or final plat may include variations from the Concept Plan, such as minor modifications of street alignments, minor changes in lot lines, or changes in the phasing of development and, provided that those changes do not increase the overall density of development of the Property over 2,100 LUEs or eliminate any Public Improvements required by this Agreement, those variations will constitute "minor changes" under this Agreement and will not require an amendment to the Concept Plan. Any such minor changes may be approved by the City's Director of Planning and will not require City Council approval. Any changes that are not minor changes will require City Council approval. No change or amendment to the Concept Plan will require an amendment of this Agreement.

Section 2.06 **Creation and Purposes of PID.**

(a) The City's requirements for approving the creation of a PID, as adopted by the City and in effect on the Vesting Date, are attached as **Exhibit "G"**. Owner agrees that, in consideration of this Agreement and the City's performance of its obligations hereunder, the additional PID requirements set forth on the attached **Exhibit "G-1"** will also apply to the PID created for the Blanco River Ranch. The City agrees that Owner may, at its option, elect to take advantage of any changes to the requirements set forth on **Exhibit "G"** adopted by the City after the Vesting Date that Owner determines are in the best interests of Phase One without forfeiting any vested rights under this Agreement. Subject to Owner's submittal of a petition and otherwise satisfying the applicable City PID creation requirements, the City agrees to cooperate with Owner in good faith and to take all action necessary to create the PID covering the Blanco River Ranch, incorporating the terms attached hereto as **Exhibit "H"**, in accordance with the schedule attached as **Exhibit "E"**; to designate the Property as separate PID Areas within the PID; to approve a service and assessment plan for such PID Areas; and to levy assessments and issue bonds to fund Public Improvements for Phase One. The PID bonds for the PID Areas within the Property will be secured by the levy and collection of special assessments against the PID Areas. The payment of the last PID bonds secured by special assessments within a PID Area constitutes a voluntary request for immediate annexation of that PID Area by the City.

(b) The purposes of the PID will include (a) to pay for the PID-qualified costs associated with the construction of on-site Public Improvements that are permitted under Chapter 372, *Texas Local Government Code*; (b) to pay for the PID-qualified costs associated with the construction of off-site Public Improvements that are permitted under Chapter 372, *Texas Local Government Code*; and (c) to reimburse the City for administrative and/or operational costs resulting from the creation and operation of the PID.

Section 2.07 **Signage and Landscaping on Public Rights-of-Way**. Owner is hereby authorized to install permanent signage and/or landscaping improvements meeting the standards set forth in the Design Guidelines attached as **Exhibit "D-1"** within portions of the City's public right-of-way in the locations generally depicted on the schematic plan attached **Exhibit "I"**. Owner agrees to comply with any license agreement that may be required under the Applicable City Rules for areas within the City's right-of-way; provided, however, that, any required license agreement may be assigned to a homeowners association ("*HOA*") formed for the administration of all or a portion of the Property and, upon such an assignment, Owner will be released from all obligations under the license agreement and the City will look solely to the HOA for the performance of all obligations thereunder.

Section 2.08 **Park Land Dedication and Park Improvements.** Phase One will be developed as a master-planned community with substantial park land, open space, greenbelts, trails, park improvements, and amenity center(s) as indicated on the Concept Plan. Owner agrees to provide park land, open space land and amenity areas and park improvements for Phase One as summarized on the attached **Exhibit "J"** and

to pay a park fee of $150 per lot at the time of recordation of each final plat for Phase One. In addition, Owner agrees to dedicate ten acres of land out of the BRR Remainder for a river park amenity that will provide access to the Blanco River. The City acknowledges that such land, fees and improvements far exceed the applicable park land, park fee and park improvement requirements under the Applicable City Rules and therefore agrees that the private and public park land, open space, greenbelts, trails and improvements described on **Exhibit "J"** to be constructed, installed and provided by Owner and the park fees provided for by this Section will be accepted by the City in satisfaction of all City park land dedication, park improvement and park fee requirements for Phase One, and that no additional dedication of park land, provision of park improvements or payment of park-related fees will be required from Owner for the Property. The City expressly waives any right to require other or additional park land dedications, park improvements or park fees for the Property under the Applicable City Rules. Unless otherwise agreed by Owner and the City, all park land within the Property will be dedicated in parcels as the adjacent residential property is final platted.

ARTICLE III.
PUBLIC IMPROVEMENTS

Section 3.01 **Public Improvements, Generally**. Owner will construct and install or cost-participate in the construction and installation of certain Public Improvements that are necessary for the City to provide water and wastewater service to the Property and in the construction and installation of certain road and transportation improvements; landscaping, lighting and signage improvements; park land dedications and park improvements; drainage improvements; and other Public Improvements in connection with the development and improvement of the Property. The City agrees to reimburse Owner for all sums advanced and paid by Owner for such Public Improvements through bonds issued by the PID to the maximum extent permitted by Chapter 372, *Texas Local Government Code*, and this Agreement.

Section 3.02 **Park Land and Park Improvements.** All park land provided by Owner, all park and recreational improvements that are open to the public, and all related infrastructure provided by Owner will constitute Public Improvements for which Owner will be reimbursed through the issuance of PID bonds as provided in Section 3.01. Owner will not be reimbursed for any park and recreational improvements not open to the public.

Section 3.03 **Roadways and Transportation Improvements.** The City and Owner agree that the roadways and transportation improvements set forth on the attached **Exhibit "K"** constitute Public Improvements that will be funded through the issuance of PID bonds as provided in Section 3.01. In consideration of Owner's dedication of land for and construction of the roadways and transportation improvements listed on **Exhibit "K"**, the City agrees that Owner will not be required to construct or cost-participate in any other offsite transportation improvements for the Property and will not be required to provide a traffic impact analysis for the Property. Owner will not be reimbursed for any roadway improvements not open to the public.

Section 3.04 **Inspections.** Following City approval of each plat of a portion of the Property and prior to the commencement of construction, Owner will give written notice to the Director of Public Works in order to allow the City to assign an inspector. Within the City's incorporated city limits, the City will inspect street, water and wastewater, and drainage Public Improvements and collect related inspection fees. Within the City's ETJ, the City will inspect water and wastewater Public Improvements only and collect related inspection fees.

ARTICLE IV.
WATER AND WASTEWATER SERVICES, GENERALLY

Section 4.01 **Service Level**. Subject to the terms and conditions set forth herein, the City commits and agrees to provide retail water and wastewater service to the Property, as and when required by Customers within Phase One and/or for development of the Property, in an aggregate amount not to exceed 2,100 LUEs, at flow rates and pressures and in quantities, including fire flow, sufficient to meet the minimum requirements of the TCEQ, in the same manner and on the same terms and conditions as the City provides service to similarly situated retail customers inside its corporate limits. The City confirms that it currently has and will maintain an adequate raw water supply and water treatment and wastewater treatment capacity to meet its service obligations, including its obligations under this Agreement. Subject to Owner's performance of its obligations hereunder, the City will plan for, permit and construct any improvements to the City's Water System and the City's Wastewater System, including its treatment facilities, necessary to provide water and wastewater services to the Property as and when contemplated by this Agreement.

Section 4.02 **Planning and Coordination**. The City will plan for and manage its overall utility service obligations, including its obligations under this Agreement. The City will coordinate and collaborate with Owner and other developers and landowners with land in the area of the Property in order to maximize the efficiency and cost effectiveness of the City's provision of services, provide certainty as to the availability of services, and minimize the duplication of facilities, including requiring oversizing of planned water and wastewater lines and facilities as necessary to provide services to the Property as contemplated by this Agreement in an economical and timely manner.

Section 4.03 **Modifications of City Regulations**. If the City modifies: (i) the definition of an LUE from the definition contained in this Agreement; (ii) water pressure requirements for service connections within Phase One; (iii) fire flow requirements; or (iv) any other aspect of the City's water and wastewater service standards, the City will be responsible for the timely design and construction of any modifications to the City's Water System and/or the City's Wastewater System necessary for the City to meet its water and wastewater service obligations under this Agreement, unless the modification required due to an increase in the LUEs required by Owner for Phase One or is mandated by Federal or State law or regulation. If any modification is required by Federal or State law or regulation, the Parties will cooperate in order to

provide for the required modifications while preserving, to the maximum extent possible, the benefits of the Parties' agreements hereunder.

Section 4.04 Quality of Water Delivered to Customers. All water delivered by the City hereunder will be potable water of a quality, volume and pressure conforming to the requirements of all applicable Federal and State laws, rules, regulations and orders applicable to water for human consumption and other domestic uses; provided, however, that temporary excursions from such requirements that may occur from time to time will not give rise to a claim for breach of this Agreement, provided that the City complies with all notice and other requirements applicable to the excursion under the rules of the TCEQ and any other regulatory entity with jurisdiction, and corrects the cause of the excursion within a reasonable time.

Section 4.05 Curtailments, Conservation Restrictions, and Environmental.

(a) The City may curtail or limit service to Customers within Phase One in the same manner that service is curtailed or limited to similarly situated customers within the City's incorporated limits, but to no greater extent, unless the curtailment or rationing is required by law or a State or Federal regulatory authority with jurisdiction over the City's delivery of water or wastewater service, is adopted in response to an order or finding by a State or Federal regulatory authority with such jurisdiction, or the curtailment is authorized by Subsection b., below.

(b) If, during the term of this Agreement, the City becomes unable to provide adequate water or wastewater services to its Service Area due to an Emergency or shortage of water supply, production, treatment, storage or transportation capability in the City's Water System or the City's Wastewater System, or if modifications, improvements, or repairs to the City's Water System or the City's Wastewater System are necessary in order to maintain or improve the level of service to the City's customers, then the City will have the right to curtail or limit service to Customers within Phase One for the same time period and on the same basis as service is curtailed or limited to similarly situated customers within the City's incorporated limits. The City agrees to provide the Customers with notice of any proposed curtailment or limitation as soon as reasonably practicable. In the event of an Emergency, the priority of and the restrictions on usage will be the same as those established from time to time for customers within the City's incorporated limits. Notwithstanding anything herein to the contrary, if it is ever determined by any governmental or regulatory authority with jurisdiction that provision of water and/or wastewater services by the City under this Agreement or the curtailment or limitation of water or wastewater services by City to any of its customers, including the Customers, is in violation of applicable law, then the City, after giving reasonable notice to the Customers and providing an opportunity for consultation, may take such action as will best effectuate this Agreement and comply with applicable law. Owner will include written notice to all future Customers that they will be required to comply with the City's water conservation and use restrictions and the City will have the right to curtail or limit service to Customers for the same time period and on the same basis as service is curtailed or limited to similarly situated

customers within the City's incorporated limits due to an Emergency or shortage of water supply through including such notice in the restrictive covenants applicable to the Property, which will be recorded in the Official Public Records of Hays County, Texas.

(c) All Customers that receive water service from the City will be required to comply with the City's water conservation and use restrictions and ordinances in the same manner and to the same extent as customers located within the City's incorporated limits. All Customers with a connection to the City's Water System, including property owners, lessees and lessors, will be subject to all of the City's rights and remedies, including fines, fees, interruption of service and disconnection of service, for any failure to comply with any applicable water conservation or use restriction or ordinance.

(d) Any Industrial Waste received by the City from Customers will be subject to the provisions of the City's Industrial Waste Ordinance, as adopted and amended by the City Council from time to time and uniformly applied throughout the City's Service Area.

Section 4.06 **Nondiscrimination**. Water and wastewater service provided to the Customers by the City will be nondiscriminatory and consistent with City's policies, tariffs and regulations applicable to customers of the City's Water System and the City's Wastewater System located within the City's incorporated limits, as such policies, regulations and tariffs may be amended from time to time in accordance with applicable law.

ARTICLE V.
WATER AND WASTEWATER FACILITIES

Section 5.01 **Approval of Water Facilities Plan and Wastewater Facilities Plan; Design Requirements**. The City approves the Water Facilities Plan attached as **Exhibit "L"** and the Wastewater Facilities Plan attached as **Exhibit "M"** for the Property. The City confirms and agrees that, except as set forth on the attached **Exhibits "L" and "M"** or as otherwise provided in this Agreement, Owner will have no obligation to construct, cost participate in, and/or oversize any Internal Facilities, Connecting Facilities or Offsite Facilities. The foregoing notwithstanding, if Owner materially modifies its development plan for Phase One in a manner that increases the level of service required for Phase One above 2,100 LUEs, then Owner may be required to construct any additional or oversized facilities that are required to serve the additional LUEs.

Section 5.02 **Initial Water Service**. The City agrees to provide 500 LUEs of initial water service for Phase One through the City's existing water main located on Old Stagecoach Road, as depicted on the Water Facilities Plan, subject to Owner's construction of any required Internal Facilities and any Connecting Facilities necessary to connect to the water main. No additional facilities will be required for this initial 500 LUES of water service.

Section 5.03 Permanent Water Service.

(a) The City has entered into a Retail Water and Wastewater Services Agreement dated September 20, 2016 (the "*Anthem Contract*") with Mountain City 150 LP ("*MC 150*") under which MC 150 has agreed to construct an elevated water storage tank with a capacity of approximately 2.039 million gallons (the "*Anthem Storage Tank*"). The Anthem Contract also provides that, in connection with the construction of the Anthem Storage Tank, MC 150 will construct a water line from the Anthem Storage Tank to the main entryway into the MC 150 development (the "*Anthem Water Main*") and a water line from the main entryway along FM 150 to a point of connection with the City's Water System, as depicted on the Water Facilities Plan (the "*FM 150 Water Main*"). The City agrees to require MC 150 to oversize the Anthem Water Main from 12 inches to 16 inches.

(b) Provided that MC 150 commences the construction of the Anthem Storage Tank, the Anthem Water Main (oversized to 16 inches) and the FM 150 Water Main (collectively, the "*Anthem Facilities*") on or before the time that 350 LUEs of water service have been connected within the Property and completes the construction of the Anthem Facilities on or before June 30, 2019, Owner agrees to advance and pay a pro-rata portion of the cost of the Anthem Storage Tank, based on 2,100 LUEs out of 4,221 LUEs being reserved for the Property, and the incremental cost of oversizing the Anthem Water Main from 12 inches to 16 inches(the "*Phase One Cost Share*"), subject to Owner's right to reimbursement as provided in Section 7.05, below.

(c) The City agrees that, if MC 150 has not sooner commenced the design and construction of the Anthem Facilities, the City will give written notice to MC 150 under the Anthem Contract to proceed with the design and construction of the Anthem Facilities at such time as 250 LUEs of water service have been connected within the Property. If MC 150 has not (i) commenced construction of the Anthem Facilities at such time as 350 LUEs of water service have been connected within the Property, or (ii) completed the construction on or before June 30, 2019, the City agrees that Owner will have the right to proceed as provided in Subsection (d). in lieu of any cost participation in the Anthem Facilities.

(d) If the Anthem Facilities are not commenced and completed as provided in Subsections (b) and (c), Owner may proceed with the design and construction of alternative facilities consisting of a 12-inch water line to be constructed in the FM 150 right-of-way from a point of connection to the City's existing 12-inch water line at the intersection of FM 150 and Old Stagecoach Road to a booster pump station to be constructed at the location depicted on the Water Facilities Plan (the "*Alternative Facilities*"). The proposed booster pump station will include a connection to allow the future extension of the 12-inch water line to the west and the water line will also be extended to the south, to the site of a future, approximately 580,978 gallon elevated storage tank to be constructed at the location depicted on the Water Facilities Plan. If these Alternate Facilities are designed and constructed by Owner, the City agrees that Owner's costs will be reimbursed to Owner as provided in Section 7.05, below

Section 5.04 **Initial Wastewater Service**. The City agrees to provide 286 LUEs of initial wastewater service for Phase One through the City's existing 8-inch gravity main located in Old Stagecoach Road as depicted on the Wastewater Facilities Plan, subject to Owner's construction of any required Internal Facilities and the Connecting Facilities to the gravity main. No additional facilities will be required for this initial 286 LUES of wastewater service.

Section 5.05 **Permanent Wastewater Service**. To provide wastewater service to Phase One in excess of 286 LUEs, the City agrees to complete the construction of an appropriately sized gravity interceptor along Elliot Branch as depicted on the Wastewater Facilities Plan (the "*Elliot Branch Interceptor*") on or before June 30, 2019. In order to connect to the Elliot Branch Interceptor, Owner agrees to construct a lift station sufficient to serve 1,814 LUEs (the "*Phase One Lift Station*") as depicted on the Wastewater Facilities Plan and a six-inch force main along Cypress Road from the Phase One Lift Station to the Elliot Branch Interceptor as depicted on the Wastewater Facilities Plan. Owner further agrees that the Phase One Lift Station will be constructed on a site that is sufficient to accommodate the expansion of the Phase One Lift Station to serve up to an additional 2,200 LUEs in the future. The City acknowledges that Owner is relying on the City's timely completion of the design of, easement acquisition for, and construction of the Elliot Branch Interceptor in order to make permanent wastewater service in excess of 286 LUEs available as and when required for Customers within Phase One and/or for the development of the Property. Accordingly, the City agrees that, if the Elliot Branch Interceptor is not complete and available to provide wastewater service to the Property on or before June 30, 2019, the City will provide pump-and-haul wastewater service as needed for connections within the Property until the Elliot Branch Interceptor is completed, accepted by the City, and placed into service. Pump-and-haul service will be provided by the City contracting to have all wastewater that is delivered from Customers within the Property to the Phase One Lift Station pumped from the Phase One Lift Station wet well and transported off the Property for treatment and disposal. All costs associated with this pump-and-haul service will be borne by the City; however, the Customers within the Property receiving wastewater service through the pump-and-haul program will be required to pay all usual and customary City wastewater service fees and rates.

Section 5.06 **City's Supply and Owner's Use of Reclaimed Water**. Provided that the City extends Reclaimed Water facilities to a point at the intersection of the Spine Road and Old Stagecoach Road within Phase One as depicted on the Water Facilities Plan and makes Reclaimed Water available to Phase One for irrigation purposes, Owner agrees to use Reclaimed Water for irrigation within open space areas, medians, and landscaping within the right-of-way for the Spine Road within the Property where such use is economically feasible. Owner will not be required to install transmission pipelines for Reclaimed Water in the right-of-way of any roadways within Phase One that are constructed prior to the date that the City makes Reclaimed Water services available to Phase One, but will install Reclaimed Water distribution pipelines (commonly referred to as "purple pipe") in areas of the right-of-way of the Spine Road and collector roads within Phase One where irrigation is required.

ARTICLE VI.
CONSTRUCTION, OPERATION AND MAINTENANCE

Section 6.01 **Owner's Obligation for Design and Construction**. Owner, at its cost and expense, but subject to Owner's right to receive reimbursements as provided in this Agreement, will construct or cause to be designed and constructed or will cost-participate in the design and construction of the Internal Facilities, Connecting Facilities and Offsite Facilities that are described in the Water Facilities Plan (the "*Water Facilities*") and in the Wastewater Facilities Plan (the "*Wastewater Facilities*") and this Agreement.

Section 6.02 **Oversizing**. The City reserves the right to request Owner to oversize Water Facilities, including elevated tanks, storage tanks, pumping stations, vaults, and transmission lines, and Wastewater Facilities, including lift stations, force mains, and gravity collection lines, subject to the requirements of this Section. If the City requests oversizing of any of such facilities beyond the sizes specified in the Water Facilities Plan and/or Wastewater Facilities Plan, then, provided that accommodating such request would not result in a delay in the timing of construction of any facilities required for service to Phase One or require Owner to advance any additional costs, Owner agrees to negotiate with the City in good faith in order to accommodate the City's request. For any requested oversizing, Owner will be responsible for Owner's portion of the cost of the design, permitting and construction of the facility sized as shown on the Water Facilities Plan or Wastewater Facilities Plan, as applicable, and the City will be responsible for the City's incremental portion of the cost of the design, permitting and construction of the facility as oversized. The costs and capacities of any oversized facility will be allocated based on engineering estimates. For example, if a 10-inch line is necessary to serve Phase One, and the City requests that Owner construct a 15-inch line, then the City will be required to advance and pay the incremental cost associated with increasing the line from 10" to 15" and the incremental cost will be determined based on the difference between an engineering cost estimate for the construction of a 10" line, and an engineering cost estimate for construction of a 15" line. The incremental cost will be determined, in good faith, by the City Engineer. Owner will maintain its allocated capacity in any facility that is oversized based on the size of facility as originally planned.

Section 6.03 **Design; Plan Approval**. All Water Facilities and Wastewater Facilities will be designed and constructed in accordance with Applicable City Rules as well as any applicable regulations of the TCEQ. The plans and specifications will be subject to review and approval by the City prior to the commencement of construction, and the City will be entitled to collect its standard review fees in accordance with applicable City policies, as modified by this Agreement. The City agrees to review all plans and specifications submitted on a timely basis and, if the City disapproves any submitted plans, it will provide a written explanation of the basis for such disapproval.

Section 6.04 **Utility Design Guidelines**. The utility design guidelines attached as **Exhibit "N"** will apply to water and wastewater facilities within Phase One.

If any of the guidelines attached as **Exhibit "N"** conflict with otherwise applicable City requirements, the design guidelines on **Exhibit "N"** will control.

Section 6.05 Construction Contracts, Insurance and Bonds. All contractors selected by Owner for the Water Facilities and Wastewater Facilities will be required to provide performance and payment bonds in the amount of the contract price. Each construction contract must require the contractor to provide insurance in amounts customary for similar projects, naming Owner and the City as additional insureds, and a contractor's warranty of the work and materials for a period of two years from the date of completion. Owner must provide City with a copy of each construction contract, a copy of the required performance and payment bonds, and a certificate evidencing the required insurance before notice to proceed is given to the contractor. The City will have the right to stop work by a contractor if the contractor starts work before Owner complies with the requirements of this Section, and the City will have no liability to Owner or any contractor for any claims or causes of action arising from any properly issued stop-work order.

Section 6.06 Easement Acquisition.

(a) **Use of City Easements**. The City hereby grants to Owner the license and right to use the use any City rights-of-way, sites or easements that may be reasonably necessary for construction of the Water Facilities and/or the Wastewater Facilities, or for Owner to perform its obligations under this Agreement; provided, however, that the City has approved the plans and specifications for and the location of the facilities in question.

(b) **Easements from Third Parties.** The City acknowledges that the Water Facilities and Wastewater Facilities, and any easements required for such facilities, are necessary in order for the City to provide water and wastewater services to the Property as contemplated by this Agreement and that there exists a public necessity for the construction of the Water Facilities and Wastewater Facilities. Accordingly, the City agrees to cooperate with Owner to facilitate Owner's acquisition of any necessary easements from third parties.

(c) **Use of Condemnation**. If Owner is unable to obtain any easement required for the Water Facilities and/or Wastewater Facilities that are located outside of the Property through good faith negotiation, Owner may request that the City proceed with the acquisition of the easement through condemnation, in compliance with applicable law. The City agrees to consider any such request within 60 calendar days and, provided that the City Council finds that the requested easement is necessary to accomplish a public purpose, the City Council may elect to exercise the City's power of eminent domain to acquire the requested easement. The Parties agree to cooperate in order to enable Owner to proceed with construction within any easement being acquired by the City under this Section at the earliest time lawfully permitted. Owner agrees to reimburse the City for any out-of-pocket costs incurred for the acquisition of an easement under this Subsection, whether by condemnation or conveyance in lieu thereof;

provided, however, that, if the easement in question is required for facilities that will serve land in addition to the Property, Owner will only be required to reimburse the City for its proportionate share of such costs, determined based on LUEs. Owner will be entitled to receive reimbursement for any costs paid or reimbursed by Owner for easement acquisition out of the proceeds of the PID bonds.

Section 6.07 Construction of Water and Wastewater Facilities.

(a) Owner may begin construction of the Internal Facilities located within a portion of the Property after City approval of the preliminary plat covering that portion of the Property and the City Engineer's approval of the related plans and specifications. All Water Facilities and Wastewater Facilities must be constructed in strict accordance with the plans and specifications approved by the City's Engineer.

(b) Owner's engineer will provide construction observation services during construction of all Water Facilities and Wastewater Facilities and, upon completion of construction, will provide the City with a signed and sealed certificate of completion stating that construction of the Water Facilities and/or Wastewater Facilities in question was accomplished in substantial accordance with the plans and specifications approved by the City's Engineer.

Section 6.08 Conveyance, Ownership, Operation, and Maintenance of Water Facilities and Wastewater Facilities. Upon completion of construction and City acceptance of each phase of the Water Facilities and Wastewater Facilities, Owner will promptly convey those facilities to the City, subject to the City's obligation to provide service as provided in this Agreement and the Owner's right to reimbursement out of PID bonds. Any conveyance contemplated by this Agreement will be subject to a reservation of capacity in the facilities in question as required to serve Phase One, but Owner will have no right to any excess capacity created by oversizing or any capacity in excess of 2,100 LUEs. At the time of conveyance, Owner will assign the City all contractor's warranties, guarantees and payment and/or performance bonds related to the facilities conveyed. The City agrees that its acceptance of such facilities and the related assignments will not be unreasonably withheld, conditioned, or delayed. Upon such conveyance and acceptance, the City agrees to operate and maintain such facilities to provide service to Customers within Phase One and/or for development of the Property in accordance with this Agreement.

Section 6.09 Record Drawings. Following completion of each phase of the Water Facilities and/or Wastewater Facilities, Owner's engineer will provide one set of record drawings of those facilities to the City. Owner will use good faith efforts to obtain and furnish such drawings to the City within 30 days of the date of the City's acceptance of the facilities in question. Owner's engineer will also obtain GPS/GIS data captured in the field for the material, size, location and depth of all lines, valves and manholes as such facilities are being constructed and deliver such data to the City's mapping division with the record drawings.

Section 6.10 **Initiation of Retail Service**. The City will initiate retail service, whether for temporary water service for construction purposes or for water service to a home or business within Phase One, upon receipt of the City's standard application for service and the applicant's compliance with the requirements for such service, including performance of required inspections and payment of standard inspection fees, service initiation fees, and deposits.

ARTICLE VII.
FEES AND FINANCIAL MATTERS

Section 7.01 **City Fees**. Except as otherwise provided in this Agreement, the City's standard water and wastewater Impact Fees, rates, charges, and other fees, including engineering review and inspection fees, that are applicable within the City's incorporated limits will be applicable to facilities constructed, connections made, and services provided within the Property. Since the County does not have building code authority or building inspectors and the Project is receiving a special benefit to develop residential uses outside of the City's corporate limits, builders within the Project will be subject to compliance with the provisions of the City's building code in effect on the Vesting Date, as set forth on the attached **Exhibit "D-2"**, and will be required to pay the City's standard building inspection fees.

Section 7.02 **Impact Fees**. Section 7.01 hereof notwithstanding, for the first 300 lots platted out of the Property, the water and wastewater Impact Fees will be those fees in effect as of the Vesting Date, $2,216 per LUE for wastewater and $2,115 for water, as provided in this Section. Owner agrees to pre-purchase the 300 wastewater Impact Fees vested at the amount of $2,216 per LUE on or before March 31, 2018 and to purchase an additional 400 wastewater Impact Fees at the amount of $2,826 per LUE on the first to occur of (i) the City's approval of the final plat or plats including first 300 lots within Phase One, or (ii) March 31, 2020. After the water and wastewater Impact Fees described in the preceding sentences of this Section are applied by Owner, the Impact Fees payable for the remainder of Phase One will be adjusted to the City's Impact Fees in effect at the time of City approval of each subsequent final plat out of the Property and will be payable by the homebuilders at the time of the City's issuance of each residential building permit for lots within those platted sections, as required by Section 7.01. The Impact Fees prepaid by Owner under this Section will not be eligible for reimbursement out of PID bonds.

Section 7.03 **Adjacent Streets Fee**. In consideration of Owner's improvement of Old Stagecoach Road along the perimeter boundary of the Property at an estimated costs of $1,200,000 and participation in the construction of the Spine Road, the City's Adjacent Streets Fee for Phase One is waived, and Owner will not be required to pay any "Adjacent Streets Fee", "perimeter road fee", "road mile fee" or similar fee for Phase One.

Section 7.04 **Reimbursements.** The City agrees to reimburse Owner for all eligible costs that are permitted under Chapter 372, *Texas Local Government Code* for the Internal Facilities, Connecting Facilities, City Facilities and Offsite Facilities and/or

Owner's cost participation in such facilities through the PID bonds. Eligible costs will include, but not be limited to, engineering and legal fees, costs of easement and access acquisition, costs of design, permitting and inspection, and construction costs, including the costs of required utility extensions, screening and landscaping. The costs and capacity of any oversized facilities will be allocated, per Section 6.02 above, to Owner and the City and/or a third party that will utilize the additional capacity, and the City or third party will be required to advance its share of the costs of such oversizing.

Section 7.05 City's Allocation of Net PID Bond Proceeds. The City will be entitled to receive 10% of the net proceeds of the PID bonds issued by the City for Public Improvements benefitting Phase One (the "*City Allocation*") either in the form of a payment at the time of funding of such bond issue or, if Owner advances costs of water and wastewater treatment plant Public Improvements including costs for the Phase One Cost Share of the Anthem Storage Tank and the Anthem Water Main, or the Alternative Facilities, as defined in Section 5.03, as provided below in this Section 7.05, through Owner's advancing costs of or completion and conveyance of such Public Improvements to the City at no cost to the City.

(a) The City agrees to defer the City Allocation that would otherwise be payable to the City out of the proceeds of the first issuance of PID bonds (the "*Deferred Initial Allocation*") and, accordingly, no portion of the proceeds of that first bond issuance will be paid to the City; however, at the time of second issuance of PID bonds, the City will, subject to subsection (b), below, receive the City Allocation payable out of the proceeds of those bonds, plus an amount equal to the Deferred Initial Allocation, subject to Subsection (c), below.

(b) At the time of the second issuance of PID bonds, the City will be entitled to receive a City Allocation of $1,500,000 in City Allocations for use by the City for water treatment and wastewater treatment plant Project Improvements. The foregoing notwithstanding, if the second issuance of PID bonds has not occurred on or before March 31, 2020, the Owner agrees to advance the sum of $1,200,000 to the City for use for wastewater treatment plant Project Improvements and any such advance (the "*Allocation Credit*") will be credited against and reduce the $1,500,000 in City Allocation(s) otherwise payable out of the second issuance of PID bonds and, therefore, the City will receive the remaining $300,000 out of the second issuance of PID bonds. The Owner will be entitled to reimbursement for the Allocation Credit, if advanced, out of the proceeds of subsequent issuances of PID bonds.

(c) After the City has received $1,500,000 in City Allocations (or, if Owner advances the Allocation Credit under Subsection (b), above, the Allocation Credit plus an additional $300,000 City Allocation), the City Allocation(s) out of the next PID Bond issuance or issuances will be paid to Owner to reimburse Owner for the Allocation Credit, the Phase One Cost Share of the Anthem Storage Tank and the Anthem Water Main, if advanced by Owner as provided in Section 5.03(b), or, if applicable, the cost of the Alternative Facilities described in Section 5.03(d).

(d) After Owner has been reimbursed for the Allocation Credit, the Phase One Cost Share of the Anthem Storage Tank and the Anthem Water Main, or the Alternative Facilities, as applicable, the City will utilize the next City Allocation(s) paid to the City for reimbursement of the City's costs of construction of the Elliot Branch wastewater interceptor and, thereafter, for the reconstruction of Old Stagecoach Road as a two lane road with bike lane within existing right of way from FM 2770 to the roundabout at the entrance of Phase One and for related intersection improvement.

(e) After the City's completion of the Old Stagecoach Road improvements described in (d), above, additional City Allocations may be utilized by the City for any other public purpose. If, however, the County funds the reconstruction of Old Stagecoach Road as described in Subsection (e), then the portion of the City Allocation that would otherwise have been utilized for that reconstruction may be utilized by the City for any other public purpose.

ARTICLE VIII.
OTHER DEVELOPMENT MATTERS

Section 8.01 **Interlocal Cooperation**.

(a) Pursuant to the City's interlocal agreement with the County, the City will be the common point of contact for submittals for approvals for Phase One, however, Owner will be subject to payment of all applicable County review fees.

(b) The City will cooperate with Owner to facilitate Owner's obtaining a license agreement from the County that will allow landscaping, signage and related improvements in any rights-of-way and medians for collector roads and the portion of FM 150 within Phase One that is owned by or under the jurisdiction of the County.

(c) The City will cooperate with Owner to negotiate and enter into a tri-party agreement between the City, Owner and the County confirming utility assignments and maintenance obligations within any rights-of-way owned by or under the jurisdiction the County within Phase One. Final approval of this Agreement by the City will be conditioned upon the approval and execution of such tri-party agreement by the City, the County and Owner.

Section 8.02 **Owner's Right to Continue Development**. In consideration of Owner's agreements hereunder, the City agrees that it will not, during the term of this Agreement, impose or attempt to impose (a) any moratorium on building or development within the Property, or (b) any land use or development regulation that limits the rate or timing of land use approvals, whether affecting preliminary plats, final plats, site plans, or other necessary approvals, within the Property unless the moratorium is mandated by an agency of the State of Texas or the United States, or is applicable to the City in its entirety. The City may impose temporary moratoria provided that any such moratorium is applicable to the City's entire jurisdiction and is due to an emergency constituting an imminent threat to the public health or safety,

provided that any such moratorium may continue with respect to the Property only during the duration of the emergency.

ARTICLE IX.
REPRESENTATIONS AND WARRANTIES

Section 9.01 **Representations and Warranties of Owner**.

(a) **Organization and Good Standing**. Owner is a duly organized and validly existing limited partnership with full power and authority to conduct its business as it is now being conducted, to own or use the properties and assets that it purports to own or use, and to perform all of its obligations under this Agreement for the Property.

(b) **Authority; No Conflict**. This Agreement constitutes a legal, valid and binding obligation of Owner, enforceable against Owner in accordance with its terms. Owner has the absolute and unrestricted right, power, authority, and capacity to execute and deliver this Agreement and to perform its obligations under this Agreement with respect to the Property.

Section 9.02 **Representations and Warranties of the City**.

(a) **Organization and Good Standing**. The City is a duly organized and validly existing municipal corporation in good standing under the laws of the State of Texas, with full power and authority to conduct its business as it is now being conducted, to own or use the properties and assets that it purports to own or use, and to perform all of its obligations under this Agreement.

(b) **Authority; No Conflict**. This Agreement constitutes a legal, valid and binding obligation of the City, enforceable against the City in accordance with its terms. The City has the absolute and unrestricted right, power, authority, and capacity to execute and deliver this Agreement and to perform its obligations under this Agreement.

ARTICLE X.
AUTHORITY; FRUSTRATION OF PURPOSE

Section 10.01 **Legal Authority**. This Agreement is entered into under, among other authority, the statutory authority of Sections 42.042 and 212.172, *Texas Local Government Code*. Subject to compliance with the terms of this Agreement, the Parties intend that this Agreement guarantee the continuation of the extraterritorial status of the Property for the period of time provided in this Agreement; provide for Public Improvements and other infrastructure to serve the Property; and provide other lawful terms and considerations relating to the Property. The City acknowledges that the IDA constituted an application by Owner for the subdivision and development of the Property, initiated the subdivision and development permit process for the Property, and constitutes a development plan as provided in Section 212.172, *Texas Local*

Government Code. Subject to the terms and conditions of this Agreement, the City confirms, acknowledges and agrees that Owner has vested authority to develop the Property in accordance with the Applicable City Rules, as modified by Phase One Approvals, notwithstanding subsequently adopted ordinances, rules or regulations, or changes or modifications to the City Code or the City's ordinances, rules and regulations, which will only be applicable to the extent allowed by Chapter 245, *Texas Local Government Code* (the "*Vested Rights*"). If there is any conflict between the Applicable City Rules and the terms of this Agreement, the terms of this Agreement will control.

Section 10.02 Negotiated Development Procedures. Owner has voluntarily elected to enter into and accept the benefits of this Agreement, which include the certainty and assurance of the development and use of the Property in accordance with this Agreement; the establishment and confirmation of the regulations applicable to the development of the Property; and the water and wastewater services that will be made available to the Property pursuant to the terms of this Agreement. Owner has voluntarily agreed to pay certain fees, and to facilitate, among other things, the construction of Offsite Facilities and other Public Improvements that may exceed the requirements that would be applicable to the Property if Owner had elected to follow standard City development procedures. The City will benefit from this Agreement by virtue of its control over the development standards for the Property and the extension of its water and wastewater systems as provided by this Agreement. The parties agree that development of the Property will be best accomplished through this Agreement and that such development will substantially advance the legitimate interests of the City. The City, by approval of this Agreement, further finds the execution and implementation of this Agreement is not inconsistent or in conflict with any of the policies, plans, or ordinances of the City.

Section 10.03 Frustration of Purpose. If any word or other part of this Agreement is affected, in whole or in part, as a result of amendments to the underlying statutory authority for this Agreement or a final judicial decree for which all appeals have expired or been exhausted, or if the Texas Legislature amends State law in a manner that limits or curtails any right or obligation of the Parties under this Agreement, then the Parties acknowledge that the purpose of this Agreement may be frustrated. In such case, the Parties agree to work in good faith to amend this Agreement so that the purpose of this Agreement may be fully realized.

Section 10.04 Cooperation. The City and Owner agree to execute such further documents or instruments as may be reasonably necessary to evidence their agreements hereunder. In the event of any third party lawsuit or other claim relating to the validity of this Agreement or any actions taken hereunder, then to the extent permitted by law, the City and Owner 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 in their respective rights and obligations under this Agreement.

ARTICLE XI.
DEFAULT AND REMEDIES FOR DEFAULT

Section 11.01 **Default; 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 Party 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, not to exceed 90 days, to diligently pursue the curative action to completion.

Section 11.02 **Dispute Resolution.** If any default is not cured within the curative period specified in Section 11.01, 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 alternative dispute resolution method equally.

Section 11.03 **Legal or Equitable Remedies.** If the Parties are unable to resolve any dispute through alternative dispute resolution methods, a non-defaulting Party will have the right to pursue all remedies existing at law or in equity. The Parties acknowledge that a default in the performance of the City's obligations hereunder could not be adequately compensated in money damages alone and that the curtailment or discontinuance of water and/or wastewater service to a residential subdivision is often an unattainable remedy because of the potential threat to the health, safety, and welfare and property of the residents of the subdivision; therefore, the City agrees, in the event of any default on its part as admitted by City or adjudicated by a Court as part of any proceeding in which Owner pursues legal or equitable remedies, that Owner will have available to it the equitable remedies of mandamus and specific performance in addition to any other legal or equitable remedies that may also be available.

Section 11.04 **Non-Waiver**. Any failure by a Party to insist upon strict performance by the other Party of any material provision of this Agreement will not be deemed a waiver of such provision or of any other provision of this Agreement, and such Party will have the right at any time thereafter to insist upon strict performance of any and all of the provisions of this Agreement. The Owner acknowledges and agrees that the City is a governmental entity engaging in a governmental function. By entering into this Agreement the City does not waive its governmental immunity, except as provided by Section 271.152, *Texas Local Government Code*.

Section 11.05 **Applicable Law and Venue**. The construction and validity of this Agreement will be governed by the laws of the State of Texas (without regard to conflicts of law principles). Venue for any dispute arising from or related to this Agreement will be in a Hays County, Texas State District Court in accordance with the Texas Civil Practice and Remedies Code.

Section 11.06 **Reservation of Rights**. To the extent not inconsistent with this Agreement, each Party reserves all rights, privileges and immunities under applicable laws.

ARTICLE XII.
MISCELLANEOUS PROVISIONS

Section 12.01 **Amendments to Agreement**. This Agreement may be amended only by a written agreement signed by the City and Owner.

Section 12.02 **Term and Termination**. The term of this Agreement will commence on the Effective Date and continue until the first to occur of (i) 45 years from the Effective Date; (ii) the date all of the Property is annexed by the City pursuant to the terms of this Agreement, which the City confirms and agrees will not occur until all PID bonds that are to be repaid through assessments against the Property have been issued and repaid in full, and there are no further PID assessments against the Property; or (iii) written agreement of the Parties. Upon termination of this Agreement, the Parties agree to execute and record in the Official Public Records of Hays County, Texas, a document confirming the termination of this Agreement. In no event will any termination of this Agreement entitle the City to terminate water and/or wastewater service to any existing Customer, or to refuse service for a connection for which an Impact Fee has been paid.

Section 12.03 **Agreement Binds Successors and Runs with the Property**. Within ten business days after the Effective Date, this Agreement will be recorded by Owner in the Official Public Records of Hays County, Texas and a copy of this Agreement complete with recording information will be provided to the City's City Secretary. This Agreement will bind and inure to the benefit of the Parties, their successors and assigns. The terms of this Agreement will constitute covenants running with the land comprising the Property and be binding upon Owner, its successors and assigns. The foregoing notwithstanding, as provided in Section 212.172(f), *Texas Local Government Code*, this Agreement is not binding on, and does not create any encumbrance to title as to, any end-buyer of a fully developed and improved lot within the Property, except as to any land use and development regulations and City fees provided for by this Agreement that may apply to a specific lot developed out of the Property.

Section 12.04 **Force Majeure**. If any Party is rendered unable, wholly or in part, by Force Majeure to carry out any of its obligations under this Agreement other than an obligation to pay or provide money, the obligations of that Party, to the extent affected by such Force Majeure and to the extent that due diligence is being used to resume performance at the earliest practicable time, will be suspended during the continuance of the inability to the extent provided above, but for no longer period. The cause, as far as possible, must be remedied with all reasonable diligence; however, the settlement of strikes and lockouts will be entirely within the discretion of the Party affected, and the requirement that any Force Majeure be remedied with all reasonable dispatch will not require the settlement of strikes and lockouts by acceding to the demand of the opposing party or parties if settlement is unfavorable to it in the judgment of the affected Party.

Section 12.05 Owner Assignment of Agreement.

(a) Owner's rights and obligations under this Agreement may be assigned, in whole or in part, by Owner to one or more purchasers of all or part of the Property. Except as provided in Subsection (b), the City Council must first approve and consent to any such assignment by Owner, which consent will not be unreasonably withheld, conditioned or delayed. Any assignment must be in writing, specifically set forth the assigned rights and obligations and be executed by Owner and the proposed assignee. A copy of the executed assignment document must be provided to the City.

(b) The City hereby expressly approves and consents to Owner's assignment of its rights and obligations under this Agreement to Hanna/Magee LP #1, a Texas limited partnership ("*Hanna/Magee*"), or to an entity controlling, controlled by or under common control with Hanna/Magee. No further City consent to any such assignment will be required; however, the assignment must be in writing, specifically set forth the assigned rights and obligations, be executed by Owner and Hanna/Magee, and a copy of the executed assignment document must be provided to the City.

(c) If Owner assigns its rights and obligations hereunder as to a portion of the Property, then the rights and obligations of any assignee and Owner will be severable, and Owner will not be liable for the nonperformance of the assignee and vice versa. In the case of nonperformance by one Owner, the City may pursue all remedies against that nonperforming Owner, but will not pursue any remedies with respect to or impede development activities of any performing Owner as a result of that nonperformance.

(d) Owner may collaterally assign its rights and obligations, including the right to receive sums payable to Owner through PID bonds, under this Agreement to a lender providing financing for all or a portion of Phase One. No City consent to such a collateral assignment will be required, but Owner will give the City written notice of the name and address of any lender to whom a collateral assignment is made.

Section 12.06 Notice. Any notice given under this Agreement must be in writing 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 (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 by notice as provided in this Section, be as follows:

City:

City of Kyle
Attn: City Manager
100 W. Center Street
Kyle, TX 78640

With a copy to:

Davidson, Troilo, Ream & Garza, PC
Attn: Frank Garza, City Attorney
601 NW Loop 410, Suite 100
San Antonio, TX 78216

Owner:

Blanco River Ranch Properties LP
Attn: Gregg Reyes
1901 Hollister Road
Houston, Texas 77080

With a copy to:

Hanna/Magee LP#1
Attn: Blake Magee
1011 North Lamar Blvd.
Austin, Texas 78703

Section 12.07 Lender Protection. This Agreement will not affect the right of Owner to encumber any portion of the Property owned by it by mortgage, deed of trust or other instrument to secure financing for development of that land. The City understands that a lender providing financing for Phase One (a "*Lender*") may require interpretations of or modifications to this Agreement and agrees to cooperate with Owner and its Lender's representatives in connection with any requests for interpretations or modifications. The City agrees not to withhold or delay unreasonably its approval of any requested interpretation or modification if the interpretation or modification is consistent with the intent and purposes of this Agreement. The City further agrees as follows:

(a) Neither entering into this Agreement, nor any breach of this Agreement, will affect any lien upon all or any portion of the Property.

(b) The City will, upon written request of a Lender given in compliance with this Agreement, provide the Lender with a copy of any written notice of default given to Owner under this Agreement within ten days of the date such notice is given to Owner.

(c) In the event of default by Owner under this Agreement, a Lender may, but will not be obligated to, cure any default during any cure period extended to Owner, either under this Agreement or under the notice of default.

(d) Any Lender who comes into possession of any portion of the Property by foreclosure or deed in lieu of foreclosure will take such property subject to the terms of this Agreement. A Lender will not be liable for any defaults or monetary obligations of Owner arising prior to the Lender's acquisition of title, but the Lender will not be entitled to obtain any permits or approvals with respect to that portion of the Property until all delinquent fees and other obligations of Owner under this Agreement that relate to the property in question have been paid or performed.

(e) From time to time upon written request by Owner, the City shall execute a written estoppel certificate stating, if true, that the City has not given or received any written notices alleging any events of default under this Agreement provided, however, the City may require payment in advance of its estimated charges for preparing the requested estoppel certificate.

Section 12.08 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 cooperate to amend or revise this Agreement to accomplish, to the greatest degree practical, the same purpose as the part determined to be invalid or unconstitutional. It is the intent of the Parties to preserve and protect, to the maximum extent possible, the Parties' contractual rights and benefits under this Agreement.

Section 12.09 Effect of Agreement.

(a) With respect to the Property only, this Agreement supersedes the IDA. The IDA will remain in full force and effect as to the BRR Remainder except as provided in Subsection (b), below. The City and Owner agree that the phasing of development of and the designation of the Improvement Areas within the PID for the BRR Remainder will be specified in a final development agreement for the BRR Remainder to be negotiated and entered into by Owner and the City. Until such time as the final development agreement for the BRR Remainder is finally approved and executed, the BRR Remainder will be subject to the IDA, as modified by this Agreement.

(b) Owner and the City mutually agree that Section 8.03 of the IDA is replaced with the following:

> **"Deannexation**. If (1) the PID is not created as contemplated by Section 2.06 of this Agreement, or (2) despite the intentions of the Parties described in Section 2.02 above, the City Council does not approve deannexation of the Current City Limits Property, Owner may petition for deannexation of the Commercial Land pursuant to Section 1.07 of the City Charter and the City agrees, in good faith, to take action to deannex the Commercial Land promptly upon receipt of such petition."

Section 12.10 **Good Faith**. Each Party agrees that, notwithstanding any provision herein to the contrary, it will not unreasonably withhold or unduly delay any consent, approval, decision, determination or other action required or permitted under the terms of this Agreement, it being agreed and understood that each Party will act in good faith and will at all times deal fairly with the other Party.

Section 12.11 **Authority**. By their execution hereof, each individual signing this Agreement on behalf of a Party represents and warrants that he or she has the authority to execute this Agreement on behalf of the Party and in the capacity shown below.

Section 12.12 **No Third Party Beneficiary**. This Agreement is for the benefit of the City and Owner and shall not be construed to confer any benefit on any third party other than the Customers.

Section 12.13 **Counterparts**. To facilitate execution, this Agreement may be executed in any number of counterparts, and it will not be necessary that the signatures of all Parties be contained on any one counterpart. Additionally, for purposes of facilitating the execution of this Agreement: (a) the signature pages taken from separate, individually executed counterparts of this Agreement may be combined to form multiple fully executed counterparts; and (b) a facsimile or electronic signature will be deemed to be an original signature for all purposes. All executed counterparts of this Agreement will be deemed to be originals, but all such counterparts, when taken together, will constitute one and the same instrument.

Section 12.14 **Headings, Construction.** 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 has 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 the Applicable City Rules, the terms of this Agreement will control.

Section 12.15 **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 extended to the next day that is not a Saturday, Sunday or legal holiday.

Section 12.16 **Interested Parties.** Owner acknowledges that Section 2252.908, Texas Government Code ("*Section 2252.908*") requires disclosure of certain matters by business entities entering into a contract with a local government entity such as the City. Owner confirms that it has reviewed Section 2252.908 and that Owner will 1) complete Form 1295, using the unique identification number specified on page 1 of this Agreement, and electronically file it with the Texas Ethics Commission ("*TEC*"); and 2)

submit to the City the signed and notarized Form 1295, including the certification of filing number of the Form 1295 with the TEC, at the time the Owner executes and submits this Agreement to the City. Form 1295 is available at the TEC's website: https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm. This Agreement is not effective until the requirements listed above are satisfied and approval of this Agreement by the City is expressly made contingent upon Owner's compliance with such requirements.

Section 12.17 **Conflicts of Interest.** Owner acknowledges that Texas Local Government Code Chapter 176 ("*Chapter 176*") requires the disclosure of certain matters by persons who enter into or seek to enter into a contract with local government entities such as the City. Owner confirms that it has reviewed Chapter 176 and, if it is required to do so, it will complete and return Form CIQ promulgated by the TEC, which is available on the TEC website at https://www.ethics.state.tx.us/forms/CIQ-New-2015.pdf, within seven days of the date of submitting this Agreement to the City or within seven days of becoming aware of a matter that requires disclosure under Chapter 176, whichever is applicable.

Section 12.18 **City has no Liability to Contractors of Owner.** It is expressly understood and agreed by all Parties hereto that, in performing its services hereunder, Owner will at no time will be acting as an agent of the City or and that all consultants or contractors engaged by Owner will be independent contractors of Owner, and not of the City. The Parties hereto understand and agree that the City will not be liable for any claims that may be asserted by any third party occurring in connection with Owner's performance under this Agreement, unless any such claims are due to the fault of the City.

Section 12.19 **Exhibits**. The following exhibits are attached to this Agreement and incorporated herein for all purposes:

Exhibit "A"	Description of the Property
Exhibit "B"	Depiction of Current City Limits Property
Exhibit "C"	Concept Plan
Exhibit "D"	Development Standards and Project Approvals, including exceptions and variances
Exhibit "D-1"	Design Guidelines
Exhibit "D-2"	City's Current Building Code in effect on vesting date
Exhibit "E"	Schedule for De-Annexation, Annexation and Other Project Approvals

Exhibit "F"	Spine Road Alignment, including areas to be annexed and de-annexed
Exhibit "G"	City PID Requirements
Exhibit "G-1"	Additional PID Requirements Approved by Owner
Exhibit "H"	PID Agreement Term Sheet
Exhibit "I"	Permitted Locations for Signage and Landscaping Improvements
Exhibit "J"	Park Land and Park Improvements
Exhibit "K"	Roadway and Transportation Improvements
Exhibit "L"	Water Facilities Plan
Exhibit "M"	Wastewater Facilities Plan
Exhibit "N"	Utility Design Guidelines

EXECUTED in multiple counterparts, each of which shall constitute an original, to be effective as of the Effective Date.

(The remainder of this page has been intentionally left blank, and the signature page or pages follow.)

SIGNATURE PAGE TO BLANCO RIVER RANCH (Residential Area) DE-ANNEXATION AND DEVELOPMENT AGREEMENT.

CITY: **City of Kyle, Texas, a municipal corporation**

By: _____
Todd Webster, Mayor

Date: 5/16/2017

STATE OF TEXAS §
§
COUNTY OF HAYS §

This instrument was acknowledged before me on the 16th day of May, 2017, by Todd Webster, Mayor of the City of Kyle, Texas, a municipal corporation, on behalf of said municipal corporation.

_____
Notary Public, State of Texas

JENNIFER ANN VETRANO
My Notary ID # 126805359
Expires February 17, 2021

SIGNATURE PAGE TO BLANCO RIVER RANCH (Residential Area) DE-ANNEXATION AND DEVELOPMENT AGREEMENT.

OWNER: **BLANCO RIVER RANCH PROPERTIES LP,**
a Texas limited partnership

By: _____
Name: Gregg T. Reyes
Title: Manager

STATE OF TEXAS §
§
COUNTY OF TRAVIS §

This instrument was acknowledged before me on the 16th day of May, 2017, by Gregg T. Reyes, Manager of Blanco River Ranch Properties LP, a Texas limited partnership, on behalf of said limited partnership.

LAURA G. LEAL
Notary Public State of Texas
My Comm Expires
August 26 2018

_____
Notary Public, State of Texas

BLAKE MAGEE CO

TRANSMITTAL COVER LETTER

TO: Mr. Scott Sellers
City of Kyle
City Manager

Via Courier

FROM: Amy Lynn Payne
Blake Magee Company

DATE: May 15, 2017

SUBJECT: Blanco River Ranch Development Agreement (DA)

ENCLOSED: PLEASE FIND Two originals with incorporated revisions as detailed below.

Scott, please find the final DA ready for execution by the Mayor. As we discussed the following scrivener's errors have been corrected:

The blank under Section 5.05 was filled in to say, "an appropriately sized gravity interceptor";
Exhibit C- Concept Plan was updated to correct the text errors on the face of the drawing that conflicted with the table in Exhibit C;
Exhibit D – Item 9 referenced Exhibit C. That was corrected to reference Exhibit J;
Exhibit H- PID Agreement Term Sheet- The blank on page 3 of 4, Item 1 was filled in to say, "the estimated impact to the roadway as determined by a trip generation or traffic impact analysis";
Exhibit J- Park and Open Space Plan was corrected to match the park plan that was approved on the 1/23/17 Parks Meeting.

___For your information

____In accordance with your request

_X_Please sign the attached documents

____Please contact me

1011 North Lamar Blvd
Austin, Texas 8[illegible]
☎ 512 481 0303 [illegible]
www.blakemagee[illegible]

EXHIBIT "A"
DESCRIPTION OF THE PROPERTY

Blanco River Ranch
858.70 acres

PROPERTY DESCRIPTION
EXHIBIT A

BEING 858.70 ACRES OF LAND LOCATED IN THE SAMUEL PHARASS ¼ LEAGUE NO. 14, ABSTRACT 360, AND THE CALEB W. BAKER SURVEY, ABSTRACT 31 HAYS COUNTY, TEXAS AND BEING A PORTION OF TRACT I, A CALLED 1,971.29 ACRE TRACT AND ALL OF TRACT II, A CALLED 195.14 ACRE TRACT AS DESCRIBED IN A DEED FROM THE STATE OF TEXAS TO BLANCO RIVER RANCH, LP AND RECORDED IN VOLUME 5230, PAGE 583 OF THE DEED RECORDS OF HAYS COUNTY, TEXAS; SAID 858.70 ACRES BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS WITH ALL BEARING REFERENCED TO THE TEXAS COORDINATE SYSTEM, SOUTH CENTRAL ZONE.

BEGINNING at an iron rod with aluminum cap stamped "Kent McMillian" found marking the most northerly corner of a called 311.56 acre tract described in a deed to Robert Nance recorded in Volume 4459, Page 137 of said Deed Records, same being the northwest corner of a called 195.14 acre tract described in the aforementioned deed to Blanco River Ranch as Tract II and being on the southeasterly line of said 1,971.29 acre Tract I;

THENCE, with the southerly line of said 1,971.29 acre tract, same being the northeasterly line of said 311.56 acre tract S43°59'58"W, 1916.27 feet to a ½-inch iron rod with cap stamped "AST" set on the northerly line of proposed RM 150;

THENCE, leaving said southerly line and crossing said 1,941.29 acre tract with the proposed northerly line of RM 150 the following courses and distances:

1. N65°08'51"W, 49.48 feet to a ½-inch iron rod with cap stamped "AST" set at the beginning of a curve to the right;
2. with a curve to the right, 381.25 feet, having a radius of 925.00 feet, a central angle of 23°36'54" and a chord bearing and distance of N53°30'43"W, 378.55 feet to a ½-inch iron rod with cap stamped "AST" set for point of tangency;
3. N41°42'16"W, 336.00 feet to a ½-inch iron rod with cap stamped "AST" set at the beginning of a curve to the left;
4. with the arc of said curve to the left, 151.93 feet, having a radius of 1100.00 feet, a central angle of 07°54'48" and a chord bearing and distance of N45°39'41"W, 151.81 feet to a ½-inch iron rod with cap stamped "AST" set for point of tangency;
5. N49°37'05"W, 572.43 feet to a ½-inch iron rod with cap stamped "AST" set for an angle point in said line;
6. N51°37'01"W, 75.00 feet to a ½-inch iron rod with cap stamped "AST" set for an angle point in said line;
7. N53°36'58"W, 749.01 feet to a ½-inch iron rod with cap stamped "AST" set at the beginning of a curve to the left;

8. with the arc of said curve to the left, 93.33 feet, having a radius of 1025.00 feet, a central angle of 05°13'01" and a chord bearing and distance of N56°13'28"W, 93.30 feet to a ½-inch iron rod with cap stamped "AST" set for the most westerly southwest corner of the herein described tract;

THENCE leaving said proposed right of way line and with a dry creek, the following courses and distances:

1. N26°31'11"E, 563.37 feet to a calculated point;
2. N46°09'29"E, 1179.39 feet to a calculated point;
3. N28°22'57"E, 708.36 feet to a calculated point;
4. N44°16'34"E, 582.28 feet to a calculated point at the beginning of a curve to the right;
5. with a curve to the right, 297.90 feet, having a radius of 1184.66 feet, a central angle of 14°24'28" and a chord bearing and distance of N77°54'54"E, 297.12 feet to a calculated point;
6. N04°51'54"W, 125.14 feet to a calculated point;
7. N23°10'37"E, 321.60 feet to a calculated point;
8. N13°08'23"W, 681.62 feet to a calculated point;
9. N31°45'00"E, 255.79 feet to a calculated point;
10. N08°23'37"E, 473.49 feet to a calculated point;
11. N02°33'01"W, 195.07 feet to a calculated point;
12. N30°53'10"W, 576.14 feet to a calculated point;
13. N01°26'31"W, 729.89 feet to a calculated point;
14. N38°05'39"W, 1250.80 feet to a calculated point;
15. N20°33'26"E, 282.73 feet a ½-inch iron rod with cap stamped "AST" set for the most westerly northwest corner of the herein described tract on the northerly line of said 1,971.29 acre tract, same being on the southerly line of Park Land Lot 23 of Arroyo Ranch, Section One, a subdivision of record in Volume 10, Page 180 of the Hays County Official Public Records;

THENCE, with the northerly line of said 1,971.29 acre tract, S82°42'45"E, 432.46 feet to a point located in the centerline of the remains of an old stone fence corner for an angle point in the north line of the herein described tract, from which a ½"-inch iron rod bears S88°19'W, 37.5 feet;

THENCE, continuing with said northerly line, N43°55'32"E, 1271.63 feet to a 2-inch metal fence post at the most northerly northwest corner of said 1,971.29 acre tract and being the common corners of Lots 12, 13 and 19, Block D of said Arroyo Ranch Section One subdivision;

THENCE, with the easterly line of said 1,971.29 acre tract the following courses and distances:

1. S46°19'30"E, at 185.02 feet passing the south line of said Arroyo Ranch subdivision and north line of a 20.3 acre tract described in a deed to F. Javier, Jr et al and recorded in Volume 2813, Page 359 of said Official Public Records and continuing for a total distance of 887.68 feet to a found ½-inch iron rod for the south corner of said Javier tract, same being the westerly corner of

a 21.15 acre tract described in a deed to Nancy L. Russell and Randall W. Russell and recorded in Volume 4385, Page 135 of said Official Public Records;

2. S46°48'04"E, 579.01 feet to a found ½-inch iron rod for the south corner of Russell and being the westerly corner of Quail Meadows Subdivision as recorded in Volume 7, Page 47 of the Hays County Plat Records;
3. With the southwesterly line of said subdivision, S46°06'19"E, 409.08 feet to ½-inch iron rod for angle point;
4. S47°09'10"E, 405.41 feet to ½-inch iron rod for angle point;
5. S47°52'54"E, 295.90 feet to ½-inch iron rod for angle point;
6. S47°18'52"E, 296.88 feet to ½-inch iron rod for angle point;
7. S47°21'24"E, 132.10 feet to ½-inch iron rod for angle point;
8. S47°07'34"E, 179.01 feet to ½-inch iron rod for angle point;
9. S46°55'27"E, 248.69 feet to ½-inch iron rod for most southerly corner of said subdivision and the westerly corner of a called 57.26 acre tract described in a deed to Kyle Mortgage Investors, LLC and recorded in Volume 3416, Page 789 of said Official Public Records;
10. S45°43'31"E, 436.59 feet to a fence post for angle point;
11. S46°32'55"E, 1447.00 feet to an iron rod with aluminum cap stamped "Kent McMillian" at an interior ell corner of said 1,971.29 acre tract;
12. Continuing with the easterly line of said 1,971.29 acre tract, S40°23'35"W, 1023.40 feet to a ½-inch iron rod found at the westerly corner of a called 1.259 acre tract described in a deed to Robin Robinson and recorded in Volume 5358, Page 587 of said Official Public Records;
13. S50°23'48"E, 255.70 feet to a fence post for angle point;
14. N40°43'43"E, 42.89 feet to a ½-inch iron rod with cap stamped "AST" set;
15. S52°09'40"E, at 85.22 feet passing a ½-inch iron rod found at the westerly corner of a called 0.72 acre tract described in a deed to Robin and Gale Robinson and recorded in Volume 4689, Page 363 of said Official Public Records and continuing for a total distance of 244.62 feet to a½-inch iron rod with cap stamped "AST" set;
16. N43°53'50"E, 92.19 feet to a ½-inch iron rod with cap stamped "AST" set;
17. S78°26'49"E, 101.27 feet ½-inch iron rod found on the westerly right of way line of N. Old Stagecoach Road (width varies);

THENCE, with said westerly right of way line the following course and distances:

1. S16°21'49"E, 511.37 feet to a ½-inch iron rod with cap stamped "AST";
2. S16°20'38"E, 1420.21 feet to a 60d nail found next to a cedar fence post and
3. S16°48'53"E, 800.20 feet to a ½-inch iron rod with cap stamped "AST" set for the most easterly southeast corner of this tract;

THENCE, leaving said westerly right of way line and with fence along the southeasterly line of said 195.14 acre tract, S36°01'23"W, 42.36 feet to a cedar fence post;

THENCE, continuing with said southeasterly line, same being the northwesterly line of a called 132.59 acre tract described in a deed to Felder CND, LLC and recorded in Volume 5224, Page 246 of the Hays County Official Public Records the following courses and distances:

1. S48°36'08"W, 1583.50 feet to a cedar fence post;
2. N49°26'16"W, 34.23 feet to a cedar fence post;
3. S25°40'41"W, 39.42 feet to an iron rod with cap stamped "Vickrey";
4. S48°29'40"W, 2127.73 feet to a cedar fence post with "Mag Nail" on the northerly right of way line of Cypress Road (aka Limekiln Road) (width undetermined) at the southeast corner of said 195.14 acre tract from which an iron rod with aluminum cap stamped "Kent McMillian" bears S21°57'46"W, 50.84 feet;

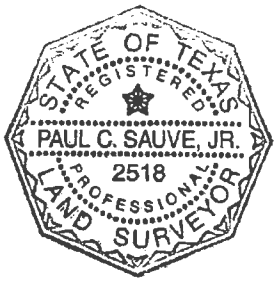
THENCE, with said northerly right of way line, N77°16'32"W, 599.91 feet to a cedar fence post on the easterly line of said 311.56 acre tract;

THENCE, with fence and the easterly line of said 311.56 acre and westerly line of said 195.14 acre tract the following courses and distances:

1. N16°48'19"W, 270.65 feet to a calculated angle point in said line and;
2. N17°13'44"W, 1607.95 feet to the **POINT OF BEGINNING** and containing 858.70 acres of land, more or less.

SURVEYOR'S STATEMENT

I hereby state that the included field note description was prepared from an actual survey made on the ground under my supervision and is true and correct, to the best of knowledge and belief.



Paul C. Sauve, Jr., RPLS #2518
Austin Spatial Technologies, LLC
December 5, 2016

EXHIBIT "B"
DEPICTION OF CURRENT CITY LIMITS PROPERTY

EXHIBIT "C"
CONCEPT PLAN

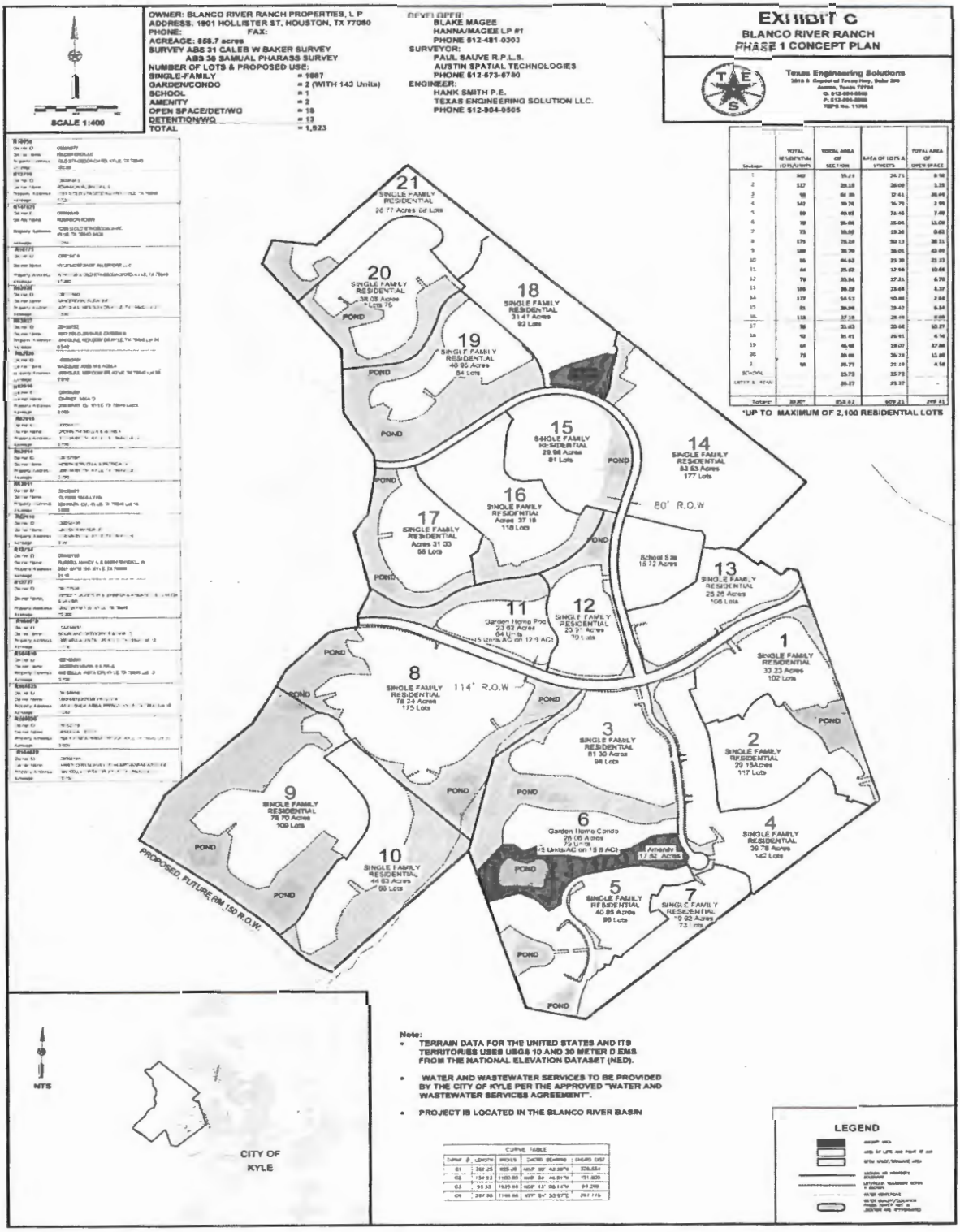


EXHIBIT "D"
BLANCO RIVER RANCH LAND USE AND DEVELOPMENT STANDARDS

1. Table A: Land Use Chart:

Single-Family and Garden Homes/Cluster

USE	Lot Width*	Minimum Lot Size	Minimum Living Area SF	Total Lots/Units		% of Total	Min/Max %
Single-Family	50	5500	1200	540	Lots	26%	max
Single-Family	55	5750	1200	460	Lots	22%	max
Single-Family	60	7200	1500	600	Lots	29%	max
Single-Family	70-80	9000	2000	350	Lots	17%	min
Garden Homes/Cluster			1000	150	Units	7%	max
Total				2100		100%	

*Lot Width measured at front Building Line

2. Site Area = 858.7 Acres

3. Single-family lot width distribution will be in accordance with Table A.

4. **Exhibit "C"** - Concept Plan: This plan illustrates the proposed general layout of Phase One.

5. Phase One will be limited to 2,100 single-family lots and garden homes/cluster units.

6. Impervious Cover on each lot will be limited to 60% of the lot area.

7. Phase One will contain a minimum of 100 acres of parkland, amenity center lots, trail corridors and open space.

8. A 6-foot decorative masonry wall will be built along the rear or sides of homes backing or siding to collector roads (roads without lots fronting on them) within a 25-foot landscaped parkway (10-feet of right-of-way with a 15-foot Wall and Landscape Easement/Lot).

9. Over three miles of joint use 8-foot and 10-foot concrete trails within 10-foot to 20-foot Trail Corridor/ROW/Easement will be provided within Phase One as shown on **Exhibit "J"**. Additional native trails (not ADA compliant) will be provided within open space and floodplain areas, as shown conceptually on **Exhibit "J"**, subject to topographic and drainage constraints.

10. No homes will front on collector roads and all street-facing sides of homes abutting collector roads will be 100% masonry, excluding doors, windows, etc. Masonry will

be defined as natural stone, brick and/or stucco. The stucco percentage of any structure will not exceed 50%.

11. Garage Placement: For lots less than 60 feet wide (or less than 70 feet wide on corner lots), residential street-facing garages will be located no closer to the street than five feet in front of the dwelling or roof of a covered porch, with such dwelling or porch structure being not less than seven feet wide for all portions of the structure adjacent to the garage. For all other lots, residential street-facing garages will be located no closer to the street than the dwelling. The minimum front building setback will be 20 feet from the property line (25 feet for street-facing garages). For purposes of this provision on garage placement, lot width will be determined based on the width of the lot at the front building setback line of the lot for all lot sizes. Measurement of corner lots will be ten feet wider to account for a 15-foot street side setback.

12. All building fronts will have a minimum of three architectural features. The following are examples of the types of architectural features that will be utilized: horizontal off-sets, recesses or projections; porches; breezeways; porte-cocheres; courtyards; awnings; canopies; alcoves; recessed entries; ornamental cornices; display or other ornamental windows; vertical "elevation" off-sets; peaked roof forms; arches; outdoor patios; architectural details such as tile work or moldings integrated into the façade; integrated planters or wing walls; accent materials; and varied roof heights.

13. Building Setback Table:

Interior Lot Width	Corner Lot Width	Side Yard Setback	Rear Yard Setback *	Front Garage Setback	Minimum Front Setback	Street Side Building Setback	Street Side Garage
50	60	5	15	25	20	15	20
60	70	5	20	25	20	15	20
70	80	5	20	25	20	15	20
80+	90	7.5	20	25	20	15	20

*Open and Covered Porches may encroach up to 10 feet into the rear yard setbacks.

14. The street lighting plan for Phase One will require minimum spacing of 500 feet along all collector and public streets. Decorative street lighting will be permitted but not required. The design of any decorative street lighting will be subject to approval by the City. Any decorative street lighting will be maintained by the homeowners association for Phase One. All street lighting will utilize energy-efficient LED light fixtures.

15. Decorative street signs will be permitted. Any decorative street signs will be subject to approval by the City.

16. Primary subdivision signage will be located at the main entry to Phase One at the intersection of Old Stagecoach Road and the Spine Road and may include a

maximum of 200 square feet of signage or graphics. Tertiary entrance signs will be stone or masonry and each sign may be a maximum of 100 square feet in size, with a maximum of 30 square feet of signage or graphics.

17. Marketing signage/Burma Shave signs will be allowed within Blanco River Ranch within rights-of-way of the Spine Road and collector roads. Marketing signage, as updated and modified from time to time, will be consistent throughout Blanco River Ranch. The approximate size and quantity of permitted marketing signs is shown on **EXHIBIT "I"**.

18. Section 41-136(C) - Lot Width depth to average lot width ratio of the City's Subdivision Ordinance is waived. Lot width will be measured at the front building line.

19. Section 41-137(D) of the Subdivision Ordinance will be amended with respect to Phase One as follows: Offset intersection spacing along collector, local and residential streets will be a minimum of 125 feet measured from roadway street centerline to roadway centerline. Such intersection spacing along arterials will be a minimum of 180 feet.

20. Flag lots will be permitted within Phase One. Flag lots will be a minimum of 20 feet at the right-of-way intersection and substantially perpendicular to the right-of-way.

21. Block lengths may generally not exceed 1,000 feet within Phase One; however, block lengths that exceed this criteria will be permitted when the block includes creeks, natural drainage ways, open space and steep topography.

22. Cul-de-sac maximum lengths may not exceed 800 feet measured from the center of the turnaround to centerline of the connecting road and a maximum of 30 units may be serviced from each cul-de-sac; however, cul-de-sac lengths that exceed this criteria for cul-de-sac lengths and serviced units when the land serviced by the cul-de-sac is restricted by creeks, natural drainage ways, steep topography and external property boundaries. In such cases, the maximum number of units served may not exceed 50 units.

23. Phase One Roadway Cross Sections:

Standard Category	Pavement Width (in Feet)	Right-of-Way Width (in Feet)
Residential Lane	30' FOC-FOC	50'
Residential Collector (W/ Bike Lanes)	37' FOC-FOC	60'
Undivided Arterial (Internal Loop w/ Bike Lanes)	61' FOC-FOC	85'
Divided Arterial (Internal Loop w/ Bike Lanes)	2 at 32' FOC - FOC	114'
Major Thoroughfare (FM 150)	To be Determined	Varies - 120' Minimum

24. Site and Architectural components for garden home/cluster site(s):

A. Maximum Number of Detached Units: 150 Units
B. Access Drives: Driveway access from collector roads to residential units is prohibited. Internal private drives will be a minimum of 26 feet wide, with curb and gutter measured from face of curb to face of curb.
C. Residential Setbacks: Front building setbacks will be a minimum of 15 feet from back of curb. Side building separation will be a minimum of 10 feet. When the rear of one unit is immediately adjacent to the side of another unit, the minimum setback will be 10 feet. Rear building separation, when the rear yards of two units are immediately adjacent to one another, will be a minimum of 20 feet. Patios (covered or uncovered), decks and eave overhang are not included in the determination of rear building separation. A minimum of seven foot clear zone between building roof lines will be provided.
D. Sidewalks: A four foot sidewalk is required along all public streets. No sidewalks are required along internal private drives.
E. Units may have single-car garages with driveways at least 18 feet long and nine feet wide. Garages will be setback at least 20 feet from the back of curb. Garages may be flush with the primary façade as long as primary façade is located 20 feet from the back of curb. Porches will be considered part of the primary façade as long as they are a minimum of seven feet wide and six feet deep).
F. Lighting: Street lighting is required along all public streets, but is optional along interior private drives within Phase One.
G. Minimum landscape requirements for garden homes/cluster residential structures will be two two-inch caliper significant trees such as oak, elm, pecan, walnut, hickory, cherry, cypress, redbud and any rare species, with diameter measured 18 inches above finished grade immediately after planting; three one-gallon shrubs; three five-gallon shrubs; and turf grass or an alternative material as defined in this section from the front property line to the front two corners of the structure and a minimum coverage area extending three feet from the slab/foundation to protect against water runoff from the roof dripline. If lawn grass is not used in this area, rain gutter systems will be required. One three-and-one-half inch caliper tree may be substituted for two two-inch trees, if the tree is planted in the front yard. Existing trees and shrubs that are retained in healthy condition will be counted toward fulfillment of these requirements.

EXHIBIT "D-1"
DESIGN GUIDELINES

BLANCO RIVER RANCH

DESIGN GUIDELINES
[RESIDENTIAL]

Submittals

Requests for approval of proposed new construction, landscaping, or exterior modifications must be made by submitting the information and materials outlined in the Plan Review Process, set forth herein. The Blanco River Ranch Reviewer will attempt to review all applications and submittals within thirty (30) days. Please allow at least thirty (30) days prior to installation or construction for the Blanco River Ranch Reviewer to review the related applications.

Timing of Completion

The construction of a residence or Improvement by a Homebuilder must be started promptly after receiving approval from the Blanco River Ranch Reviewer and completed with due diligence. Unless otherwise approved in advance by the Blanco River Ranch Reviewer, each single family residence must be completed on or before the expiration of one hundred and eighty (180) days after commencement of construction.

Architectural and Aesthetic Standards

A. Required Architectural Elements

All single family residences are required to have the following architectural elements:

- At least seventy-five percent (75%) of the exterior surface area of walls, including all stories of a residence, shall consist of unpainted clay brick, ledge stone, fieldstone, cast stone, marble, granite, tile, painted or tinted stucco, nonreflective glass façade, and glass block (or alternative glazing e.g. Kalwall). The remaining exterior wall surface shall be comprised of those materials listed or cementious-fiber planking. Panels are strictly prohibited. Solid wood planking and decorative cementious-fiber panels may be used for accent features;

- Windows shall have a maximum exterior reflectivity of twenty percent (20%);

- All residence fronts shall have least five different design features to break the wall plane. The following is a list of design features that shall be utilized:

    - Horizontal offsets;
    - Recesses or projections,
    - Porches;

- Breezeways;
- Porte-cocheres;
- Courtyards;
- Awnings;
- Canopies;
- Alcoves;
- Recessed entries;
- Ornamental cornices;
- Display or other ornamental windows;
- Vertical "elevation" offsets;
- Peaked roof forms;
- Arches;
- Outdoor patios;
- Architectural details, such as tile work or moldings integrated into the façade;
- Integrated planters or wing walls;
- Varied roof heights; or
- Premium roofing materials such as tile or standing seam metal;

- All roofs shall be peaked and have at least a 6 12 pitch except for porches and shed roofs which may be constructed to a minimum pitch of 2:12

B. Plan Repetition

Blanco River Ranch Reviewer may, in its sole and absolute discretion, deny a plan or elevation proposed for a particular Lot if a substantially similar plan or elevation exists on a Lot in close proximity to the Lot on which the plan or elevation is proposed. The Blanco River Ranch Reviewer may, in its sole and absolute discretion, deny a plan and elevation proposed for a particular Lot, if the same plan and elevation exists across the street or diagonal from the plan and elevation that is proposed. The Blanco River Ranch Reviewer may adopt additional requirements concerning substantially similar plans or elevations constructed in proximity to each other, and reserves the right to reject an elevation that closely resembles that of a nearby home or in any way detracts from the overall street scene. For Example:

- *Same Plan and Elevation can be repeated every third Lot (example: Plan A, Plan B, Plan C, and Plan A below).*

Plan A	Plan B	Plan C	Plan A
Plan D	Plan E	Plan F	Plan B

- *Across the Street: Same Plan and Elevation cannot be placed on a Lot across the street or diagonal from any other plan.*

- *Same Plan, different elevation, same and opposite side of the street, must have two (2) full Lot separation (repeated every three (3) Lots).*

- *The number of combinations of plans and elevations shall, at a minimum, equal at least twenty-five percent (25%) of the total Lots in any final plat section, but is not required to exceed fifteen (15). (For example, five floor plans with three different elevation options for each floor plan results in fifteen different floor plan/elevation combinations).*

C. Brick Color and Masonry Stone Repetition

Blanco River Ranch Reviewer may, in its sole and absolute discretion, deny a proposed brick or masonry color for a particular Lot if a substantially similar brick color or masonry stone exists on a Lot in close proximity to the Lot on which the brick color or masonry stone is proposed. The Blanco River Ranch Reviewer may adopt additional requirements concerning substantially similar brick or masonry stone constructed in proximity to each other, and reserves the right to reject a brick color or masonry stone that closely resembles that of a nearby home or in any way detracts from the overall street scene. For Example:

- *Similar brick color or masonry stone can be repeated every third Lot (example: Plan A, Plan B, Plan C, and Plan A).*

Brick A	Brick B	Brick C	Brick A
Brick D	Brick E	Brick F	Brick B

- *Across the Street: Same brick color or masonry stone cannot be placed on a Lot across the street or diagonal from any other brick color or masonry stone (example above: Brick B).*

D. Exterior Finishing Materials

The exterior of each primary residence on a Lot shall consist of the following exterior finishing materials:

- New Materials. All building materials must be approved in advance by Blanco River Ranch Reviewer, and only new building materials (except for antique brick if approved in writing) may be used for constructing any Improvements. Brick, stone, cast stone or other similar masonry product shall not be painted.

- Exterior Wall Standards.

  - At least seventy-five percent (75%) of the exterior surface area of walls, including all stories of a residence, shall consist of unpainted clay brick, ledge stone, fieldstone, cast stone, marble, granite, tile, painted or tinted stucco, nonreflective glass façade, and glass block (or alternative glazing e.g. Kalwall). The remaining exterior wall surface shall be comprised of those materials listed or cementious-fiber planking. Panels are strictly prohibited. Solid wood planking and decorative cementious-fiber panels may be used for accent features.

  - *Calculation of Percentages.* In calculating percentage of exterior wall area, the area of windows and window frames, doors and door frames, eaves, soffits, dormers, columns,

recessed entryways, foundation and similar areas are excluded from the calculations and may utilize any of the materials listed in the applicable component exterior wall standards, when construction with the required masonry materials is not reasonably feasible.

- *Stucco.* Blanco River Ranch Reviewer must approve in advance the composition and method of application of all stucco proposed to be applied.

- *Accessories.* Roofs, eaves, soffits, windows, gables, doors, garage doors and trim work are not required to be constructed of masonry.

- Public View Corridors. Any residence facing, abutting or adjacent to important public view corridors such as, a collector road, as determined by the Blanco River Ranch Reviewer in its sole and absolute discretion, shall use 100% masonry and attempt to provide design detail, approved by the Blanco River Ranch Reviewer, that avoids a "flat front" look.

- Exposed Foundations. Exposed portions of the foundation on each front, side and rear elevation, visible from any street, must be concealed by extending the exterior masonry to within at least twenty-four inches (24") of the finished grade. If the exterior of the elevation adjacent to the exposed foundation is constructed of stucco, Blanco River Ranch Reviewer will have the authority to require the use of masonry, in a color approved in advance by Blanco River Ranch Reviewer, to conceal the exposed portion of the foundation. Remaining exposed slab area must be parged/sand finished. Exposed areas of slabs visible from streets may require textured/painted finish at the sole discretion of the Blanco River Ranch Reviewer. Exposed slab on the front of the house and, on corner Lots the entire exposed side of the slab facing the street, must have textured, painted finish.

- Projections and Accessories. All projections from a dwelling or other structure, including but not limited to chimney flues, vents, gutters, downspouts, porches, railings and exterior stairways must match the color of the surface from which they project, unless otherwise approved by the Blanco River Ranch Reviewer. Roofs, eaves, soffits, windows, gables, doors, garage doors and trim work are not required to be constructed of masonry.

- Prohibited Elements:

  - Vertical siding or wood shake siding (wood siding accents may be permitted if approved by Blanco River Ranch Reviewer).
  - Highly reflective finishes on exterior surfaces (other than non-mirrored glass or on surfaces of hardware fixtures).
  - Mirrored glass.
  - No vivid/bright colors.
  - Gray brick or other masonry.

Landscape Guidelines

A. Landscape

General landscaping guidelines for each Lot are set forth below. Notwithstanding the subsequent provisions, the installation of drought-resistant landscaping or water-conserving turf on a residential lot, which is a landscaping procedure known as xeriscaping ("**Xeriscaping**"), will be permitted upon written approval by the Blanco River Ranch Reviewer in accordance with those certain Xeriscaping provisions set forth in the Development Area Declaration. All landscapes and landscaping must be approved in writing prior by the Blanco River Ranch Reviewer prior to installation.

- Plans. A detailed landscape plan for the minimum landscape package for each Lot size must be submitted to the Blanco River Ranch Reviewer for consideration at least ninety (90) days before completion of the residence. The minimum landscape package must be in conformance with the landscape sections of the Zoning Ordinance (Chapter 53, Article V, Landscaping and Screening Requirements of the City of Kyle Code of Ordinances). No significant (*i.e.* major changes in the plant list, plant and plant bed locations, plant count, hardscape design, materials) revisions that would be considered to lower the quality or look of the package may be made to the approved plan without submission to, and further approval by the Blanco River Ranch Reviewer of the revised plan. Landscape plans must include vegetative screening for above ground utility connections visible from the street or adjacent properties in accordance with the plan approved in advance by the Blanco River Ranch Reviewer. Hardscape elements in the landscaping must be in scale with the home and associated structures.

- Materials. All introduced vegetation shall be trees, shrubs, vines, ground covers, seasonal flowers or sodded grasses which are recommended by the Grow Green Plant Guide, a copy of which is available online at the City's website, and which are routinely and generally accepted landscape practices for the region and which are approved by the Blanco River Ranch Reviewer. An emphasis should be placed on utilizing native plants that are drought tolerant. A minimum of 2" of mulch is required for all shrub and bed areas. Caliche is not considered soil. An Owner must plant grass within three (3) days after top-soil for planting grass has been delivered to the Lot. Buffalo grass, zoysia grass or Bermuda grass are recommended for sunny sections of the landscape. Bermuda and Buffalo grass should be maintained at a height of two to two and one-half inches.

- Installation and Maintenance. Landscaping of new homes must be installed within thirty (30) days of completion and in any event, landscaping in accordance with the approved plans shall be completely installed prior to occupancy of a residence. Extensions to the time limit may be granted by the Blanco River Ranch Reviewer. After installation, landscaping (including temporary landscaping) shall be properly maintained at all times.

- Minimum Landscape Requirements. Landscaping of a new home must conform to the following minimum requirements:

- Full sodded front and side yards (in front of fences), with backyards to be fully sodded by the Owner within thirty (30) days after acquiring occupancy of the Lot for residential purposes;

- On all Lots other than corner Lots, two (2) three-inch caliper significant trees such as oak, elm, pecan, walnut, hickory, cherry, cypress, redbud and any rare species, measured eighteen inches above finished grade immediately after planting. On all corner Lots, four (4) three-inch caliper trees (with two (2) in the front portion of the Lot and two (2) in the side of the Lot adjacent to the street)

- Ten (10) five-gallon shrubs;

- Turfgrass or alternative materials which can include native and adaptive landscape plants as specified in the Grow Green Guide, mulch, or similar materials. No more than fifty percent (50%) of the Lot may consist of non-plant material, from the front property line to the front two (2) corners of the residence and minimum coverage area extending 3' from the slab/foundation to protect water runoff from the roof drip line. If lawn grass is not used in this area, then rain gutter systems shall be installed. The use of rock or crushed rock as a ground cover shall not be permitted. See *Section 3.13* of the Development Area Declaration for further guidelines on Xeriscaping;

Trees and shrubs should be pruned to avoid blocking clear view of signs, address markers, the flow of air conditioner compressors as well as pedestrian and vehicular traffic.

- Gardens; Sculptures and Fountains. Any Owner who wishes to modify their landscaping upon their Lot must obtain the approval of the Blanco River Ranch Reviewer. Sculptures and fountains are subject to approval by Blanco River Ranch Reviewer.

- Landscape Screening. Approved screening techniques including fences, evergreen vegetative screens, landscape berms, existing vegetation or any combination thereof.

  - Fencing. The finished side of all fences built to comply with screening shall face away from the screened object. All posts shall have concrete footings.

  - Evergreen Vegetative Screens. Evergreen plant materials shall be shrubs, at least thirty inches (30") in height and at a minimum spacing of 48 inches (48") at the time of installation, in combination with shade trees not more than fifty feet apart.

  - Landscape Berms. In combination with trees, shall fulfill the screening requirements of this section if the berms are at least feet (3') in height and have a maximum side slope of four feet (4') of horizontal run for every one foot (1') in vertical rise.

  - Existing on-site vegetation, demonstrating significant visual screening capabilities, including but not limited to evergreens.

- Tree Protection. Protection and preservation of trees is of significant important to the aesthetics of the community and the environment of Blanco River Ranch.

- Tree Removal. All existing trees shall be preserved to the best extent possible. As used herein, the term "Building Envelope" shall be defined as the area of the Lot that is allowed for construction of a residence as defined by the setbacks of the Lot. Within the Building Envelope, a Homebuilder may remove any existing tree less than 18" in diameter as measured 24" off the ground. Within the Building Envelope, any existing tree greater than or equal to 18" in diameter as measured 24" off the ground shall require prior written approval from the Blanco River Ranch Reviewer before removal. Any existing trees should be shown on the plot plan that is submitted by the Homebuilder to the Blanco River Ranch Reviewer for review and prior approval. All existing trees outside the Building Envelope shall be preserved regardless of size.

EXHIBIT "D-2"
CITY'S CURRENT BUILDING CODE IN EFFECT ON VESTING DATE

Chapter 8 – Building Regulations Including

2009 International Building Code
2009 International Residential Code
2009 International Plumbing Code
2009 International Mechanical Code
2000 International Electrical Code
2009 International Fire Code
2009 International Energy Conservation Code
2009 International Property Maintenance Code

Chapter 26 – Parks and Recreation

Chapter 29 – Sign Standards and Permits

Chapter 32 – Site Development

Chapter 38- Streets, Sidewalks and Other Public Places

Chapter 41- Subdivisions

Chapter 50- Utilities

EXHIBIT "E"
SCHEDULE FOR DE-ANNEXATION, ANNEXATION AND OTHER PROJECT APPROVALS

RESOLUTION NO. 1060

A RESOLUTION TO PROVIDE FOR THE POSSIBLE EXTENSION OF THE KYLE MUNICIPAL BOUNDARIES BY THE ANNEXATION OF APPROXIMATELY 119.20 ACRES WHICH IS LOCATED WEST OF N. OLD STAGECOACH RD IN THE BLANCO RIVER RANCH; AND THE DE-ANNEXTION OF APPROXIMATELY 242.12 ACRES WHICH IS LOCATED WEST OF THE INTERSECTION OF N. OLD STAGECOACH RD AND W. RR 150 IN THE BLANCO RIVER RANCH; AND SETTING THE DATES AND TIMES OF TWO PUBLIC HEARINGS FOR THE PURPOSE OF ANNEXING AND DE-ANNEXING PROPERTY AND SETTING AN EFFECTIVE DATE

WHEREAS, City of Kyle is a Home Rule city that has the legal authority under Chapter 43 of the Texas Local Government code to annex property in accordance with state law and City Charter; and

WHEREAS, City Kyle is a Home Rule city that has the legal authority under Chapter 43 of the Texas Local Government code and state law requires a home rule city to comply with their City Charter to de-annex property in their city limits; and

WHEREAS, City Kyle City Charter, Section 1.07 requires the Council to adopt an ordinance to unilaterally annex or de-annex any land upon its own initiative when in the best interest of the city and the procedure for the annexation or de-annexation may not be inconsistent with state law; and

WHEREAS, Section 43.063(a) of the Texas Local Government Code and Section 1.07 of the City Charter require the City to conduct two public hearings to be held at least ten (10) days but not more than twenty (20) days after notice of such public hearings are published, and

WHEREAS, Section 43.0561(c) of the Texas Local Government Code and Section 1.07 of the City Charter require the publication of notice of each hearing in a newspaper of general circulation in the City of Kyle at least once on or after the 10th day but before the 20th day before the date of the hearing; and

WHEREAS, the property to be annexed is approximately 119.20 acres located west of N. Old Stagecoach Rd in the Blanco River Ranch; and

WHEREAS, the property to be de-annexed is approximately 242.12 acres located west of the intersection of N. Old Stagecoach Rd and W. RR 150 in the Blanco River Ranch; and

NOW, THEREFORE, BE IT RESOLVED AND ORDERED BY THE CITY COUNCIL OF THE CITY OF KYLE, HAYS COUNTY, TEXAS:

Section 1. City of Kyle will publish the notice of the first public hearing on or about April 26, 2017 in compliance with Section 43.0561(c) of the Texas Local Government Code.

Section 2. City will hold its first public hearing during a special called council meeting on May 6, 2017.

Section 3. City of Kyle will publish the notice of the second public hearings on or about April 26, 2017 in compliance with Section 43.0561(c) of the Texas Local Government Code.

Section 4. City will hold its second public hearing during a scheduled council meeting on May 16, 2017.

Section 5. City will consider for adoption the annexation of approximately 119.20 acres located west of N. Old Stagecoach Rd in the Blanco River Ranch.

Section 6. On May 16, 2017, if Council elects to annex the land described in Section 5, City will accomplish the annexation by Ordinance that will include the metes and bounds for all parcels and include the Service Delivery Plan for the area.

Section 7. This Resolution shall become effective upon passage.

PASSED, APPROVED AND RESOLVED in KYLE, Texas, this the 2nd day of May, 2017.

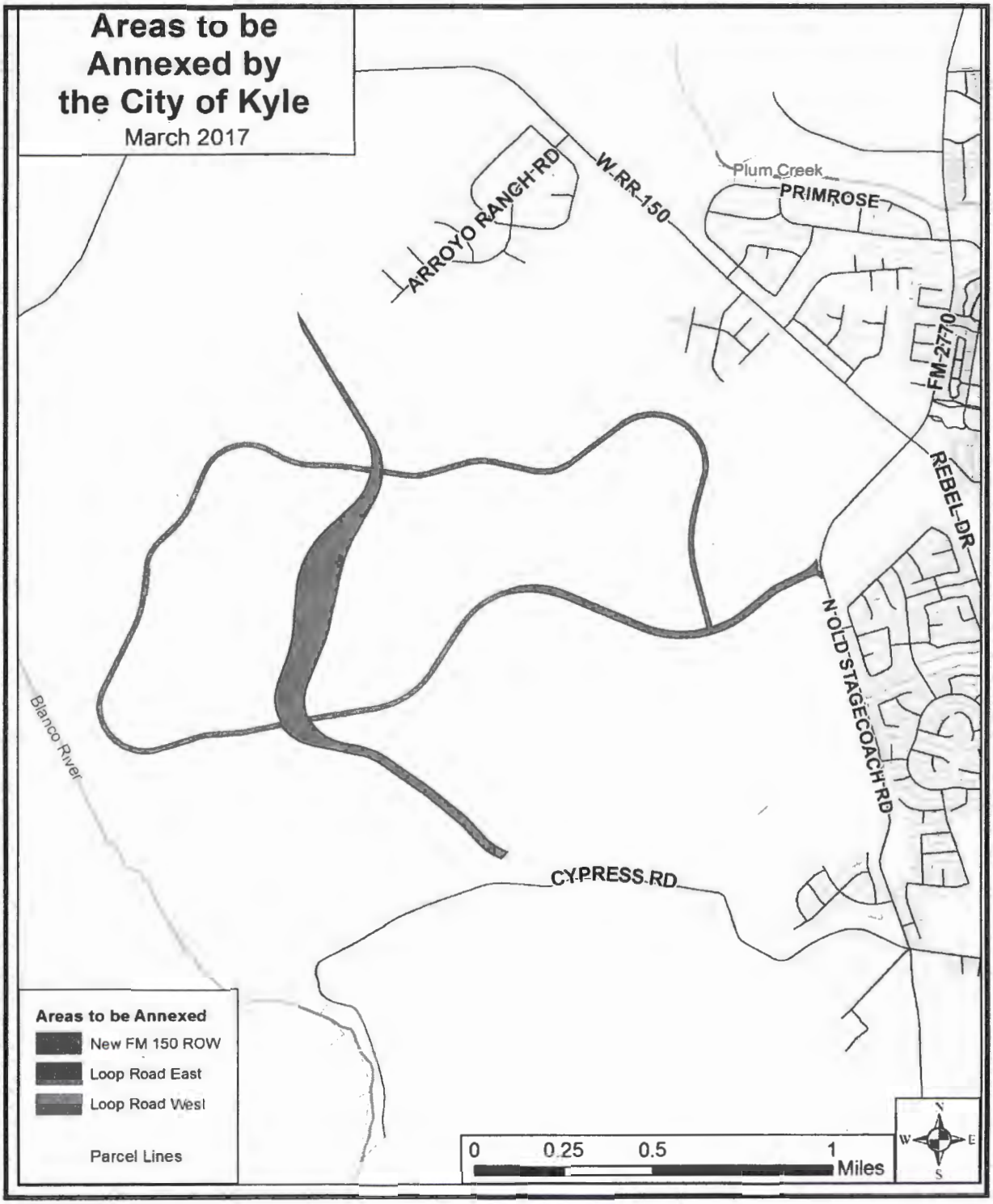
CITY OF KYLE, TEXAS

By: _____
Todd Webster, Mayor

ATTEST

By: _____
Jennifer Vetrano
City Secretary

EXHIBIT "F"
SPINE ROAD ALIGNMENT, INCLUDING AREAS TO BE ANNEXED AND DE-ANNEXED



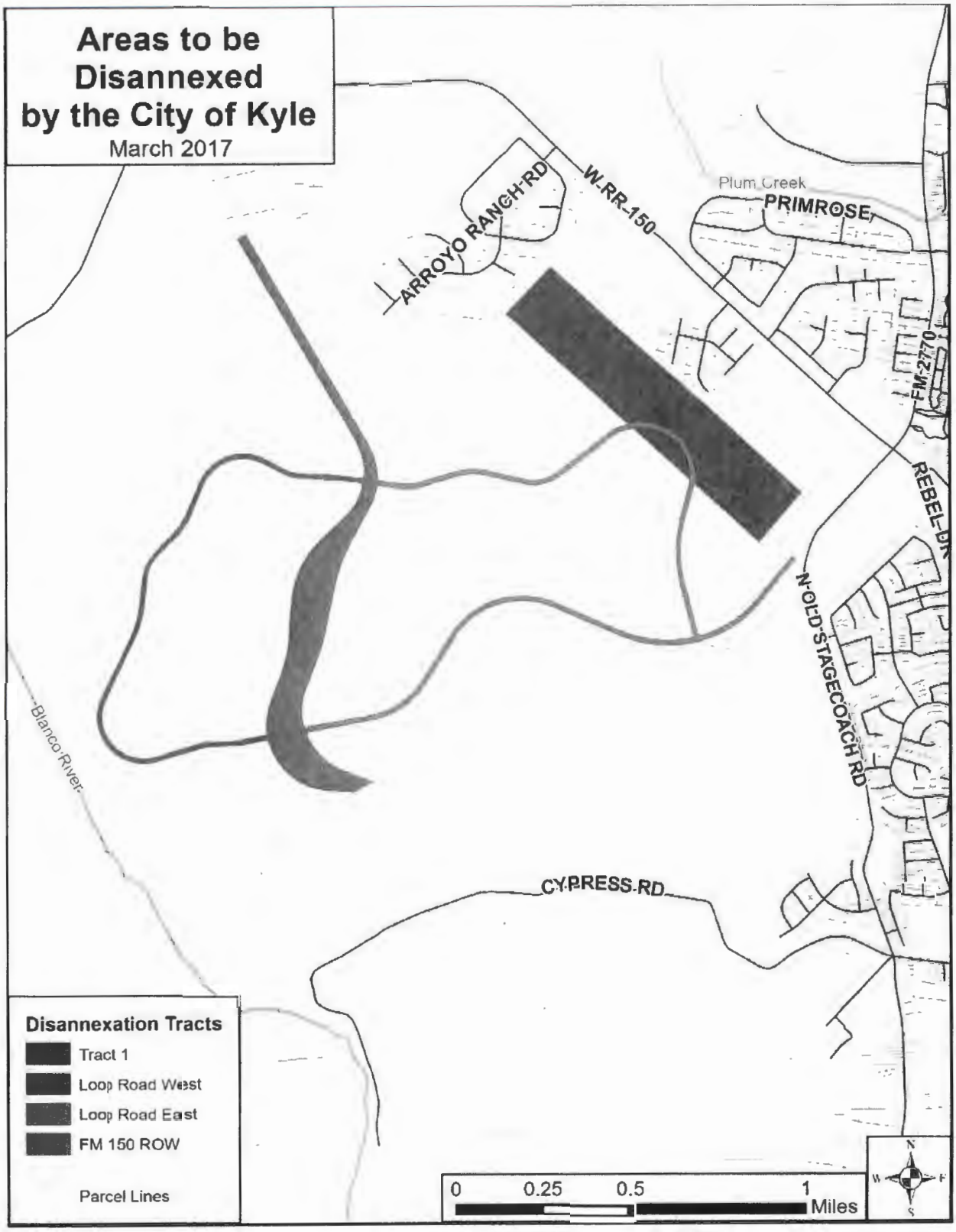

Areas to be Disannexed by the City of Kyle
March 2017
ARROYO RANCH RD
W RR-150
Plum Creek
PRIMROSE
FM-2770
REBEL DR
N OLD STAGECOACH RD
Blanco River
CYPRESS RD
Disannexation Tracts
Tract 1
Loop Road West
Loop Road East
FM 150 ROW
Parcel Lines
0
0.25
0.5
1
Miles
N
W
E
S

EXHIBIT "G"
CITY PID REQUIREMENTS

CITY OF KYLE

Public Improvement District Policy

OVERVIEW

Public Improvement Districts ("PIDs"), per the Texas Local Government Code Chapter 372 ("the code" or "PID Act"), provide the City of Kyle ("the City") an economic development tool that permits the financing of qualified public improvement costs which confer a special benefit on a definable part of the City, including property both within its corporate limits as well as property that may be located within its extra-territorial jurisdiction. Proceeds from bonds issued by a PID can finance capital costs and fund supplemental services to meet the community needs which could not otherwise be constructed or provided. The bonds issued by the PID to fund the costs of eligible capital improvements and/or supplemental services are paid entirely by property owners within the Public Improvement District ("PID") who receive special benefits from the capital improvements or services. **A PID may only be used to pay for public improvements.**

A PID is comprised of properties, whose owners have petitioned the City to form a PID. The City Council establishes a PID by adoption of a resolution after a public hearing. Written notification of the public hearing is published and mailed to all property owners in the proposed PID. By petition, the owners pledge to pay an assessment in order to receive enhanced services and/or improvements within the District. The PID must demonstrate that it confers a benefit, not only to the properties within the district, but also to the "public" which includes the City.

The purpose of this PID policy is to outline the issues to be addressed by the owner of the taxable real property liable for assessment petitioning for creation of a PID ("Petitioner") before the City Council can support the establishment of a PID. The PID policy outlines such things as petition requirements, qualified costs, financing criteria, information disclosures to property owners, and the determination of annual plans, budgets and assessments.

GENERAL

1. A PID may be created and utilized to construct qualified public improvements and/or reimburse a Developer's actual and documented costs required to serve the development. Such incremental costs shall be associated with the construction of qualified public improvements.
2. PIDs must be self-sufficient and not require the City to incur any costs associated with the formation of the PID, bond issuance costs, PID administration or the construction of PID improvements.
3. PID petition signatures should reflect that a reasonable attempt was made to obtain the full support of the PID by the majority of the property owners located within the proposed PID. Priority will be given to PIDs with the support of 100% of the landowners within a PID.

4. Priority will be given to PID improvements:
    a. In support of development that will generate economic development benefits to the City;
    b. In the public right of way (e.g., entryways, landscaping, fountains, specialty lighting, art, decorative and landscaped streets and sidewalks, bike lanes, multi-use trails, signage); and
    c. Which meet community needs (e.g., enhanced drainage improvements, parks and off-street public parking facilities, wastewater and/or water on or off-site improvements).
5. A PID's budget shall include sufficient funds to pay for all costs, including additional administrative and/or operational costs.
6. A Landowner's Agreement must be recorded in the Official Public Records of the County in which the PID is located which, among other things, will notify any prospective owner of the existence or proposal of special assessments on the property. Al closing statements and sales contracts for lots must specify who is responsible for payment of any existing PID assessment or a *pro rata* share thereof until such time as the PID assessment is paid in full.
7. Any requested adjustments or deviations from the terms of this Policy for a PID shall be clearly requested and explained in the PID petition for that PID. Any adjustments or deviations granted are at the sole discretion of the City Council.
8. A PID must be identified as a PID with use of signage along the main entry/exits located at the boundaries of the PID. All signage shall be clearly visible to all motorists entering and exiting the PID.
9. Property owned by the City of Kyle that is located in the boundaries of the PID shall not be subject to any assessment by the PID.
10. No PIDs will be allowed to be created that overlap the boundaries of another PID.
11. Annual Service and Assessment Plan updates, as required by chapter 372 of the PID Act, shall be provided for if a PID is created in response to a petition.

PETITION REQUIREMENTS

In addition to the requirements of Texas Local Government Code §372.005(a) the petition must include the following:

1. PID petitions shall include this additional note: "With respect to community property, the City may accept the signature of a spouse as a representation of both spouses that they support the creation or renewal of the PID absent a separate property agreement. *However, if City staff is made aware of any disagreement among owners of community property, those petitions will not be counted.*
2. Signatures for PID petitions must be gathered not more than six months preceding submittal of the PID Application.
3. PID petitions shall include this language: The City shall, upon reasonable prior written notice to the Developer and during normal business hours, have the right to audit and inspect the Developer's records, books, and all other relevant records related to

Reimbursable Amounts under this Agreement. The Parties agree to maintain the appropriate confidentiality of such records, unless disclosure of such records and information shall be required by a court order, a lawfully issued subpoena, State Law, municipal ordinance, or at the direction of the Office of the Texas Attorney General.

4. All PID Agreements shall include Indemnification language for construction of public improvements as follows:

Indemnification. **DEVELOPER COVENANTS AND AGREES TO FULLY INDEMNIFY AND HOLD HARMLESS, CITY (AND THEIR ELECTED OFFICIALS, EMPLOYEES, OFFICERS, DIRECTORS, AND REPRESENTATIVES), INDIVIDUALLY AND COLLECTIVELY, FROM AND AGAINST ANY AND ALL COSTS, CLAIMS, LIENS, DAMAGES, LOSSES, EXPENSES, FEES, FINES PENALTIES, PROCEEDINGS, ACTIONS, DEMANDS, CAUSES OF ACTION, LIABILITY AND SUITS OF ANY KIND AND NATURE BROUGHT BY ANY THIRD PARTY AND RELATING TO DEVELOPER'S CONSTRUCTION OF THE PUBLIC IMPROVEMENTS INCLUDING BUT NOT LIMITED TO, PERSONAL INJURY OR DEATH AND PROPERTY DAMAGE, MADE UPON CITY OR DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM OR RELATED TO DEVELOPER OR DEVELOPER'S CONTRACTORS' NEGLIGENCE, WILLFUL MISCONDUCT OR CRIMINAL CONDUCT IN ITS ACTIVITIES, INCLUDING ANY SUCH ACTS OR OMISSIONS OF DEVELOPER OR DEVELOPER'S CONTRACTORS, ANY AGENT, OFFICER, DIRECTOR, REPRESENTATIVE, EMPLOYEE, CONSULTANT OR SUBCONSULTANTS OF DEVELOPER OR DEVELOPER'S CONTRACTORS AND THEIR RESPECTIVE OFFICERS, AGENTS, EMPLOYEES, DIRECTORS AND REPRESENTATIVES, ALL WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO CITY UNDER TEXAS LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES UNDER TEXAS LAW. THE PROVISIONS OF THIS INDEMNIFICATION ARE SOLELY FOR THE BENEFIT OF THE CITY AND ARE NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY. DEVELOPER SHALL PROMPTLY ADVISE CITY IN WRITING OF ANY CLAIM OR DEMAND AGAINST CITY, RELATED TO OR ARISING OUT OF DEVELOPER OR DEVELOPER'S CONTRACTORS ACTIVITIES UNDER THIS AGREEMENT AND SHALL SEE TO THE INVESTIGATION AND DEFENSE OF SUCH CLAIM OR DEMAND AT THE DEVELOPER'S COST TO THE EXTENT REQUIRED UNDER THE INDEMNITY IN THIS PARAGRAPH. CITY SHALL HAVE THE RIGHT, AT THEIR OPTION AND AT THEIR OWN EXPENSE, TO PARTICIPATE IN SUCH DEFENSE WITHOUT RELIEVING**

DEVELOPER OF ANY OF ITS OBLIGATIONS UNDER THIS PARAGRAPH.

IT IS THE EXPRESS INTENT OF THIS SECTION THAT THE INDEMNITY PROVIDED TO THE CITY AND THE DEVELOPER SHALL SURVIVE THE TERMINATION AND / OR EXPIRATION OF THIS AGREEMENT AND SHALL BE BROADLY INTERPRETED AT ALL TIMES TO PROVIDE THE MAXIMUM INDEMNIFICATION OF THE CITY AND / OR THEIR OFFICERS, EMPLOYEES AND ELECTED OFFICIALS PERMITTED BY LAW.

For a district to be established, a petition shall include the following:

1. Evidence that the petition's signatures meet the state law requirements or the petition must be accompanied by a reasonable fee to cover the City's costs of signature verification. If the proposed district is an expansion of an existing district, a petition for the new portion of the district must identify each subdivision, or portion thereof, within the proposed boundaries of the new district, and each subdivision or portion thereof that is not currently in an existing PID shall individually satisfy the requirements for a petition under Section 372.005 of the Texas Local Government Code. Subdivision has the meaning assigned by Section 232.021 of the Texas Local Government Code.
2. Map of the area, a legal description of the boundaries of the district for the legal notices and a "commonly known" description of the area to be included in the district.
3. Statement that the petitioners understand that the annual Service and Assessment Plan for the district is subject to review by City staff with final approval by the City Council.
4. Unless otherwise approved by City Council in acceptance of the PID Petition as provided in Item 7 under General above, upon approval of the PID, the boundaries of the PID will be immediately annexed into the City of Kyle.

In addition, the following issues must be addressed before the City Council will take action on a petition.

1. A non-refundable application fee of $15,000.00 will be required with the filing of a petition to create a PID. This fee is regulatory in character and approximates the costs of evaluating the PID petition. Any other related upfront City-required cost, limited to actual costs as are documented by the City, is the responsibility of the Developer.
2. A petition must include a current tax roll with notations indicating the owners registering support for the petition.
3. A copy of the Preliminary PID Finance Plan shall be submitted with the petition. This Finance Plan shall include at minimum:
    a. Targeted gross bond amount;
    b. Estimated *ad valorem* revenue generated;
    c. Annual assessment per unit;
    d. Estimated number of bond issuances;
    e. Proposed maturity dates for PID Bonds; and

f. Any other such supporting information related to the success of the PID.

PID ADMINISTRATION

1. The City may contract with a qualified third party company to manage and administer the PID, subject to appropriate oversight by City staff.
2. Any management firm for a PID shall be required to submit quarterly reports of all activities and expenditures to the City until the project is 80% build out.
3. The City may request an independent audit at any time.

PROJECT CRITERIA

In agreeing to form a PID for which debt will be issued to fund the costs of constructing qualified public improvements, the City will require the following:

1. The property owner must demonstrate to the City that it has the expertise to complete the new development that the PID will support.
2. The property owner must provide the City with its sources of funding the public improvements not being funded by the PID unless such improvements have already been constructed by the property owner prior to the PID funding.
3. The proposed development must be consistent with the entitlements on the property. All required zoning must be in place for the development of the portion or phase of the Property to be assessed by the PID Bond issue prior to the issuance of any PID bonds for that portion of the property.
4. The property owner must provide evidence to the City that the utility service provider has or will have sufficient capacity to provide all necessary utility services for the development of the portion or phase of the Property to be assessed by the PID Bond issue prior to the issuance of any PID bonds for that portion of the property.
5. All reasonable estimated costs must be identified before a decision is reached on a request to issue bonds for a PID. Costs to be identified include costs related to establishing the district, costs for construction and/or the acquisition of improvements, the maintenance and operation of improvements (if any) and PID administrative costs.
6. If the City elects to hire a qualified third party PID administrator to administer the PID, the costs for such administration shall be paid for with PID funds.
7. The PID Financing Agreement (or other applicable PID documentation) shall contain a section which clearly identifies the benefit of the PID to the affected property owners and to the City as a whole (i.e., public purpose) and also evidence of insurance.
8. The Service and Assessment Plan shall describe, if applicable, all City-owned land within the district.

BOND SIZE LIMITATIONS

The following limitations and performance standards shall apply to a PID debt issue approved by the City:

1. Minimum appraised value to lien ratio at date of each bond issue: 3:1
2. Minimum annual permitted increase for the debt service component of the annual assessment installment: 0%
3. Maximum maturity for each series of bonds (to extent allowed by law): 30 years

The aggregate principal amount of bonds required to be issued shall not exceed an amount sufficient to fund: (i) the actual costs of the qualified public improvements; (ii) required reserves and capitalized interest during the period of construction and not more than 12 months after the completion of construction and in no event for a period greater than three (3) years from the date of the initial delivery of the bonds; and (iii) any costs of issuance. Provided, however that to the extent the law(s) which limit the period of capitalized interest to 12 months after completion of construction change, the foregoing limitation may be adjusted to reflect the law(s) in effect at the time of future bond issuances.

FINANCING CRITERIA

1. The PID may seek bond issues in advance of construction of an individual phase of a project subject to compliance with these standards.
2. No City backing or moral obligations will be utilized to fund or support the PID bonds.
3. All proposed subsequent PID bond issues for a project, if any, will be subject to approval by the City Council.
4. Special assessments on any given portion of the property may be adjusted in connection with subsequent bond issues as long as an agreed-upon maximum annual assessment rate is not exceeded for a project or phase, and the special assessments are determined in accordance with the Service and Assessment Plan and the PID Act. Special assessments on any portion of the property will bear a direct proportionate relationship to the special benefit of the public improvements to that improvement area. In no case will assessments be increased for any parcel unless the property owner of the parcel consents to the increased assessment.
5. The City shall not be obligated, but may choose to do so at its sole discretion, to provide funds for construction of any improvement except from the proceeds of the PID bonds and PID assessments.
6. Each PID Bond Indenture will contain language precluding the City from making any debt service payments for the PID bonds other than from available special assessment revenues.
7. A PID will be responsible for payment of all the City's reasonable and customary costs and expenses including the cost of any appraisal.
8. Any PID bond issued will include a Reserve Fund in an amount equal to the lesser of: (i) the maximum annual debt service on the bonds; (ii) 10 percent of the Bond Par Amount; or (iii) 125 percent of the average annual debt service and that such Reserve Fund will be funded from bond proceeds at the time bonds are issued.
9. All public infrastructure within the PID that is to be reimbursed must include a minimum of three (3) bidders approved by the City and the Developer.

10. All Developers and significant landowners will provide any required continuing disclosure obligations associated with the issuance of PID bonds as required under the Indenture or any other regulatory agreement or regulatory agency.
11. All construction of improvements is subject to City review and provision shall be made for dedication to City or to another appropriate entity.

MISCELLANEOUS

1. Severability: If any section, subsection, sentence, clause, phrase, or word of this policy is declared unconstitutional or invalid for any purpose, the remainder of this policy shall not be affected.
2. No Personal Liability of Public Officials. No public official or employee shall be personally responsible for any liability arising under or growing out of any approved PID. Any obligation or liability of the Developer whatsoever that may arise at any time under the approved PID or any obligation or liability which may be incurred by the Developer pursuant to any other instrument transaction or undertaking as a result of the PID shall be satisfied out of the assets of the Developer only and the City shall have no liability.

EXHIBIT "G-1"
ADDITIONAL PID REQUIREMENTS APPROVED BY OWNER

GENERAL

1. Priority will be given to PID improvements:

(a) Improvements or services that advance City's adopted Master Plan; and

(b) Projects that increase or enhance City's multimodal transportation and roadway plans.

2. All purchasers of property within a PID that elect to set up an escrow account to pay for mortgage payments, property taxes, insurance and/or other related expenses; shall be required to include the payment of any PID annual installments in the amounts collected via such escrow account.

3. Developer contracts with builders will require that builders who use the Multiple Listing Service (or other comparable mass distribution service of available properties for sale) include within such listing the presence of the PID and the estimated annual installments due.

4. In the case of any conflict between **Exhibit "G"** and **Exhibit "G-1"**, **Exhibit "G-1"** controls.

PETITION REQUIREMENTS

1. In accordance with Texas Local Government Code §372.005(a) the petition must include the following:

(a) the general nature of the proposed improvements:

(b) the estimated cost of the improvements;

(c) the boundaries of the proposed assessment district;

(d) the proposed method of assessment, which may specify included or excluded classes of assessable property;

(e) the proposed apportionment of costs between the public improvement district and the municipality or county as a whole;

(f) whether the district will be managed by the municipality or county, by the private sector, or by a partnership of the two;

(g) that the persons signing the petition request or concur with the establishment of the district; and

(h) that an advisory body may be established to develop and recommend an improvement plan to the governing body of the municipality or county.

BOND SIZE LIMITATIONS

1. Minimum overall appraisal by an independent 3rd party appraiser, provides for a value to lien ratio at date of each bond issue of 3:1.

2. Maximum annual permitted increase in annual assessment installment: 2%

FINANCING CRITERIA

1. The PID may seek bond issues in advance of construction of an individual Phase of a Project subject to compliance with these standards. All such PID bond issue will be subject to approval of the City Council.

2. The City shall not be obligated to provide any funds for any improvement except from the proceeds of the PID Bonds and PID assessments.

3. Improvements funded with PID proceeds will be exempt from any public bidding or other purchasing and procurement policies per Texas Local Government Code Section 252.022(a) (9) which states that a project is exempt from such requirements if "paving drainage, street widening, and other public improvements, or related matters, if at least one-third of the cost is to be paid by or through special assessments levied on property that will benefit from the improvements."

4. Pursuant to the PID Act, the interest rate for assessments may exceed the interest rate of the bonds by no more than one half of one percent (0.50%). The City may allocate up to 0.50% of the interest rate component to fund a delinquency reserve, prepayment reserve, or for any other use that provides a direct benefit to the PID.

5. Developer will demonstrate committed capital (by proof of bank financing) to the City, on the closing date of PID Bonds issued in advance of construction of the first phase of Public Improvements for the Project, in an amount confirmed by an engineer's estimate of probable cost, which represents the difference between the budgeted cost to complete the public improvements assumed to be complete in the appraisal and the net proceeds of the PID bonds.

6. Improvements to be funded by the PID are limited to those defined as Authorized Improvements under Texas Local Government Code Section 372.003(b):

(a) Landscaping and irrigation in public rights of way;

(b) Erection of fountains, distinctive lighting, backlit street signs and way finding signs;

(c) Acquiring, constructing, improving, widening, narrowing, closing or rerouting sidewalks, streets or any other roadway or their rights-of-way;

(d) Construction or improvement of pedestrian malls;

(e) Acquisition and installation of pieces of public art;

(f) Acquisition, construction or improvement of libraries;

(g) Acquisition, construction or improvement of public off-street parking facilities;

(h) Acquisition, construction, improvement or rerouting of mass transportation facilities;

(i) Acquisition, construction or improvement of water, wastewater or drainage improvements;

(j) The establishment or improvement of parks;

(k) Acquisition, by purchase or otherwise, of real property in connection with an authorized improvement:

(l) Acquisition, by purchase or otherwise, of real property that shall be designated as conservation habitat, protected with a conservation easement, or used in furtherance of the protection of endangered species, or aquifer recharge features;

(m) Special supplemental services for improvement and promotion of the district, including services related to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development, recreation, and culture enhancement;

(n) Payment of expenses incurred in the establishment, administration, and operation of the district, including expenses related to the operation and maintenance of mass transportation facilities; and

(o) The development, rehabilitation, or expansion of affordable housing.

EXHIBIT "H"
PID AGREEMENT TERM SHEET

The following limitations and performance standards will apply to the Blanco River Ranch Public Improvement District (the "*PID*") agreed to by Blanco River Ranch Properties LP or its affiliates and assignees ("*Owner*"), and the City of Kyle, Texas (the "*City*") in connection with the development of the 858.7 acre portion of the 2,166 acre Blanco River Ranch master planned community (the "*Project*"):

FINANCING CRITERIA – PUBLIC IMPROVEMENT DISTRICT

1. Maximum Authorized Improvements (including hard costs, soft costs, contingency, and a construction management fee) for the PID: $225,000,000. Maximum Project Improvements (including hard costs, soft costs, contingency, and a construction management fee) for Improvement Areas 1A, 1B and 1C (i.e., the Project): $100,000,000.

2. Minimum appraised value to lien ratio for each PID Bond issued: 3:1

3. Maximum total equivalent tax rate including PID annual installment: $3.10/$100 Assessed Value

4. Maximum years of capitalized interest : 2

5. Maturity of PID Bonds (to extent allowed by law): 25 yrs.

6. It is agreed that the improvements to be funded by the PID are limited to those defined as Authorized Improvements under Texas Local Government Code Section 372.003.

7. The aggregate principal amount of PID Bonds required to be issued shall not exceed an amount sufficient to fund: (i) the actual costs of the qualified Authorized Improvements (ii) required reserves and capitalized interest during the period of construction and not more than 12 months after the completion of construction and in no event for a period greater than 2 years from the date of the initial delivery of the bonds and (iii) any costs of issuance. Provided, however that to the extent the law(s) which limit the period of capitalized interest to 12 months after completion of construction change, the foregoing limitation may be adjusted to reflect the law(s) in effect at the time of actual bond issuance.

MISCELLANEOUS

1. **Owner may request the issuance of PID Bonds in advance of construction of Public Improvements for the Project subject to compliance with these standards. No PID Bonds will be issued without the approval by the City of a Service and Assessment Plan for the Project.**

2. **No General Obligation or Certificate of Obligation bonds will be utilized by the City to fund the PID's Authorized Improvements.**

3. Special assessments on any given portion of the Project may be adjusted in connection with subsequent PID Bond issues as long as the maximum annual assessment rate is not exceeded, and the special assessments are determined in accordance with the Service and Assessment Plan. Special assessments on any portion of the Project will bear a direct proportionate relationship to, and will not exceed, the special benefit of the Authorized Improvements to that improvement area.

4. The City shall not be obligated to provide funds for any Authorized Improvement except from the proceeds of the PID Bonds.

5. The PID Bonds' Trust Indenture will contain language precluding the City from making any debt service payments for the PID Bonds other than from available special assessment revenues.

6. The PID will be responsible for payment of all of the City's reasonable and customary costs and expenses associated with the financing and administrative activities of the PID.

7. It is agreed that the PID will be exempt from any public bidding or other purchasing and procurement policies per Texas Local Government Code Section 252.022(a) (9) which states that a project is exempt from such policies for "paving drainage, street widening, and other Authorized Improvements, or related matters, if at least one-third of the cost is to be paid by or through special assessments levied on property that will benefit from the improvements."

8. No additional security or surety will be provided by the Owner, or its assignees, for the construction of the Authorized Improvements beyond typical performance bond or other similar surety agreements.

9. It is agreed that all principal landowners will provide any required continuing disclosure obligations associated with the issuance of PID Bonds as required under the Trust Indenture or any other regulatory agreement or regulatory agency.

10. This term sheet shall remain in place and in force until such time and date that a Final Financing Agreement is executed by both the City and the Owner.

11. In the case of any conflict between **Exhibit "G"** and **Exhibit "H"**, **Exhibit "H"** controls.

ADDITIONAL CRITERIA FOR PROPERTY

1. Owner agrees that an amount not to exceed 10 percent of the net PID Bond proceeds otherwise payable for actual costs of Authorized Improvements under this Agreement, exclusive of cost of issuance, interest, and contingency (the "*City PID Payment*"), will be retained by the City out of each PID Bond issuance to fund the City's actual expenditures or reimbursements to third parties for the cost of construction and/or acquisition of the following Authorized Improvements that benefit the Property: offsite water storage facilities, off-site booster pump facilities, and other off-site water system improvements serving the Property; off-site wastewater system improvements serving the Property; realignment and improvement of (including roundabout for) Old Stagecoach Road; realignment and improvement of FM 150; and trails and parks serving the Property (the "*City PID Improvements*"). Any costs incurred or advanced by Owner for the City PID Improvements will be credited against and reduce the amount of the City PID Payment at the time of each PID Bond issuance. If any City PID Improvements will serve property in addition to the Property, only a prorata share of the costs of such improvements will be eligible to be funded through the City PID Payment and such prorata share will be calculated based on the ratio of the total LUES within the Property to be served by the facility in question to the total LUEs to be served by the facility or, for roadway improvements, based on the estimated impact to the roadway as determined by a trip generation or traffic impact analysis. At such time as the cost of all City PID Improvements, or the eligible portions thereof, have been funded through PID Bonds, no further City PID Payment will be retained by the City.

2. The City and the Owner agree that the cost estimates for and timetable for construction and funding of the specific improvement projects that will be classified as the City PID Improvements will be agreed upon prior to approval of the service and assessment plan for the Project and that the total City PID Payment will not exceed 10% of the amount of the PID Bonds issued for hard and soft costs of Authorized Improvements (net of interest, costs of issuance and contingency). Any sums advanced or paid by Owner for costs associated with the City PID Improvements prior to the issuance of PID Bonds not previously reimbursed to Owner will be credited against and reduce the amount of the City PID Payment at the time of each issuance of PID Bonds.

3. The City agrees to defer annexation of each phase of the Residential Component of the Project until all PID bonds that are to be repaid through assessments against that phase have been issued and repaid in full, there are no further PID assessments applicable to or payable through assessments against that phase, and the City has discharged all of its PID obligations for that phase.

4. The amount of PID bonds issued that will be secured by assessments against the Property will not exceed $100,000,000 (the "*Project PID Bonds*"). The proceeds of the Project PID Bonds, net of costs of issuance (the "*Net Proceeds*"), will be

receive up to 90% of the Net Proceeds and the City will be eligible to receive up to 10 of the Net Proceeds. Only Public Improvements that benefit the Project will be eligible for funding out of the Project PID Bonds.

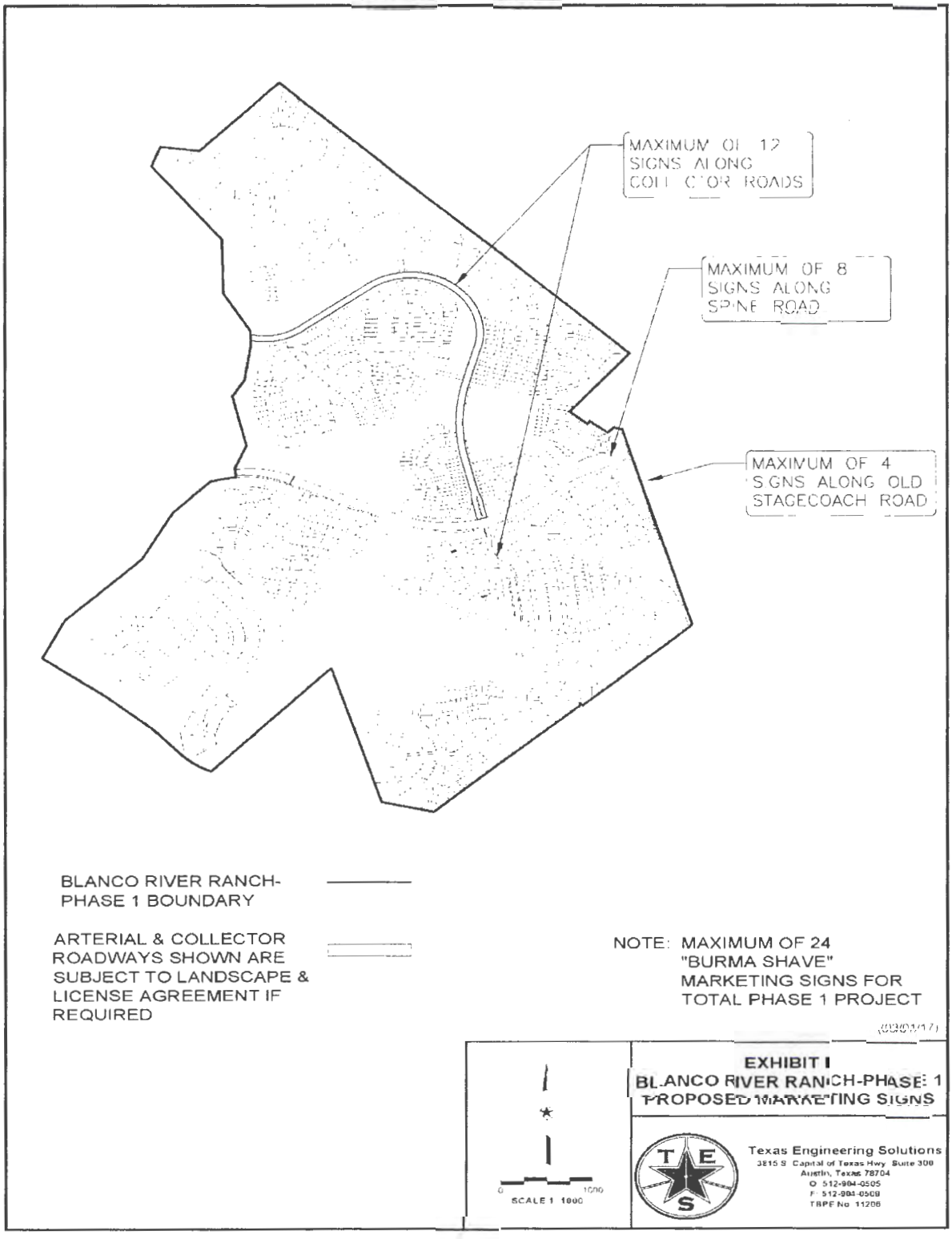
5. The City agrees to enter into an acquisition and reimbursement agreement providing that (i) Owner will be eligible for reimbursement of soft costs for Public Improvements that serve the first phase of the Project upon the City's approvals of the design plans for the water and wastewater facilities that serve that phase for operation and maintenance, which approval will not be unreasonably withheld or delayed; and (ii) Owner will be eligible for reimbursement of hard costs for Public Improvements that serve the first phase of the Project upon the City's acceptance of the water and wastewater facilities that serve that phase for operation and maintenance, which acceptance will not be unreasonably withheld or delayed. After reimbursement for the first phase of the Project Improvements, Owner will be eligible for subsequent reimbursement payments as additional Project Improvements design plans and construction are completed by Owner and approved or accepted by the City. The City agrees to proceed with the issuance of Project PID Bonds on a schedule and in a manner that allows Owner to receive reimbursement in a timely manner following completion of the first phase of the Project Improvements as additional phases are completed thereafter.

6. The City agrees to enter into a financing agreement providing that within 30 days of the City's receipt of the proceeds of the sale of Project PID Bonds, the City will reimburse the Owner for the costs of Public Improvements advanced by Owner and eligible for payment out of the Net Proceeds Eligible costs will include design, engineering, construction management, and professional services; road, utility, streetscape, park and other public improvements; land acquisition; and any other costs that may be financed under Chapter 372, Local Government Code.

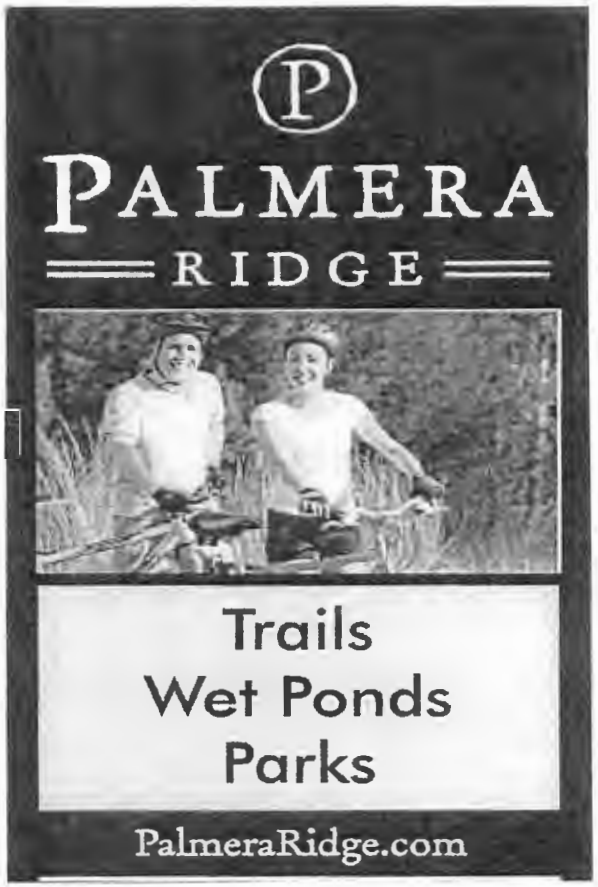
7. Owner agrees to submit documentation of the hard and soft costs incurred by Owner for which reimbursement is requested as a condition to such reimbursement.

8. In the case of any termination of the Development Agreement and/or dissolution of the District, the obligation of the City to pay or reimburse the costs of Public Improvements expended by the Owner prior to such termination or dissolution, and remaining unpaid, shall survive such termination or dissolution.

EXHIBIT "I"
PERMITTED LOCATIONS FOR SIGNAGE AND LANDSCAPE IMPROVEMENTS



Samples of Similar "Burma Shave" Marketing Signs For Blanco River Ranch – Phase 1



- Maximum Height of Sign – 8 FT
- Maximum Size of Sign – 32 SF
- Signs To Be Constructed Of Metal Or Wood

PALMERA
RIDGE
at&t
Connected Communities
TV Like You've Never Seen Before
AT&T U-Verse
TV, High Speed Internet,
Home Phone or Wireless
ATT.com/uverseconnect
866-636-6686
PalmeraRidge.com

HIGHLANDS
AT MAYFIELD RANCH
Builders
Homes
Homes
Homes
Homes

HIGHLANDS
Amenities
Community Center
Resort Style Pool
Pool Toys
Pavilion

HIGHLANDS
Utilities
Natural Gas Provided by Atmos Energy
Pedernales Electric Co.
City of Georgetown Water
AT&T U-Verse

EXHIBIT "J"
PARK LAND AND PARK IMPROVEMENTS

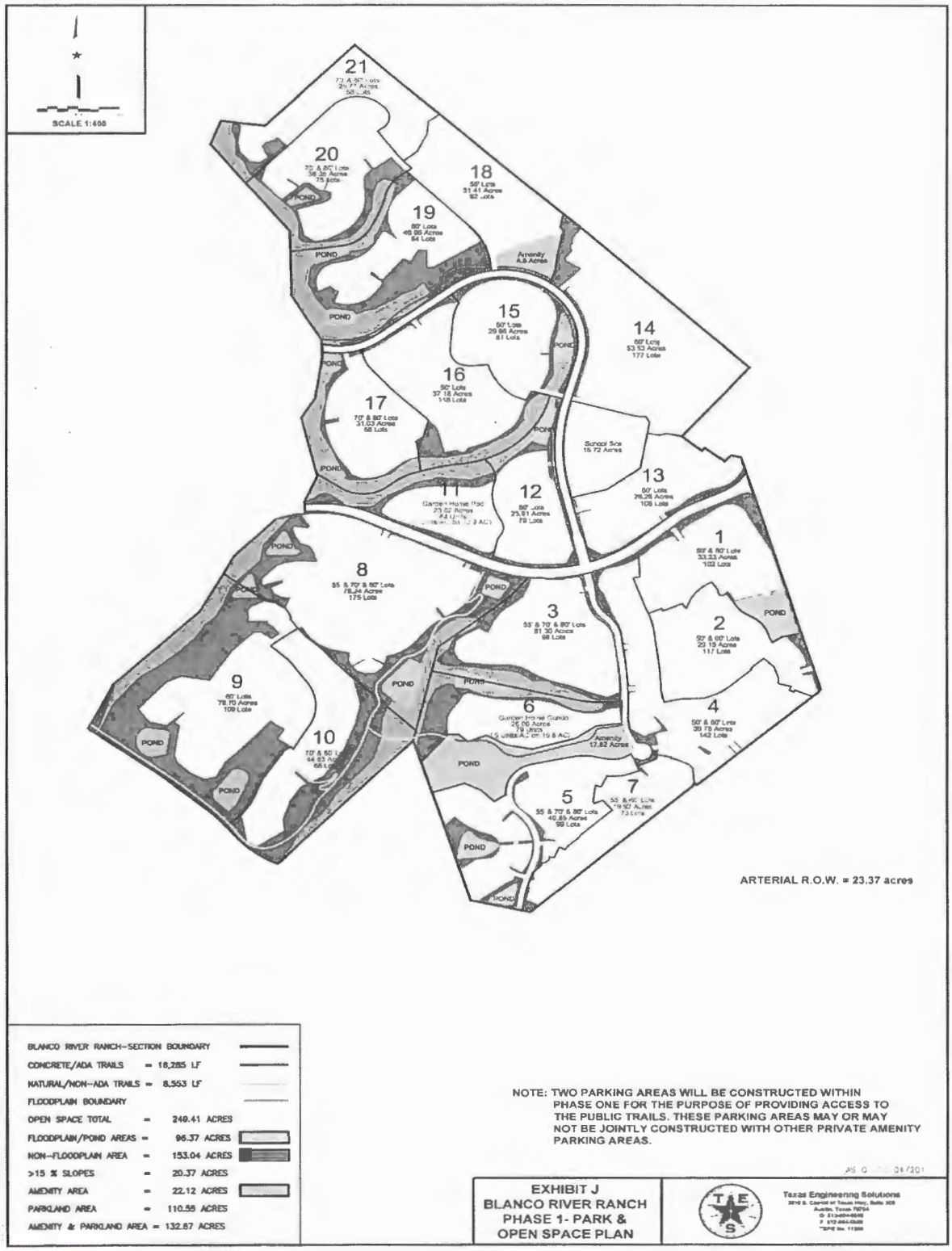


EXHIBIT "K"
ROADWAY AND TRANSPORTATION IMPROVEMENTS

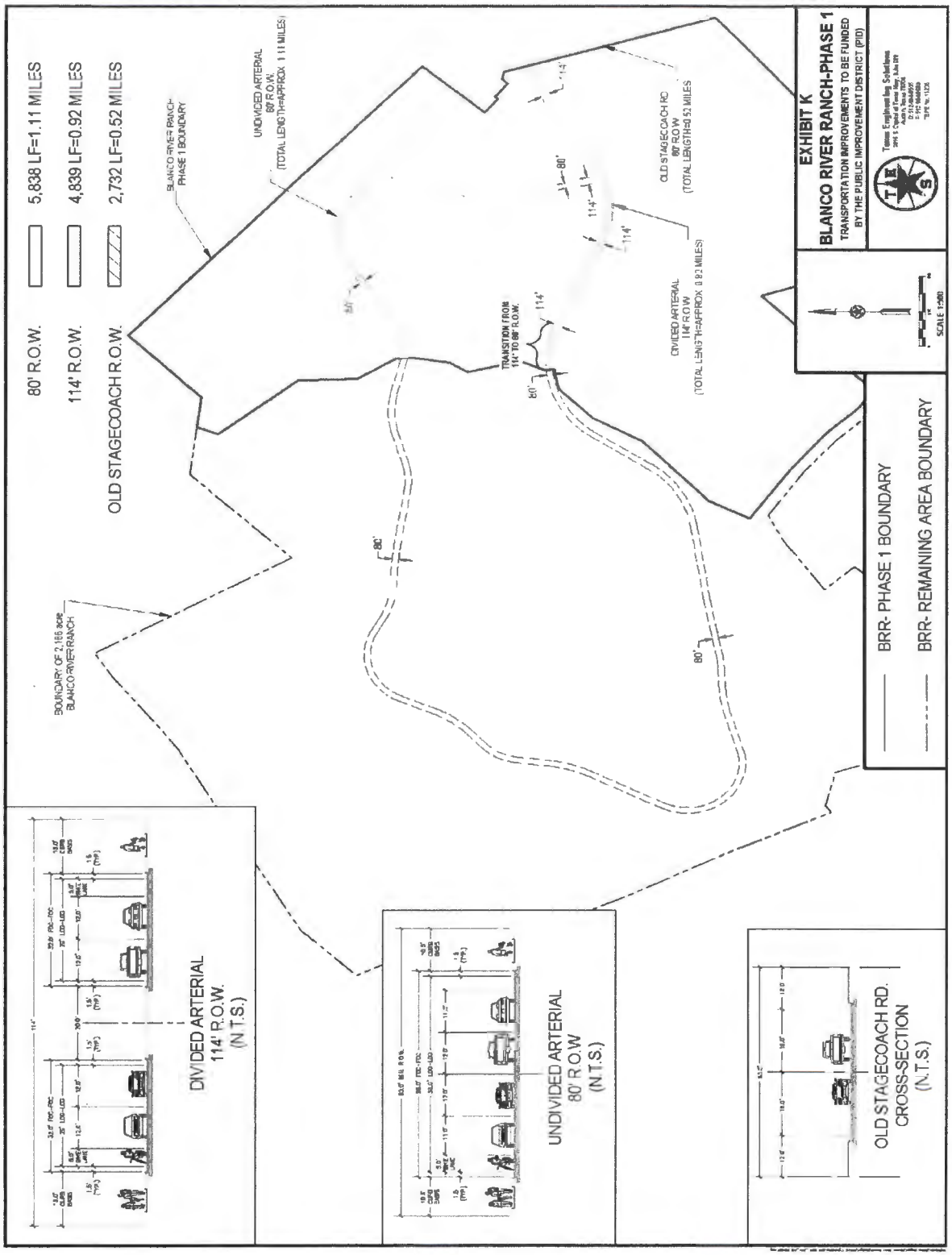
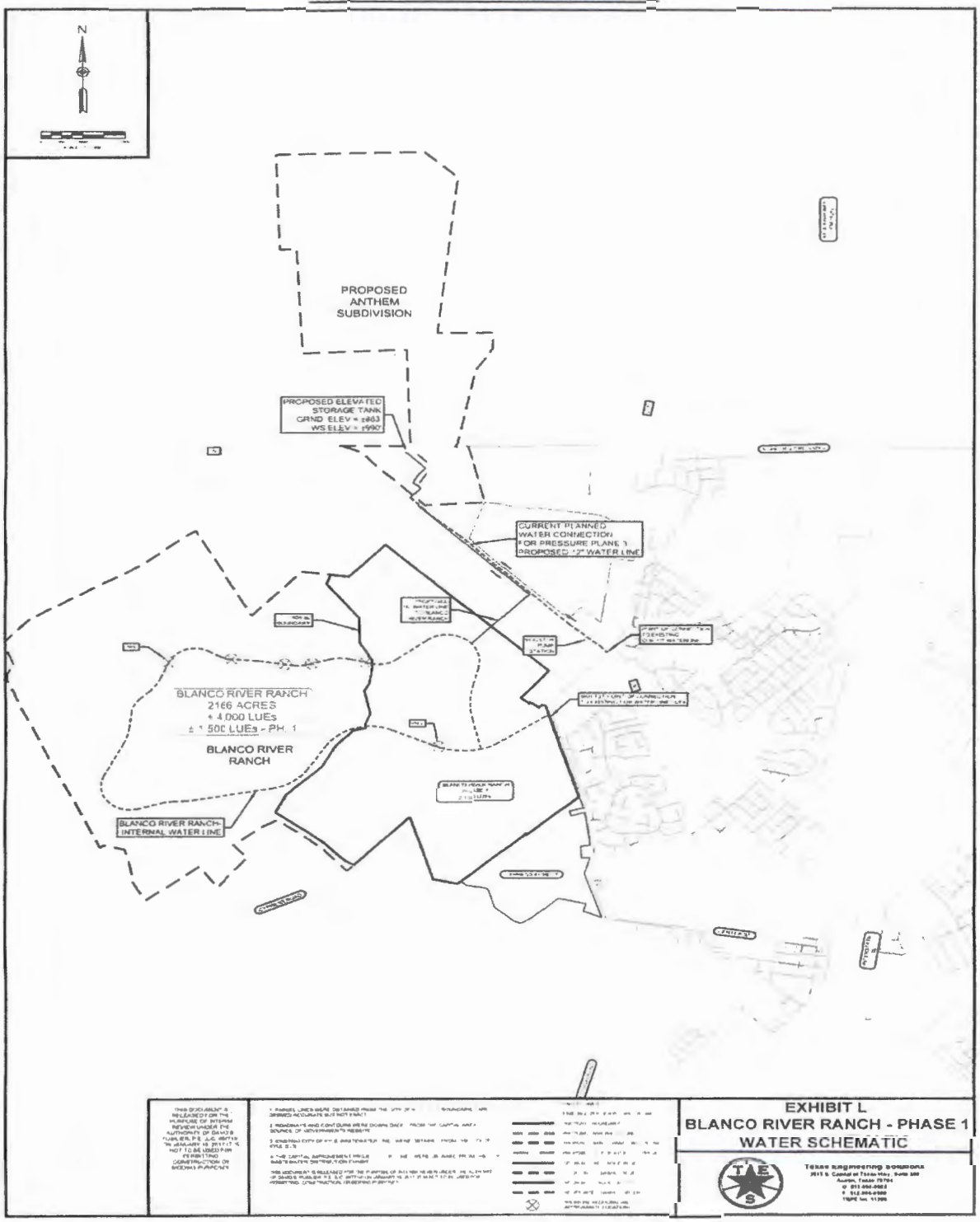
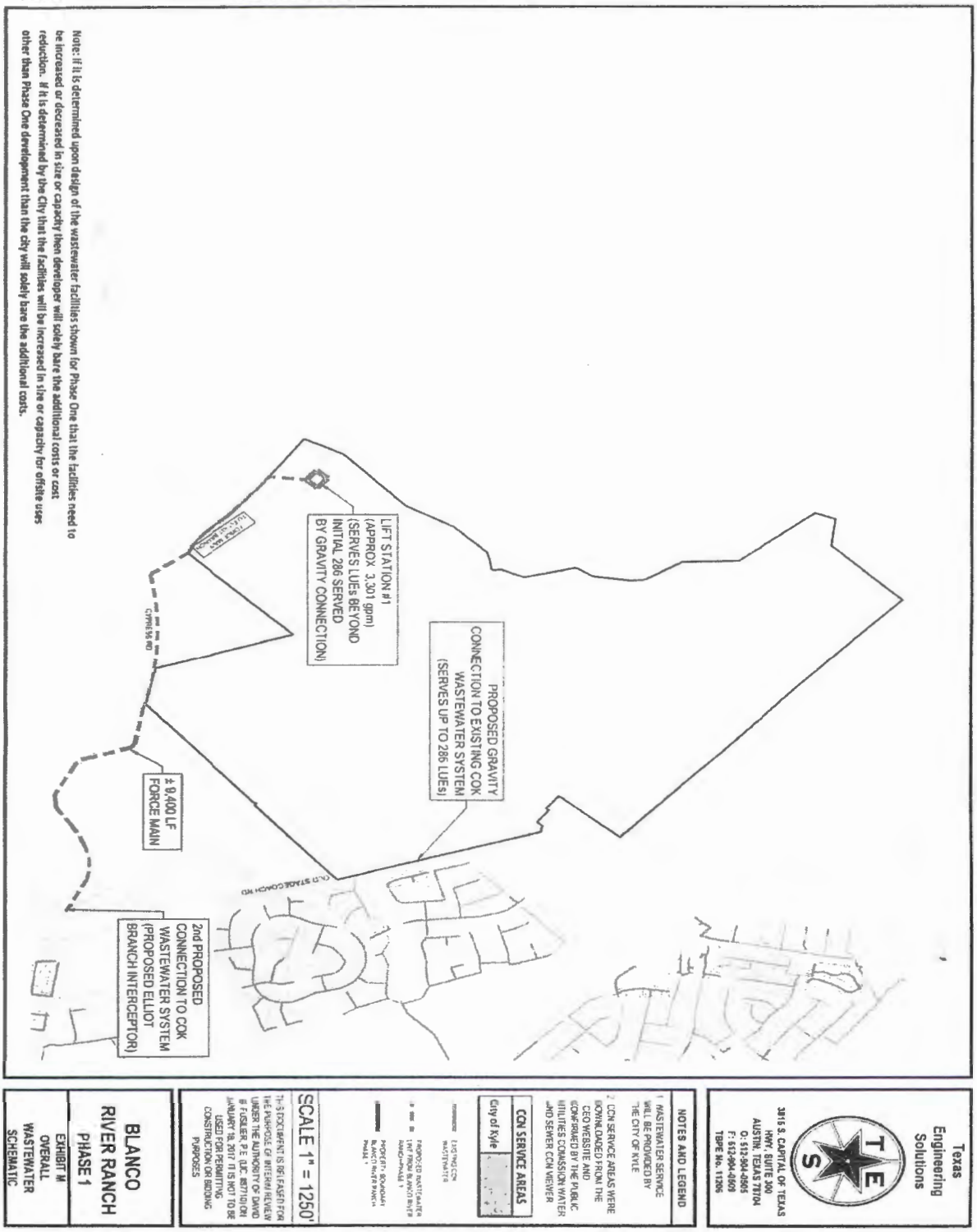


EXHIBIT "L"
WATER FACILITIES PLAN



Note: If it is determined upon design of the water facilities shown for Phase One that the facilities need to be increased or decreased in size or capacity then developer will solely bare the additional costs or cost reduction. If it is determined by the City that the facilities will be increased in size or capacity for offsite uses other than Phase One development than the city will solely bare the additional costs.

EXHIBIT "M"
WASTEWATER FACILITIES PLAN



Item # 17

EXHIBIT "N"
UTILITY DESIGN GUIDELINES

Design requirements for the Project Lift Station:

1. Fencing will be 8' tall commercial grade chain link fence.
2. Fencing will be installed 5 feet inside property line for maintenance outside the fenced area.
3. A 12"x12" sign identifying the name of the facility, operator, and contact phone number will be placed on entrance gates.
4. Lift Stations will include pumps and controls with soft starts or VFDs from manufacturers acceptable to the City Engineer or the Director of Public Works.
5. A safety grate will be included on Lift Station wet well access doors.
6. A shade cover with lighting will be installed over outdoor Lift Station controls.
7. The Lift Station will be connected to the City's SCADA system for remote monitoring of Lift Station wet well levels.
8. The Lift Stations will be designed with a peak factor calculated based on the population served.
9. Water service provided at each Lift Station by City at no cost to developer.
10. Site lighting to be LED per City of Kyle ordinances.
11. Access driveway will be gravel/road base material, minimum 8 inches in depth.

BLAKE MAGEE CO

TRANSMITTAL COVER LETTER

TO: Mr. Scott Sellers
City of Kyle
City Manager

Via Courier

FROM: Amy Lynn Payne
Blake Magee Company

DATE: May 15, 2017

SUBJECT: Blanco River Ranch Development Agreement (DA)

ENCLOSED: Two originals with incorporated revisions as detailed below.
PLEASE FIND

Scott, please find the final DA ready for execution by the Mayor. As we discussed the following scrivener's errors have been corrected:

The blank under Section 5.05 was filled in to say, "an appropriately sized gravity interceptor";
Exhibit C- Concept Plan was updated to correct the text errors on the face of the drawing that conflicted with the table in Exhibit C;
Exhibit D – Item 9 referenced Exhibit C. That was corrected to reference Exhibit J;
Exhibit H- PID Agreement Term Sheet- The blank on page 3 of 4, Item 1 was filled in to say, "the estimated impact to the roadway as determined by a trip generation or traffic impact analysis";
Exhibit J- Park and Open Space Plan was corrected to match the park plan that was approved on the 1/23/17 Parks Meeting.

___For your information

____In accordance with your request

_X_Please sign the attached documents

____Please contact me

Instrument # 17018505 Number of Pages: 77
Filed and Recorded: 5/31/2017 4:40 PM
Liz Q. Gonzalez, Hays County Clerk, Texas
Rec $330.00 Deputy Clerk: KBOGGUS

1011 North Lamar Blvd.
Austin, Texas 78703
☎ 512.481.0303 512.481.0333
www.blakemageeco.com

CITY OF KYLE, TEXAS

6 Creeks PID Public Hearing to Issue Bonds

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: Authorize the publication of notice of public hearing to issue bonds 6 Creeks PID. ~ *Jon Snyder, P3Works, LLC, City's PID Administrator*

Other Information:

Legal Notes:

Budget Information:

ATTACHMENTS:

Description

No Attachments Available

CITY OF KYLE, TEXAS

6 Creeks PID 1st Amendment to Financing Agreement

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: Resolution of the City of Kyle, Texas amending the 6 Creeks Public Improvement District Financing Agreement. ~ *Jon Snyder, P3Works, LLC, City's PID Administrator*

Other Information:

Legal Notes:

Budget Information:

ATTACHMENTS:

Description

- Resolution Approving First Amendment to PID Financing Agreement (01158462-3x7A30F)
- Amendment to Financing Agreement - 6 Creeks PID (01160308-5x7A30F)

RESOLUTION NO. _____

RESOLUTION OF THE CITY OF KYLE, TEXAS AMENDING THE 6 CREEKS PUBLIC IMPROVEMENT DISTRICT FINANCING AGREEMENT

WHEREAS, the City entered into that certain Blanco River Ranch Public Improvement District Financing Agreement with HMBRR Development, Inc., a Texas corporation, HMBRR, L.P., a Texas limited partnership, and HMBRR, LP #2, a Texas limited partnership (collectively, the "*Owner*"), dated effective as of July 18, 2017 (the "*Financing Agreement)*. The City and the Owner are herein referred to together as the "*Parties*"; and

WHEREAS, on September 18, 2018, the City Council approved the renaming of the District from Blanco River Ranch Public Improvement District to the 6 Creeks Public Improvement District and adopted Resolution No. 1118; and

WHEREAS, this City Council intends to issue City of Kyle, Texas Special Assessment Revenue Bonds, Series 2019 (6 Creeks Public Improvement District Improvement Area #1 Project) to fund, among other things, the Improvement Area #1 Projects (the "*Series 2019 Bonds*"); and

WHEREAS, an Indenture of Trust by and between the City and UMB Bank, N.A., as Trustee, will be executed at the time the Series 2019 Bonds are authorized (the "*Indenture*"); and

WHEREAS, Section 13.2 of the Indenture lists the parameters for the issuance of Additional Improvement Area #1 Bonds; and

WHEREAS, the Parties desire to replace Section 5.09 of the Financing Agreement in its entirety to conform the parameters for the issuance of Additional Improvement Area #1 Bonds and Refunding Bonds as stated in the Financing Agreement to Section 13.2 of the Indenture;

WHEREAS, the Parties desire to add provisions to the Financing Agreement to address the ownership, operation, and maintenance of detention ponds in the District by amending Section 4.01(c); and

WHEREAS, the Parties wish to revise certain definitions and add certain exhibits to the Financing Agreement to ensure that the Financing Agreement can be efficiently implemented together with each of the other agreements that form the basis for the sale of the Series 2019 Bonds; and

WHEREAS, the meeting at which this Resolution is considered is open to the public as required by law, and the public notice of the time, place and purpose of said meeting was given as required by Chapter 551, Texas Government Code, as amended;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KYLE, TEXAS:

Section 1. Findings. The findings and determinations set forth in the preamble hereof are hereby incorporated by reference for all purposes as if set forth in full herein. Capitalized terms used in this Resolution and not otherwise defined herein shall have the meanings assigned to them in the 2019 Amended and Restated Service and Assessment Plan.

Section 2. Approval of First Amendment to Financing Agreement. The First Amendment to the 6 Creeks Public Improvement District Financing Agreement (the "*Amendment*"), between the City and the Owner, is hereby approved in substantially the form attached hereto as Exhibit A, and the Mayor of the City (the "Mayor") is hereby authorized and directed to execute and deliver the Amendment to the Financing Agreement, with such changes as may be required to carry out the purposes of this Resolution and approved by the Mayor, such approval to be evidenced by the execution thereof. The Mayor's signature on the Amendment may be attested by the City Secretary.

Section 3. Additional Actions. The Mayor, Director of Finance, City Manager, and City Secretary of the City are hereby authorized and directed to take all actions on behalf of the City necessary or desirable to carry out the intent and purposes of this Resolution. The Mayor, Director of Finance, City Manager, and City Secretary of the City are hereby directed to execute and deliver any and all certificates, agreements, notices, instruction letters, requisitions, and other documents which may be necessary or advisable in the carrying out of the purposes and intent of this Resolution.

Section 4. Governing Law. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 5. Effect of Headings. The section headings herein are for convenience only and shall not affect the construction hereof.

Section 6. Severability. If any provision of this Resolution or the application thereof to any circumstance shall be held to be invalid, the remainder of this Resolution or the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Resolution would have been enacted without such invalid provision.

Section 7. Construction of Terms. If appropriate in the context of this Resolution, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

[*Execution page follows.*]

PASSED AND APPROVED on the 16th day of April, 2019.

_____
Mayor, City of Kyle, Texas

ATTEST:

_____

City Secretary, City of Kyle, Texas

[CITY SEAL]

EXHIBIT A

FIRST AMENDMENT TO
THE 6 CREEKS PUBLIC IMPROVEMENT DISTRICT
FINANCING AGREEMENT

FIRST AMENDMENT TO
THE 6 CREEKS PUBLIC IMPROVEMENT DISTRICT
FINANCING AGREEMENT

This First Amendment to the 6 Creeks Public Improvement District Financing Agreement (the "*Amendment*") is made, entered into and effective as of April 2, 2019 (the "*Amendment Effective Date*") by the City of Kyle, a Texas home-rule municipal corporation (the "*City*") and HMBRR Development, Inc., a Texas corporation, HMBRR, L.P., a Texas limited partnership, and HMBRR, LP #2, a Texas limited partnership (collectively the "*Owner*"). The City and the Owner are herein referred to together as the "*Parties*."

Recitals:

WHEREAS, the City entered into that certain Blanco River Ranch Public Improvement District Financing Agreement with the Owner, dated effective as of July 18, 2017 (the "*Financing Agreement*"); and

WHEREAS, on September 18, 2018, the City Council approved the renaming of the District from Blanco River Ranch Public Improvement District to the 6 Creeks Public Improvement District and adopted Resolution No. 1118; and

WHEREAS, this City Council intends to issue City of Kyle, Texas Special Assessment Revenue Bonds, Series 2019 (6 Creeks Public Improvement District Improvement Area #1 Project) to fund, among other things, the Improvement Area #1 Projects described in the District's service and assessment plan (the "*Series 2019 Bonds*"); and

WHEREAS, an Indenture of Trust by and between the City and UMB Bank, N.A., as Trustee, will be executed at the time the Series 2019 Bonds are authorized (the "*Indenture*"); and

WHEREAS, Section 13.2 of the Indenture lists the parameters for the issuance of Additional Improvement Area #1 Bonds and Refunding Bonds; and

WHEREAS, the Parties desire to replace Section 5.09 of the Financing Agreement in its entirety to conform the parameters for the issuance of Additional Improvement Area #1 Bonds and Refunding Bonds as stated in the Financing Agreement to Section 13.2(c) of the Indenture; and

***WHEREAS*,** the Parties desire to add provisions to the Financing Agreement to address the ownership, operation, and maintenance of detention ponds in the District by amending Section 4.01(c);

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

ARTICLE I. RECITALS; DEFINITIONS

Section 1.01. Recitals. The foregoing recitals are incorporated herein and made a part of this Amendment for all purposes.

Section 1.02. Definitions. Words and phrases used in this Amendment shall, if defined in the Financing Agreement and not specifically modified by this Amendment, shall have the definition and meaning as provided in the Financing Agreement.

ARTICLE II. AMENDMENTS

Section 2.01. Section 5.09 of the Financing Agreement is hereby removed in its entirety and replaced with the following:

5.09. Additional Obligations or Other Liens; Additional Parity Bonds.

(a) For this Section 5.09, the following terms, which will also be defined in the Indenture of Trust by and between the City and UMB Bank, N.A., as Trustee, securing the City of Kyle, Texas Special Assessment Revenue Bonds, Series 2019 (6 Creeks Public Improvement District Improvement Area #1 Project) (the "Series 2019 Indenture") shall have the meanings specified below. To the extent that there is any conflict between any definition as stated in this Section 5.09(a) and the Series 2019 Indenture, the applicable definition as stated in the Series 2019 Indenture shall control.

"*2019 Amended and Restated Service and Assessment Plan*" means the Service and Assessment Plan, as amended and restated by the Amended and Restated Service and Assessment Plan passed and approved by City Council on the date that it approved the issuance and sale of the PID Bonds, as same may be further amended, updated, supplemented or otherwise modified from time to time.

"*Additional Improvement Area #1 Bonds*" means Bonds issued to fund Improvement Area #1 Projects or refund the Improvement Area #1 Reimbursement Obligation, in whole or in part, that are secured by the Assessments.

"*Additional Obligations*" means any bonds or obligations, including specifically, any installment contracts, reimbursement agreements, temporary note or time warrant secured in whole or in part by an assessment, other than the Assessments securing the Bonds and the Improvement Area #1 Reimbursement Obligation, levied against property within the District in accordance with the PID Act.

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

"*Assessed Property*" means for any year, any Parcel within Improvement Area #1 of the District against which an Assessment is levied, other than Non-Benefited Property.

"*Assessment Roll*" means the Assessment Roll for the Assessed Properties within Improvement Area #1 of the District, included in the 2019 Amended and Restated Service and Assessment Plan as Exhibit F, or any other Assessment Roll in an amendment or supplement to the 2019 Amended and Restated Service and Assessment Plan or in an Annual Service Plan Update, showing the total amount of the Assessments, as updated, modified or amended from time to time in accordance with the procedures set forth in the 2019 Amended and Restated Service and Assessment Plan and in the PID Act, including updates prepared in connection with the issuance of PID Bonds or in connection with any Annual Service Plan Update

"*Assessments*" mean the aggregate assessments shown on the Assessment Roll. The singular of such term means the assessment levied against an Assessed Property, as shown on the Assessment Roll, subject to reallocation upon the subdivision of an Assessed Property or reduction according to the provisions of the 2019 Amended and Restated Service and Assessment Plan and the PID Act.

"*Bonds*" or "*Bond*" means all bonds or any bond authorized by a bond ordinance to finance one or more Authorized Improvements.

"*Bond Year*" means the one-year period beginning and ending on the dates specified in the applicable indenture of trust.

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

"*Closing Date*" means the date of the initial delivery of and payment for the applicable Series of Bonds.

"*Improvement Area #1 Reimbursement Obligation*" means an amount not to exceed $4,420,000 secured, on a subordinate basis to the PID Bonds, by the Assessments levied against Assessed Properties to be paid to the Landowner to reimburse the Landowner for advancing Actual Costs of the Improvement Area #1 Projects, pursuant to the Acquisition and Reimbursement Agreement.

"Landowner" means HMBRR Development, Inc., a Texas corporation, HMBRR, L.P., a Texas limited partnership, and HMBRR, LP #2, a Texas limited partnership, collectively.

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

"Non-Benefited Property" means Parcels within the boundaries of the District that accrue no special benefit from the Authorized Improvements.

"*Outstanding*" means, as of any particular date when used with reference to one or several of the Bonds, all such Bonds except (i) any Bond that has been canceled by the Trustee for the indenture of trust for the designated Series of Bonds (or has been delivered to the Trustee for

cancellation) at or before such date, (ii) any Bond for which the payment of the principal or Redemption Price of and interest on such Bond shall have been made as provided in the applicable indenture of trust,, and (iii) any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered pursuant to the terms of the applicable indenture of trust.

"*Refunding Bonds*" means Bonds secured by a parity lien, with the Outstanding Bonds, on the trust estate as created for and under indenture of trust for such Outstanding Bonds.

"*Reserve Account Requirement*" means the sum of the Series 2019 Reserve Account Requirement, as specified in the indenture of trust for the PID Bonds plus the additional amounts, if any, required to be deposited to the Reserve Account, as created under the indenture of Trust for the PID Bonds, pursuant to each Supplemental Indenture authorizing the issuance of a Series of Bonds.

"*Series*" means any designated series of Bonds issued to finance Authorized Improvements.

"*Sinking Fund Installment*" means the amount of money to redeem or pay at maturity the principal of the PID Bonds payable from such installments at the times and in the amounts provided in indenture of trust for the PID Bonds.

"*Supplemental Indenture*" means an indenture which has been duly executed by the Trustee and the City Representative pursuant to an ordinance adopted by the City Council and which indenture amends or supplements the indenture for the PID Bonds.

"Trustee" means the entity designated as Trustee for the indenture of trust for the designated Bonds.

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

(c) Other than the Additional Improvement Area #1 Bonds (issued in accordance with subsection (d) below) and Refunding Bonds issued to refund all or a portion of the Bonds, the City will not create or voluntarily permit to be created any debt, lien, or charge on any portion of the Trust Estate, and will not cause or allow any matter or things whereby the lien of this Series 2019 Indenture or the priority hereof might or could be lost or impaired; and further covenants that it will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence over or any equality with this Series 2019 Indenture as a lien or charge upon the Trust Estate; provided, however, that nothing in this Section shall require the City to apply, discharge, or make provision for any such lien, charge, claim, or demand so long as the validity thereof shall be contested by it in good faith, unless thereby, in the opinion of Bond Counsel or counsel to the Trustee, the same would endanger the security for the Bonds.

(d) The City reserves the right, but shall be under no obligation, to issue Additional Improvement Area #1 Bonds, to finance the Actual Costs of the Improvement Area #1 Projects,

including payment of the Improvement Area #1 Reimbursement Obligation, and in accordance with the conditions set forth below:

(i) The City Representative shall provide the Trustee a certificate certifying that (A) the City is not in default in the performance and observance of any of the terms, provisions and conditions applicable to the City contained in this Series 2019 Indenture and (B) the Landowner is not delinquent with respect to fees or any other funds or commitments to be paid to the City in accordance with the Development Agreement or Financing Agreement;

(ii) The Landowner shall provide the Trustee, through an authorized representative, a certificate certifying that the Landowner is not in default beyond any applicable notice and cure period in the performance and observance of any of the terms, provisions and conditions applicable to the Landowner contained in the Financing Agreement, the Acquisition and Reimbursement Agreement, or the Development Agreement;

(iii) The Administrator shall provide the Trustee a certificate certifying that the Landowner is not delinquent with respect to the payment of Assessments or any ad valorem taxes (other than any ad valorem taxes being contested in good faith);

(iv) The City and the Trustee shall receive a certificate or report from an independent certified appraiser, appraisal firm, or financial consultant, assuming completion of the Improvement Area #1 Projects, demonstrating that the ratio of the aggregate appraised value of all Assessed Properties within Improvement Area #1 to the aggregate principal amount of the Outstanding Bonds and the Additional Improvement Area #1 Bonds to be issued (the "Value to Lien Ratio") is at least 5:1. In calculating the Value to Lien Ratio, the independent certified appraiser, appraisal firm or financial consultant may rely on builder contracts, a certificate from the Administrator identifying lots for which home construction has commenced or the Hays County Tax Assessor/Collector's estimated assessed valuation for completed homes (home and lot assessed valuation) and estimated lot valuation for lots on which homes are under construction;

(v) The Landowner shall provide the City and the Trustee a certificate, through an authorized representative, certifying that no less than 162 single-family lots located within Improvement Area #1 (A) contain completed single-family homes or (B) have been issued a construction permit by the City;

(vi) The principal (including sinking fund installments) of the Additional Improvement Area #1 Bonds must be scheduled to mature on September 1 of the years in which principal is scheduled to mature;

(vii) The interest on the Additional Improvement Area #1 Bonds must be scheduled to be paid on March 1 and September 1 of the years in which interest is scheduled to be paid;

(viii) The Reserve Account Requirement shall be increased by an amount equal to no less than 25% of the Maximum Annual Debt Service on the proposed Additional Improvement Area #1 Bonds to be issued as of the Closing Date therefor and such amount shall be deposited as of the same;

(ix) The issuance of such Additional Improvement Area #1 Bonds shall not cause the amount of the Annual Installments to be collected in any year after the issuance of such Additional Improvement Area #1 Bonds to exceed the amount of the Annual Installments collected in the year of the issuance of such Additional Improvement Area #1 Bonds; and

(x) The maximum principal amount of Additional Improvement Area #1 Bonds that may be issued, subject to the approval of the City, in total, is the lesser of (i) the then outstanding balance of the Improvement Area #1 Reimbursement Obligation and (ii) the then outstanding Assessments, less the Assessments required to pay the principal of the Series 2019 Bonds.

(e) The City reserves the right to issue Refunding Bonds, the proceeds of which would be utilized to refund all or any portion of the Outstanding Bonds or Outstanding Refunding Bonds and to pay all costs incident to the Refunding Bonds, as authorized by the laws of the State, and in accordance with the conditions set forth below:

(i) The principal of all Refunding Bonds must be scheduled to be paid, be subject to mandatory sinking fund redemption, or mature on September 1 of the years in which such principal is scheduled to be paid, subject to mandatory sinking fund redemption or maturity. All Refunding Bonds must bear interest at a fixed rate and any interest payment dates for Refunding Bonds must be March 1 and September 1. The date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of Refunding Bonds shall be set forth in a Supplemental Indenture; and

(ii) Upon their authorization by the City, the Refunding Bonds of a Series issued under this Section 5.09 shall be issued and shall be delivered to the purchasers or owners thereof, but before, or concurrently with, the delivery of said Refunding Bonds to such purchasers or owners there shall have been filed with the Trustee (1) a copy, certified by the City Secretary of the City, of the ordinance or ordinances of the City authorizing the issuance, sale, execution, and delivery of the Refunding Bonds and the execution and delivery of a Supplemental Indenture establishing, among other things, the date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of such Refunding Bonds, and (2) an original executed counterpart of the Supplemental Indenture for such Refunding Bonds.

Section 2.02. Section 4.01(c) of the Financing Agreement is hereby removed in its entirety and replaced with the following:

(c) (1) Except as provided in subsection (2) of this Section 4.01(c), upon written acceptance of an Authorized Improvement, and subject to any applicable maintenance-bond period, the Entity accepting the Authorized Improvement shall be responsible for all operation and

maintenance of such Authorized Improvement, including all costs thereof and relating thereto.

(2) The Owner, or property owners association, if Owner establishes a property owners association, shall enter into a maintenance and operations agreement (the "M&O Agreement") in a form agreed upon by the City whereby Owner or property owners association is responsible for all operations and maintenance of the detention and water quality pond improvements included in the Service and Assessment Plan prior to the City's acceptance of the detention and water quality pond improvements. The execution of the M&O Agreement will not cause any tax exempt financing instruments issued by the City and used to finance the detention and water quality pond improvements to constitute "Private Activity Bonds" within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Code"), and the terms of the M&O Agreement shall meet the safe harbor conditions set forth in IRS Rev. Proc. 2017-13. The executed M&O Agreement shall be recorded with Hays County Clerk upon execution. In addition, the Owner shall provide the City an easement, in a form acceptable to the City, granting the City the right of access to the detention and water quality pond improvements for the purpose of inspection and compliance with City regulations. The easement shall be granted to the City prior to or at the time the final plat for the phase in which the drainage and water quality pond improvements are located is submitted to the City, and will be a condition of final plat approval.

Section 2.03. The following definitions as stated in Exhibit "A" to the Financing Agreement are hereby removed in their entirety and replaced with the following:

"Appraisal" means the Appraisal of the District dated effective February 27, 2019, prepared by Barletta & Associates.

"City Construction Representative" means Leon Barba, P.E. or such other person selected by the City to oversee the construction of the Authorized Improvements on behalf of the City.

"Future Improvement Areas" means the property within the District, excluding Improvement Area #1, as depicted on the map on Exhibit "B-4" consisting of approximately 761.7288 acres within the District. Future Improvement Areas may be developed in phases after Improvement Area #1, as generally depicted in Exhibit "B-4." The Future Improvement Areas are subject to adjustment and are shown for example only.

"Improvement Area #1" means the initial area to be developed within the PID, consisting of approximately 96.9712 acres within the District and as specifically described in Exhibit "B-1" and as depicted in Exhibit "B-4."

"Improvement Area #1 Bonds" means the "City of Kyle, Texas, Assessment Revenue Bonds, Series 2019 (6 Creeks Public Improvement District Improvement Area #1 Project)" that are secured by actual revenues received by or on behalf of the City from the collection of Assessments levied against Improvement Area #1 Assessed Property, or the Annual Installments thereof, for the Improvement Area #1 Improvements.

"Improvement Area #1 Reimbursement Obligation" means the amount not to exceed $4,420,000 secured by Improvement Area #1 Assessed Property to be paid to Owner pursuant to the "6 Creeks Public Improvement District Improvement Area #1 Acquisition and Reimbursement

Agreement" having an effective date that is the same as the date on which the City Council authorizes the sale of the Series 2019 Bonds.

"SAP Consultant" means P3Works, LLC.

"Service and Assessment Plan" means the 6 Creeks Public Improvement District Service and Assessment Plan (as such plan is amended and updated from time to time), to be initially adopted by the City Council in the Assessment Ordinance for the purpose of assessing allocated costs against property located within the boundaries of the District having terms, provisions, and findings approved and agreed to by the Owner, as required by Article II of this Agreement.

"Underwriter" means FMS Bonds, Inc.

Section 2.04. The following definitions as stated in Exhibit "A" to the Financing Agreement are hereby modified as follows:

The defined term "Improvement Area #1 Improvements" is hereby replaced with the term "Improvement Area #1 Projects," which shall have the same meaning as had been given to "Improvement Area #1 Improvements" prior to this First Amendment to the 6 Creeks Public Improvement District Financing Agreement.

The defined term "Administrative Expenses" is hereby replaced with the term "Annual Collection Costs," which shall have the same meaning as had been given to "Administrative Expenses" prior to this First Amendment to the 6 Creeks Public Improvement District Financing Agreement. The defined terms listed in the Exhibit "A" to the Financing Agreement shall be reordered alphabetically to reflect this amendment.

Section 2.05. The first four recitals of the Financing Agreement are hereby removed in their entirety and replaced with the following:

WHEREAS, the term "Property," means and refers to the 858.7 acres owned by HMBRR Development Inc., HMBRR, LP, and HMBRR LP#2; and which is more particularly described in the attached Exhibit "B-1".

Section 2.06. Exhibit "B-1" is hereby amended by the addition of the property description attached hereto as Attachment "A."

Section 2.07. Exhibit "B-4" is hereby amended by the addition of the description of District Improvement Areas attached hereto as Attachment "B." Exhibit "B-4" is also hereby renamed "Exhibit 'B-2'", and the term "Exhibit 'B-4'" as used throughout the Financing Agreement is hereby removed and replaced in each instance with the term "Exhibit 'B-2.'"

Section 2.08. Exhibit "D" is hereby removed in its entirety and replaced with Attachment "C."

ARTICLE III. GENERAL PROVISIONS

Section 3.01. Entire Agreement. This Amendment, together with the Financing Agreement, set forth the entire understanding of the Parties and supersedes all prior agreements and understandings, whether written or oral, with respect to the subject matter hereof.

Section 3.02. Anti-Boycott Verification. The Owner hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Amendment and the Financing Agreement with the City constitute a contract for goods or services, will not boycott Israel during the term thereof. The foregoing verification is made solely to comply with Section 2270.002, Texas Government Code, as amended, and to the extent such section does not contravene applicable federal law. As used in the foregoing verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Owner understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Owner and exists to make a profit.

Section 3.03. Iran, Sudan and Foreign Terrorist Organizations. The Owner represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, as amended, and posted on any of the following pages of such officer's Internet website:

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

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

Section 3.04. Binding Effect. The terms and provisions hereof shall be binding upon the City, the Owner, and their successors and assigns.

Section 3.05. Effect of Amendment. The Parties agree that, except as modified hereby, the Financing Agreement remains valid, binding, and in full force and effect. If there is any conflict or inconsistency between this Amendment and the Financing Agreement, this Amendment will control and modify the Financing Agreement.

Section 3.06. Counterparts. This Amendment may be executed in any number of

counterparts, including, without limitation, facsimile counterparts, with the same effect as if the Parties had signed the same document, and all counterparts will constitute one and the same agreement.

Attachments: **Attachment "A" – Exhibit "B-1"**
Attachment "B" – Exhibit "B-2"
Attachment "C" – Exhibit "D"

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

CITY OF KYLE, TEXAS
a home rule city and Texas municipal corporation

By: _____
Name: Travis Mitchell
Title: Mayor

HMBRR DEVELOPMENT, INC.,
a Texas corporation

By: _____

Name: _____

Title: _____

HMBRR LP

By: Hanna Magee GP #1, Inc., a Texas corporation,
General Partner

By: _____

Name: _____

Title: _____

HMBRR LP #2

By: Hanna Magee GP #1, Inc., a Texas corporation,
General Partner

By: _____

Name: _____

Title: _____

ATTACHMENT "A"

Exhibit "B-1"

Blanco River Ranch
858.70 acres

PROPERTY DESCRIPTION
EXHIBIT A

BEING 858.70 ACRES OF LAND LOCATED IN THE SAMUEL PHARASS ¼ LEAGUE NO. 14, ABSTRACT 360, AND THE CALEB W. BAKER SURVEY, ABSTRACT 31 HAYS COUNTY, TEXAS AND BEING A PORTION OF TRACT I, A CALLED 1,971.29 ACRE TRACT AND ALL OF TRACT II, A CALLED 195.14 ACRE TRACT AS DESCRIBED IN A DEED FROM THE STATE OF TEXAS TO BLANCO RIVER RANCH, LP AND RECORDED IN VOLUME 5230, PAGE 583 OF THE DEED RECORDS OF HAYS COUNTY, TEXAS; SAID 858.70 ACRES BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS WITH ALL BEARING REFERENCED TO THE TEXAS COORDINATE SYSTEM, SOUTH CENTRAL ZONE.

BEGINNING at an iron rod with aluminum cap stamped "Kent McMillian" found marking the most northerly corner of a called 311.56 acre tract described in a deed to Robert Nance recorded in Volume 4459, Page 137 of said Deed Records, same being the northwest corner of a called 195.14 acre tract described in the aforementioned deed to Blanco River Ranch as Tract II and being on the southeasterly line of said 1,971.29 acre Tract I;

THENCE, with the southerly line of said 1,971.29 acre tract, same being the northeasterly line of said 311.56 acre tract S43°59'58"W, 1916.27 feet to a ½-inch iron rod with cap stamped "AST" set on the northerly line of proposed RM 150;

THENCE, leaving said southerly line and crossing said 1,941.29 acre tract with the proposed northerly line of RM 150 the following courses and distances:

1. N65°08'51"W, 49.48 feet to a ½-inch iron rod with cap stamped "AST" set at the beginning of a curve to the right;
2. with a curve to the right, 381.25 feet, having a radius of 925.00 feet, a central angle of 23°36'54" and a chord bearing and distance of N53°30'43"W, 378.55 feet to a ½-inch iron rod with cap stamped "AST" set for point of tangency;
3. N41°42'16"W, 336.00 feet to a ½-inch iron rod with cap stamped "AST" set at the beginning of a curve to the left;
4. with the arc of said curve to the left, 151.93 feet, having a radius of 1100.00 feet, a central angle of 07°54'48" and a chord bearing and distance of N45°39'41"W, 151.81 feet to a ½-inch iron rod with cap stamped "AST" set for point of tangency;
5. N49°37'05"W, 572.43 feet to a ½-inch iron rod with cap stamped "AST" set for an angle point in said line;
6. N51°37'01"W, 75.00 feet to a ½-inch iron rod with cap stamped "AST" set for an angle point in said line;
7. N53°36'58"W, 749.01 feet to a ½-inch iron rod with cap stamped "AST" set at the beginning of a curve to the left;

8. with the arc of said curve to the left, 93.33 feet, having a radius of 1025.00 feet, a central angle of 05°13'01" and a chord bearing and distance of N56°13'28"W, 93.30 feet to a ½-inch iron rod with cap stamped "AST" set for the most westerly southwest corner of the herein described tract;

THENCE leaving said proposed right of way line and with a dry creek, the following courses and distances:

1. N26°31'11"E, 563.37 feet to a calculated point;
2. N46°09'29"E, 1179.39 feet to a calculated point;
3. N28°22'57"E, 708.36 feet to a calculated point;
4. N44°16'34"E, 582.28 feet to a calculated point at the beginning of a curve to the right;
5. with a curve to the right, 297.90 feet, having a radius of 1184.66 feet, a central angle of 14°24'28" and a chord bearing and distance of N77°54'54"E, 297.12 feet to a calculated point;
6. N04°51'54"W, 125.14 feet to a calculated point;
7. N23°10'37"E, 321.60 feet to a calculated point;
8. N13°08'23"W, 681.62 feet to a calculated point;
9. N31°45'00"E, 255.79 feet to a calculated point;
10. N08°23'37"E, 473.49 feet to a calculated point;
11. N02°33'01"W, 195.07 feet to a calculated point;
12. N30°53'10"W, 576.14 feet to a calculated point;
13. N01°26'31"W, 729.89 feet to a calculated point;
14. N38°05'39"W, 1250.80 feet to a calculated point;
15. N20°33'26"E, 282.73 feet a ½-inch iron rod with cap stamped "AST" set for the most westerly northwest corner of the herein described tract on the northerly line of said 1,971.29 acre tract, same being on the southerly line of Park Land Lot 23 of Arroyo Ranch, Section One, a subdivision of record in Volume 10, Page 180 of the Hays County Official Public Records;

THENCE, with the northerly line of said 1,971.29 acre tract, S82°42'45"E, 432.46 feet to a point located in the centerline of the remains of an old stone fence corner for an angle point in the north line of the herein described tract, from which a ½"-inch iron rod bears S88°19'W, 37.5 feet;

THENCE, continuing with said northerly line, N43°55'32"E, 1271.63 feet to a 2-inch metal fence post at the most northerly northwest corner of said 1,971.29 acre tract and being the common corners of Lots 12, 13 and 19, Block D of said Arroyo Ranch Section One subdivision;

THENCE, with the easterly line of said 1,971.29 acre tract the following courses and distances:

1. S46°19'30"E, at 185.02 feet passing the south line of said Arroyo Ranch subdivision and north line of a 20.3 acre tract described in a deed to F. Javier, Jr et al and recorded in Volume 2813, Page 359 of said Official Public Records and continuing for a total distance of 887.68 feet to a found ½-inch iron rod for the south corner of said Javier tract, same being the westerly corner of

a 21.15 acre tract described in a deed to Nancy L. Russell and Randall W. Russell and recorded in Volume 4385, Page 135 of said Official Public Records;

2. S46°48'04"E, 579.01 feet to a found ½-inch iron rod for the south corner of Russell and being the westerly corner of Quail Meadows Subdivision as recorded in Volume 7, Page 47 of the Hays County Plat Records;
3. With the southwesterly line of said subdivision, S46°06'19"E, 409.08 feet to ½-inch iron rod for angle point;
4. S47°09'10"E, 405.41 feet to ½-inch iron rod for angle point;
5. S47°52'54"E, 295.90 feet to ½-inch iron rod for angle point;
6. S47°18'52"E, 296.88 feet to ½-inch iron rod for angle point;
7. S47°21'24"E, 132.10 feet to ½-inch iron rod for angle point;
8. S47°07'34"E, 179.01 feet to ½-inch iron rod for angle point;
9. S46°55'27"E, 248.69 feet to ½-inch iron rod for most southerly corner of said subdivision and the westerly corner of a called 57.26 acre tract described in a deed to Kyle Mortgage Investors, LLC and recorded in Volume 3416, Page 789 of said Official Public Records;
10. S45°43'31"E, 436.59 feet to a fence post for angle point;
11. S46°32'55"E, 1447.00 feet to an iron rod with aluminum cap stamped "Kent McMillian" at an interior ell corner of said 1,971.29 acre tract;
12. Continuing with the easterly line of said 1,971.29 acre tract, S40°23'35"W, 1023.40 feet to a ½-inch iron rod found at the westerly corner of a called 1.259 acre tract described in a deed to Robin Robinson and recorded in Volume 5358, Page 587 of said Official Public Records;
13. S50°23'48"E, 255.70 feet to a fence post for angle point;
14. N40°43'43"E, 42.89 feet to a ½-inch iron rod with cap stamped "AST" set;
15. S52°09'40"E, at 85.22 feet passing a ½-inch iron rod found at the westerly corner of a called 0.72 acre tract described in a deed to Robin and Gale Robinson and recorded in Volume 4689, Page 363 of said Official Public Records and continuing for a total distance of 244.62 feet to a½-inch iron rod with cap stamped "AST" set;
16. N43°53'50"E, 92.19 feet to a ½-inch iron rod with cap stamped "AST" set;
17. S78°26'49"E, 101.27 feet ½-inch iron rod found on the westerly right of way line of N. Old Stagecoach Road (width varies);

THENCE, with said westerly right of way line the following course and distances:

1. S16°21'49"E, 511.37 feet to a ½-inch iron rod with cap stamped "AST";
2. S16°20'38"E, 1420.21 feet to a 60d nail found next to a cedar fence post and
3. S16°48'53"E, 800.20 feet to a ½-inch iron rod with cap stamped "AST" set for the most easterly southeast corner of this tract;

THENCE, leaving said westerly right of way line and with fence along the southeasterly line of said 195.14 acre tract, S36°01'23"W, 42.36 feet to a cedar fence post;

THENCE, continuing with said southeasterly line, same being the northwesterly line of a called 132.59 acre tract described in a deed to Felder CND, LLC and recorded in Volume 5224, Page 246 of the Hays County Official Public Records the following courses and distances:

1. S48°36'08"W, 1583.50 feet to a cedar fence post;
2. N49°26'16"W, 34.23 feet to a cedar fence post;
3. S25°40'41"W, 39.42 feet to an iron rod with cap stamped "Vickrey";
4. S48°29'40"W, 2127.73 feet to a cedar fence post with "Mag Nail" on the northerly right of way line of Cypress Road (aka Limekiln Road) (width undetermined) at the southeast corner of said 195.14 acre tract from which an iron rod with aluminum cap stamped "Kent McMillian" bears S21°57'46"W, 50.84 feet;

THENCE, with said northerly right of way line, N77°16'32"W, 599.91 feet to a cedar fence post on the easterly line of said 311.56 acre tract;

THENCE, with fence and the easterly line of said 311.56 acre and westerly line of said 195.14 acre tract the following courses and distances:

1. N16°48'19"W, 270.65 feet to a calculated angle point in said line and;
2. N17°13'44"W, 1607.95 feet to the **POINT OF BEGINNING** and containing 858.70 acres of land, more or less.

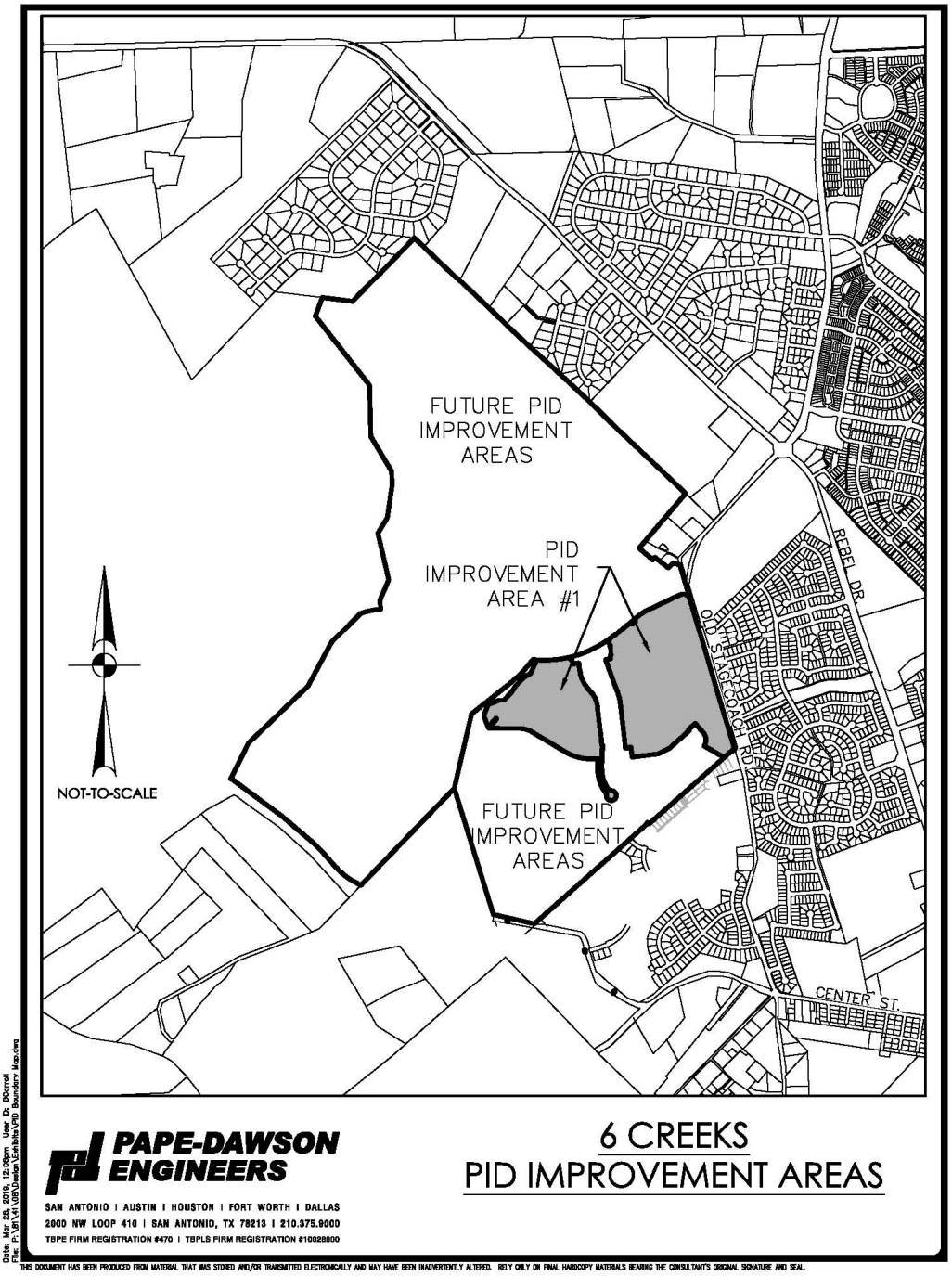
SURVEYOR'S STATEMENT

I hereby state that the included field note description was prepared from an actual survey made on the ground under my supervision and is true and correct, to the best of knowledge and belief.

Paul C. Sauve, Jr., RPLS #2518
Austin Spatial Technologies, LLC
December 5, 2016

ATTACHMENT "B"

Exhibit "B-2"



ATTACHMENT "C"

Exhibit "D"

MAJOR IMPROVEMENTS

Major Improvements	**Dedicated to the City or County**	**Estimated Cost**
Wastewater Treatment Plant Capacity	City	$31,651
Lift Station and Force Main	City	$89,151
Offsite Water Improvements	City	$340,177
Old Stagecoach Improvements	City	$255,133
Park and Trail Improvements	City	$321,468
Entry, Walls and Landscaping	City	$797,716
Internal Roadway and Grading	County	$2,853,778
Internal Water Improvements	City	$1,446,469
Internal Wastewater Improvements	City	$1,871,035
Internal Drainage Improvements	City	$1,389,142
Detention/Water Quality Pond	City	$2,109,226
Total		**$11,504,946**

CITY OF KYLE, TEXAS

Review & Acceptance of 2018 CAFR and Independent Auditors' Report

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: Review and acceptance of the City's Comprehensive Annual Financial Report (CAFR) and the Independent Auditors' Report for fiscal year ending September 30, 2018. ~ *Perwez A. Moheet, CPA, Director of Finance and Michael O'Brien, CPA, Partner, RSM US, LLP, Certified Public Accountants*

Other Information: The City management is pleased to present the Comprehensive Annual Financial Report (CAFR) for the City of Kyle for the fiscal year ended September 30, 2018. Highlights of the City's financial position are provided below.

Article VIII, Section 8.13 of the City Charter requires that at the close of each fiscal year, an independent audit shall be made of all accounts of the City by a certified public accountant experienced in auditing cities. The City Charter requires that the audit shall be completed on or before March 30th of each year and upon acceptance of the audit, summary thereof shall be published immediately in a newspaper of general circulation in the City and copies of the audit report shall be placed on file in the City Secretary's Office as a public record.

The Management's Discussion and Analysis (MD&A) section of the CAFR presents a narrative overview and analysis of the financial activities of the City of Kyle for the year ended September 30, 2018. The analysis is intended to assist readers in focusing on key financial issues and changes in the City's financial position and in identifying any significant variances from the approved budget.

It is important to consider the information presented in the Management's Discussion and Analysis (MD&A) section of the annual report in conjunction with additional information that we have provided in the letter of transmittal as well as the financial statements provided in this report.

REPORT HIGHLIGHTS

- The independent auditors conducted their audit of the City's financial statements in accordance with the auditing standards prescribed and accepted in the United States of America.

- The City's independent auditors, RSM US, LLP, Certified Public Accountant, issued an unqualified or "clean" auditors' report for the fiscal year ended September 30, 2018. This is the highest or the best type of an independent auditors' report that can be issued on the financial statements of governmental entities in the United States of America including city governments.

- Based on the independent auditors' examination and audit of the City's financial records, the audit report states "the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the

business-type activities, each major fund, and the aggregate remaining fund information of the City of Kyle, Texas as of September 30, 2018, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America."

- The City's Statement of Net Position for All City Funds for the fiscal year ended September 30, 2018 reported $295.6 million in assets, $92.8 million in liabilities, and a net position totaling $204.8 million.
- The City's overall net position totaling $204.8 million as of September 30, 2018 is an increase of $41.0 million or 25.0 percent from the prior fiscal year.
- The ending fund balance in the City's General Fund at September 30, 2018 totaled $19.4 million. This is an increase of $5.6 million or 40.6 percent from the prior fiscal year.
- Revenue and transfers-in for the City's General Fund for fiscal year ending September 30, 2018 from all sources totaled $28.8 million (GAAP basis).
- Expenditures and transfers-in for the City's General Fund for fiscal year ending September 30, 2018 totaled $23.2 million for all municipal government functions including transfers-out *(GAAP basis).

For complete transparency and inclusion of detailed financial information, a copy of the following documents are attached to this agenda item:

1. City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2018.
2. Independent Auditors' Report on the City's financial statements for the fiscal year ended September 30, 2018.
3. Independent Auditors' Required Communication to City Council.

A complete copy of the City's Comprehensive Annual Financial Report (CAFR) and the Independent Auditors' Report for the fiscal year ended September 30, 2018 are also available on the City's Financial Services Department web page.

Legal Notes:

Budget Information:

ATTACHMENTS:

Description

- Independent Auditors' Report - FY 2018
- Independent Auditors' Required Communication to City Council - FY 2018
- CAFR - FY 2018

RSM US LLP

Independent Auditor's Report

To the Honorable Mayor and Members of the City Council
City of Kyle, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Kyle, Texas (the City) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As described in Note V-C, the City adopted, effective October 1, 2017, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*. The effect of the adoption of this standard was a restated beginning net position, additional note disclosures and required supplementary information about the City's other postemployment benefit plan. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Revenues, Expenditures and Changes in Fund Balance—General Fund, Notes to the Budgetary Comparison Schedule, the Schedule of OPEB Contributions, the Schedule of Changes in the Net OPEB Liability and Related Ratios, the Schedule of Investment Returns—OPEB, the Schedule of Changes in the Total OPEB Liability and Related Ratios—SDBF OPEB, the Schedule of Changes in Net Pension Liability and Related Ratios—Retirement Plan and the Schedule of Employer Contributions—Retirement Plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Financial Statements, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The Combining Financial Statements are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Financial Statements, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying Introductory and Statistical Sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

RSM US LLP

Austin, Texas
March 27, 2019

THE CITY OF KYLE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
SEPTEMBER 30, 2018

THE CITY OF KYLE, TEXAS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

City Manager
J. Scott Sellers

Director of Finance
Perwez A. Moheet, CPA

FOR THE YEAR ENDED
SEPTEMBER 30, 2018

Prepared by Financial Services Department

Elected Officials

Mayor
Travis Mitchell

Mayor Pro Tem
Dex Ellison

Council Member, District 2
Tracy Scheel

Council Member, District 3
Vacant

Council Member, District 4
Alex Villalobos

Council Member, District 5
Rick Koch

Council Member, District 6
Daphne Tenorio

CITY OF KYLE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2018

TABLE OF CONTENTS

	Exhibit	Page
INTRODUCTORY SECTION		
Letter of Transmittal		i
City of Kyle - Organizational Chart		vii
Elected Officials and Executive Management Team		viii
GFOA CAFR Certificate		ix
FINANCIAL SECTION		
Independent Auditor's Report		1
Management's Discussion and Analysis		4
Basic Financial Statements		
Government Wide Statements:		
Statement of Net Position	A-1	19
Statement of Activities	B-1	20
Governmental Fund Financial Statements:		
Balance Sheet	C-1	22
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	C-2	24
Statement of Revenues, Expenditures, and Changes in Fund Balance	C-3	25
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	C-4	27
Proprietary Fund Financial Statements:		
Statement of Net Position	D-1	28
Statement of Revenues, Expenses, and Changes in Fund Net Position	D-2	29
Statement of Cash Flows	D-3	30
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Positions	E-1	32
Statement of Change in Fiduciary Net Position	E-2	33
Notes to the Financial Statements		
I. Summary of Significant Accounting Policies		34
II. Reconciliation of Government-Wide and Fund Financial Statements		42
III. Stewardship, Compliance and Accountability		43
IV. Detailed Notes on All Funds		44
V. Other Information		53
Required Supplementary Information (Unaudited)		
Schedule of Revenues, Expenditures and Changes in Fund Balance - General Fund, Notes to the Budgetary Comparison Schedule	G-1	68
Schedule of OPEB Contributions	G-2	70
Schedule of Changes in the Net OPEB Liability and Related Ratios	G-3	71
Schedule of Investment Returns - OPEB	G-4	72
Schedule of Changes in the Total OPEB Liability and Related Ratios - SDBF, OPEB	G-5	73
Schedule of Changes in Net Position Liability and Related Ratios - Retirement Plan	G-6	74
Schedule of Employer Contributions - Retirement Plan	G-7	75

CITY OF KYLE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2018

TABLE OF CONTENTS (Cont'd)

	Exhibit	Page
FINANCIAL SECTION (Cont'd)		
Combining Financial Statements		
Nonmajor Governmental Funds:		
Combining Balance Sheet	H-1	76
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	H-2	79
Combining Statement of Changes of Assets and Liabilities - Agency Fund	H-9	82

	Table	Page
STATISTICAL SECTION (Unaudited)		
Net Position by Component	1	84
Changes in Net Position	2	85
Fund Balances - Governmental Funds	3	87
Changes in Fund Balances - Governmental Funds	4	88
Assessed Value and Estimated Actual Value of Taxable Property	5	90
Water Utility Rate Comparison	6	91
Water Utility - Annual Billed Amount Comparison	7	92
Water Utility - Total Gallon Per Year Comparison	8	93
Wastewater Rate Comparison	9	94
Wastewater Utility - Annual Billed Amount Comparison	10	95
Ten Largest Water Customers	11	96
Sales Tax Collection by Month	12	97
Direct and Overlapping Property Tax Rates	13	98
Principal Property Taxpayers	14	99
Property Tax Levies and Collections	15	100
Ratios of Outstanding Debt by Type	16	101
Ratios of Net General Bonded Debt Outstanding	17	102
Legal Debt Margin Information	18	103
Demographic and Economic Statistics	19	104
Principal Employers	20	105
Fulltime Equivalent City Government Employees	21	106
Operating Indicators by Function/Program	22	107
Capital Asset Statistics by Function/Program	23	108

INTRODUCTORY SECTION

CITY OF KYLE

100 W. Center Street ● Kyle, Texas 78640 ● Tel (512) 262-1010 ● Fax (512) 262-3800

March 27, 2019

Mayor, Mayor Pro Tem, and Council Members
City of Kyle, Texas

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Kyle, Texas for the year ended September 30, 2018. The CAFR provides detailed information regarding the City's financial condition and activities to City Council, Boards and Commissions, citizens of Kyle, City management and staff, bondholders, and other interested parties.

City management is responsible for both the accuracy of the financial information presented and the completeness and fairness of the presentations including all disclosures. We believe the financial information, as presented, is accurate in all material respects and is presented in a manner which fairly sets forth the financial position and results of operations of the City of Kyle. These financial statements have been prepared by the Financial Services Department in accordance with generally accepted accounting principles (GAAP) for local governments.

The basic financial statements and accompanying notes to the financial statements have been audited by the independent firm of RSM US, LLP, Certified Public Accountants. This audit satisfies Article VIII, Section 8.13 of the City Charter which requires an annual audit of all accounts of the City by an independent Certified Public Accountant.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report. The MD&A provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it.

REPORTING ENTITY

This CAFR includes all funds of the City of Kyle. The City provides a full range of municipal services including general government, public safety, emergency management, planning and zoning, code enforcement, public recreation and culture, economic development, solid waste collection and recycling, stormwater and drainage management, and water and wastewater services.

KYLE'S GOVERNMENT, ECONOMY, AND OUTLOOK

General Information

The City of Kyle is a political subdivision and municipal corporation of the State of Texas, duly organized and existing under the laws of the State including the City's Home Rule Charter, initially adopted by the voters in the year 2000.

The City operates as a Home Rule City under a Council-Manager form of government with a City Council comprised of the Mayor and six Council Members. The City Council appoints the City Manager who is the chief executive officer responsible for executing the laws and administering the government. The City Manager serves at the pleasure of the City Council of the City of Kyle.

The City covers approximately thirty (30) square miles and has an estimated population of 47,500 in 2018. Kyle is a thriving community with easy access to major highways and roadways including Interstate Highway 35. Kyle is strategically located eight miles north of San Marcos, 20 miles south of Austin and 60 miles north of San Antonio. Kyle is the second largest city in Hays County and enjoys a south-central location convenient to most major population and employment centers in Texas.

Local Economy

The City of Kyle residents enjoy a vibrant local economy and an excellent quality of life. Among the many factors attributing to the vibrancy of Kyle include a high per capita household income, low unemployment rate, educated workforce, employment growth, and the continued addition of new businesses in the consumer, medical, and light manufacturing sectors.

Among the major indicators of a stable yet an expanding local economy include growth in population, building permits, taxable valuations, property tax collection rate, and the trend for sales tax collections. We are pleased to report that the annual increase in residential building permits increased by 5.8%, taxable valuations increased by 10.6% as compared to the prior tax year, annual property tax collection rate has continued to surpass the 98.0% level, and sales tax collections increased by 9.7% as compared to the prior year as well. Total population in the City of Kyle is projected to increase to an estimated 50,000 residents by the year 2020.

Long-term Planning

Following an extensive public involvement process, the City adopted a Comprehensive Plan. This Plan provides a clear understanding of the community's goals and visions and supplies guidance for future municipal decisions. Kyle is experiencing rapid growth which in turn applies significant impact on all systems within the City, including financial, tax structure, transportation systems, provision of utilities, and access to goods and services.

To ensure adequate provision of basic services while fostering a high quality of life and preserving Kyle's unique community, it is necessary for the City to be proactive in planning for the future. The Comprehensive Plan for the City of Kyle provides guidance for ad valorem tax revenue to fund service provisions, protecting sensitive cultural and natural features representative of Kyle's history and character, directing growth in key locations, and ensuring a high quality of life for its residents. The planning horizon of the 2010 Comprehensive Plan is through the year 2040, when it is projected that approximately 90,000 residents will be residing in Kyle.

Major Initiatives

The City Council adopted a number of policy-based priorities to not only maintain but also develop the City of Kyle as a vibrant, healthy, family-friendly, and safe community. These policy-based priorities include but are not limited to the following:

- Public Safety Program Initiatives
- Street Maintenance & Reconstruction Program
- City-wide Beautification Plan
- Park Improvement Program
- Storm Drainage Improvement & Flood Risk Mitigation Program

- Water and Wastewater Infrastructure Improvement & Expansion Program
- Downtown Revitalization Grant Program
- Annexation Plan
- Tourism Plan

A number of major programs were initiated as well as completed in the City of Kyle during fiscal year 2018. These included the following:

- Technology enhancements in the public safety program including addition of police officers, patrol vehicles, and safety equipment.
- Completion of major improvements including hike and bike trails throughout the City's parks system.
- Successful implementation of the City's Pie in the Sky Hot Air Balloon Festival to coincide with and promote the City of Kyle being designated as the Pie Capital of Texas.
- Continued streamlining of the City's development and permitting process.
- Completion of design and installation of a reading and butterfly garden at the public library.
- Completion of engineering study and design for the City's wastewater treatment plant expansion.
- Completion of Goforth Road, Bunton Road, and Marketplace, and construction plans for two other major roadways were completed for the $36 million bond package approved by the citizens. This roadway improvement program when fully completed will increase commercial and industrial development throughout the City of Kyle.
- Completion of right-of-way acquisitions and design for the City's Plum Creek, Southside, Elliott Branch, and Bunton Creek wastewater collection system improvement projects.

FINANCIAL INFORMATION

Budgetary Information

The City's Approved Budget for Fiscal Year 2017-2018 totaled $84.2 million and included $23.9 million for the General Fund to provide public safety, code enforcement, parks, street maintenance, library, and other municipal services to the citizens of Kyle.

The budget development and adoption process were based on the City's commitment and dedication to complete transparency and inclusiveness in its local government. The City included an extensive public participation process including public hearings, City Council planning sessions and public meetings throughout the budget development, deliberations, and adoption process. The City's budget development process incorporates financial resource allocation planning with performance measurement for service delivery and public input.

The City's Budget for Fiscal Year 2017-2018 was adopted with no change in the property tax rate of $0.5416 per $100 of assessed taxable valuation. The budget provided funding for a merit increase for City employees, compliance with the meet and confer contractual requirements for all civil service employees, addition of new positions for police, public works, and emergency dispatch operations. Approved budget provided funding for a comprehensive capital improvements program and acquisition of heavy equipment and machinery.

The Approved Budget for Fiscal Year 2017-2018 did not include any rate increase for water, wastewater, storm drainage or other fees and charges for various city services. A 4.0% rate increase was included for solid waste collection services based on the contract terms agreed to by the City with Texas Disposal Systems.

Bond Rating

The City's bond rating was reaffirmed at AA- by Standard and Poor's rating agency based on the City's strong liquidity and financial position, stable economic growth outlook in Kyle, and the City's strong financial management team and its financial management practices.

Financial Policies

The City has adopted a comprehensive set of Financial Policies to ensure that the City's financial resources are prudently managed and safeguarded against misuse or loss. The City has established and maintains its goal for a balanced budget to achieve long-term financial stability and viability for the citizens of Kyle.

Internal Controls

City management is responsible for establishing, implementing, and maintaining a framework of internal controls designed to ensure that assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting information is compiled to allow for the preparation of financial statements in conformity with GAAP. The system of internal control is designed to provide reasonable assurance, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of controls should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

As required under the City Charter, the annual operating budget is proposed by the City Manager and approved by the City Council after holding many public discussions, deliberations, workshops, and hearings. Primary responsibility for budget variance analysis of actual expense or revenue and overall programs rests with the City departments operating and delivering program services. As evidenced in the financial statements, notes, and schedules included in the CAFR, the City of Kyle continues to meet its responsibility for sound financial management, transparency, and accountability.

Budgetary compliance is a significant tool for managing and controlling governmental activities, as well as ensuring conformance with the City's budgetary limits and specifications. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Levels of budgetary control, that is the levels at which expenditures cannot legally exceed appropriated amounts, are established at the department level within individual Funds.

The City utilizes an encumbrance system of accounting as one mechanism to accomplish effective budgetary control. Encumbered amounts lapse at year end and a few items are re-appropriated as part of the following year's budget. Another budgetary control is the monthly revenue and expenditure report summarizing by department budget and actual balances with variances that are generated and reviewed by the Financial Services Department and the City Manager's Office.

On a quarterly basis, the Financial Services Department prepares and posts financial performance reports accessible to City Council, taxpayers, Kyle residents, City staff and all other interested parties regarding the status of revenue, expenditures and the fund balance in each of the City's accounting Funds.

Risk Management

The City is a member of the Texas Municipal League's Intergovernmental Risk Pool. The Pool was created for providing coverage against risks, which are inherent in operating a municipal government. The City pays annual premiums to the Pool for liability, property and worker's compensation coverage. An independent insurance brokerage firm underwrites surety bonds for selected city officials and staff.

Transparency in Financial Reporting

The City is fully committed to actively pursuing transparency in its policy-making, administration, budgeting, management oversight, and financial reporting. The City's Financial Services Department has streamlined its website to facilitate user-friendly access to the City's financial documents including annual operating and capital budgets, financial performance reports, comprehensive annual financial reports, capital improvements plan, check registers, financial policies, official statements, and other financial reports.

OTHER INFORMATION

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to a governmental unit that publishes a Comprehensive Annual Financial Report (CAFR) that meets the GFOA program standards.

As in prior fiscal years, the City of Kyle was again awarded the Certificate of Achievement for Excellence in Financial Reporting by the GFOA for its Comprehensive Annual Financial Report issued for fiscal year ended September 30, 2017.

The City of Kyle was also the recipient of the Distinguished Budget Presentation Award presented by the Government Finance Officers Association (GFOA) for the fiscal year beginning October 2018. This award is the highest form of recognition in governmental budgeting and represents a significant achievement by an organization.

In addition, the City of Kyle continues to be a participant and award recipient in the Texas State Comptroller's Transparency Star Award Program. The Transparency Star Award Program is the highest level of recognition based on a five-star rating system. Each star represents excellence in transparency in a reporting category; Traditional Finances, Contracts & Procurement, Debt Obligations, Economic Development, and Pensions.

The City of Kyle has been awarded each of the five Stars under the Texas State Comptroller's Transparency Star Award Program. Each Star represents a category in which fiscal transparency requirements have been fully complied with and met by the recipient City as required by the State of Texas Transparency Star Award Program managed by the Texas State Comptroller. The five transparency reporting category areas are as follows:

- Traditional Finances
- Contracts and Procurement
- Economic Development
- Public Pensions
- Debt Obligations

Acknowledgments

The compilation and issuance of the City's Comprehensive Annual Financial Report was made possible with the dedication and contributions of the accounting and financial reporting team members in the City's Financial Services Department. We would like to acknowledge and express our appreciation to Andy Alejandro, Accounting Manager, a senior member of the Financial Services Department team who was assigned the lead role in the preparation and the compilation of the City's Comprehensive Annual Financial Report.

We also want to acknowledge the thorough, professional, and timely manner in which the City's independent auditor, RSM US, LLP, successfully conducted the audit.

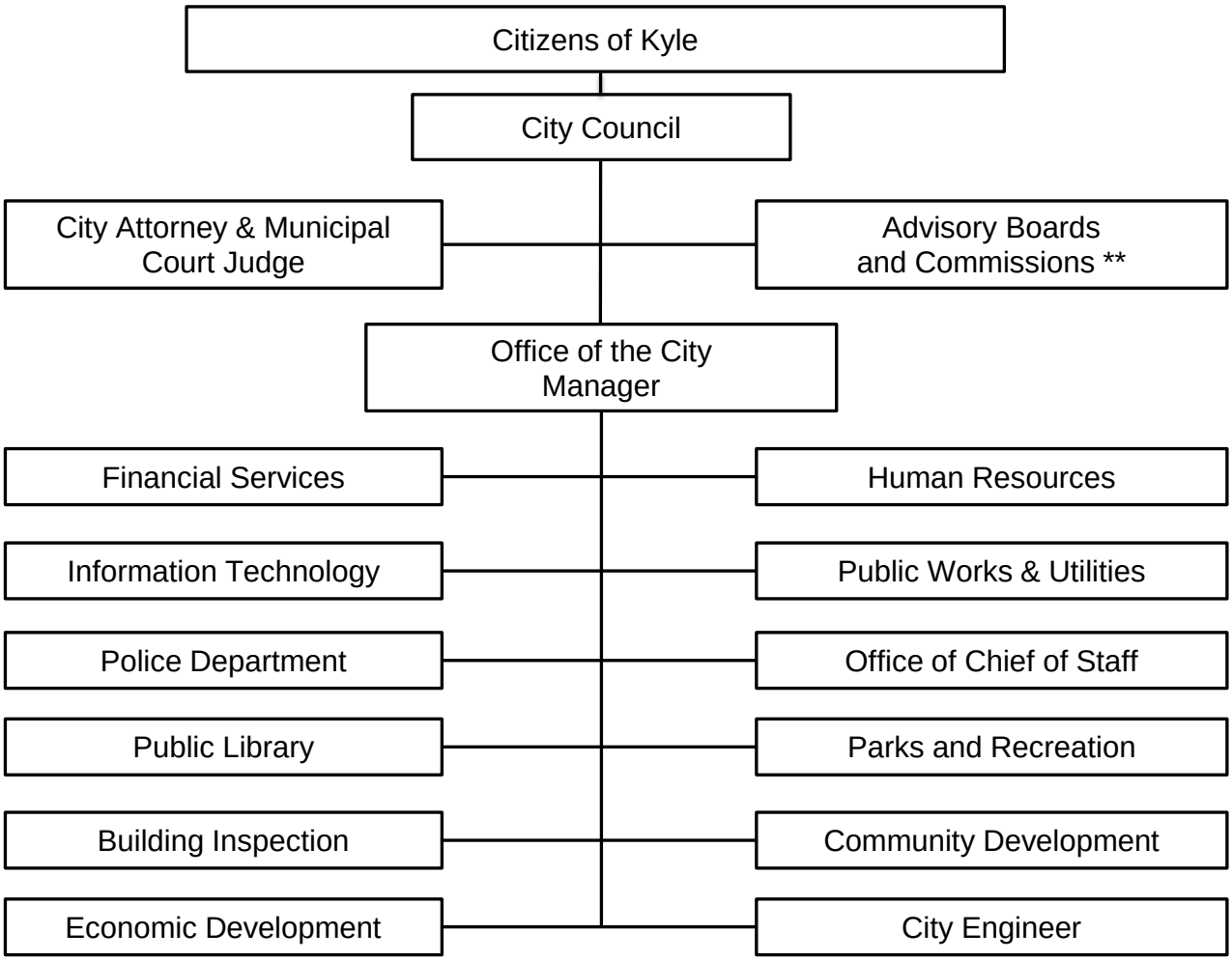
In closing, we want to express our appreciation and gratitude for the City Council's guidance, policy directives, and continued support in all aspects of the City's financial management and reporting responsibilities.

Respectfully submitted,

J. Scott Sellers
City Manager

Perwez A. Moheet, CPA
Director of Finance

City of Kyle - Organization Chart



** List of Advisory Boards and Commissions

Board of Adjustments
Charter Review Commission
Civil Service Commission
Economic Development & Tourism Board
Library Board
Parks and Recreation Board
Planning and Zoning Commission
Train Depot Board
Ethics Commission
Historic Preservation Commission

Elected Officials and Executive Management Team

City Council

Travis Mitchell	Mayor
Dex Ellison	Mayor Pro-Tem, District 1
Tracy Scheel	District 2
Vacant	District 3
Alex Villalobos	District 4
Rick Koch	District 5
Daphne Tenorio	District 6

Executive Management Team

J. Scott Sellers	City Manager
James R. Earp, CPM	Assistant City Manager
Mario Perez	Building Official
Leon Barba, P.E.	City Engineer
Jennifer Vetrano	City Secretary
Jerry Hendrix	Chief of Staff
Diana Blank-Torres	Director of Economic Development
Perwez A. Moheet, CPA	Director of Financial Services
Sandra Duran	Director of Human Resources
Andy Cable	Municipal Court Judge
Kerry Urbanowicz	Director of Parks and Recreation
Howard Koontz	Director of Planning
Jeff Barnett	Chief of Police
Paul Phelan	Library Director
Harper Wilder	Director of Public Works

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Kyle

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

RSM US LLP

Independent Auditor's Report

To the Honorable Mayor and Members of the City Council
City of Kyle, Texas

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Kyle, Texas (the City) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As described in Note V-C, the City adopted, effective October 1, 2017, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*. The effect of the adoption of this standard was a restated beginning net position, additional note disclosures and required supplementary information about the City's other postemployment benefit plan. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Revenues, Expenditures and Changes in Fund Balance—General Fund, Notes to the Budgetary Comparison Schedule, the Schedule of OPEB Contributions, the Schedule of Changes in the Net OPEB Liability and Related Ratios, the Schedule of Investment Returns—OPEB, the Schedule of Changes in the Total OPEB Liability and Related Ratios—SDBF OPEB, the Schedule of Changes in Net Pension Liability and Related Ratios—Retirement Plan and the Schedule of Employer Contributions—Retirement Plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Financial Statements, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The Combining Financial Statements are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Financial Statements, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying Introductory and Statistical Sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

RSM US LLP

Austin, Texas
March 27, 2019

The City management is pleased to present the City of Kyle's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2018.

The Management's Discussion and Analysis (MD&A) section of the CAFR presents a narrative overview and analysis of the financial activities of the City of Kyle for the year ended September 30, 2018. The analysis is intended to assist readers in focusing on key financial issues and changes in the City's financial position and in identifying any significant variances from the approved budget.

We encourage our readers to consider the information presented in this section of the annual report in conjunction with additional information that we have provided in our letter of transmittal and the financial statements furnished in this report.

FINANCIAL HIGHLIGHTS

- The City's total assets and deferred outflows exceeded total liabilities and deferred inflows at the end of fiscal year 2018 resulting in a net position of $204.8 million as of September 30, 2018. Of the total $204.8 million net position, $37.1 million remained unrestricted and is available to meet any future obligations of the City.
- Net position for all governmental activities totaled $85.0 million and $119.8 million for business-type activities at September 30, 2018.
- $6.7 million or 18.7% increase in the combined fund balance totaling $42.6 million for all governmental funds at September 30, 2018 as compared to the prior fiscal year.
- $5.6 million or 40.6% increase in the ending balance of the City's General Fund totaling $19.4 million at September 30, 2018 as compared to the prior fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the City of Kyle's basic financial statements, consisting of three components:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements, including information on individual funds.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner comparable to a private-sector business. The two government-wide statements are as follows:

- The **Statement of Net Position** presents information on all of the City's assets, deferred outflows and deferred inflows, liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Kyle is improving or deteriorating.
- The **Statement of Activities** presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying

event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement including items that will only result in cash flows in future fiscal periods, such as revenue for uncollected taxes and expenditures for earned but unused vacation leave. This statement includes the annual depreciation for infrastructure and governmental assets.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, planning, economic development, street maintenance, code enforcement, recreation and culture, and solid waste and recycling services. The business-type activities of the City include services provided by the water and wastewater utility system.

Fund Financial Statements

The fund financial statements are intended to report financial information in groupings of related accounts used to account for and manage resources that have been designated for specific activities or objectives. The City of Kyle, like other local governments, utilizes a fund accounting system to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into the following three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds - are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are reported in governmental funds. These funds focus on current sources and uses of resources and on the balances of available resources at the end of the fiscal year. This information may be useful in evaluating what financial resources are available in the near term to finance the City's future obligations.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City's General Fund is reported as a major fund and information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances. In addition, the City maintains several governmental funds organized according to their type (special revenue, debt service, and capital projects). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for each major fund which is first shown on the Balance Sheet for Governmental Funds.

A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with the annual budget appropriations and is presented as required supplementary information. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements.

Proprietary Funds – are generally used to account for services for which the City charges customers. Proprietary fund statements provide the same type of information shown in government-wide financial statements, only in more detail.

The City maintains one type of proprietary fund, an Enterprise Fund. This fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses one enterprise fund to account for its water operations, wastewater utility operations, and storm drainage.

Fiduciary Funds – are used to account for resources held in a trust or agency capacity. These funds cannot be used to support governmental activities. The City uses an Other Post Employment Benefit Trust Fund to account for and report resources that are required to be held and committed to a trust for members of the city-paid retiree health insurance benefit plan.

Basis of Reporting – The government-wide statements and fund-level proprietary statements are reported using the flow of economic resources measurement focus and the full accrual basis of accounting. The governmental fund financial statements are reported using the current resources measurement focus and the modified accrual basis of accounting.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to fully understanding the data provided in the government-wide and fund financial statements.

Other Information

The Required Supplementary Information (RSI) section immediately follows the basic financial statements and accompanying notes to the financial statements section of this annual report. The City adopts an annual appropriated budget for the General Fund. The RSI section provides a comparison of revenues, expenditures, and other financing sources and uses of budgetary resources and demonstrates budgetary compliance for the General Fund and this section also provides a schedule of funding process for the retirement plan.

In addition, following the RSI section are other statements and schedules, including the combining statements for non-major governmental funds.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of the government's financial position. For the fiscal year ending September 30, 2018, the City's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by $204.8 million.

Below are summary highlights of the City's Net Position as of the end of fiscal year 2018 at September 30, 2018:

- Governmental Activities:
  - ❖ Current and Other Assets increased by $7.1 million or 18.4% primarily from the net results of operations.
  - ❖ Capital Assets increased by a net $5.4 million or 4.4% at fiscal year-end. Capital outlay total $3.3 million net of depreciation of $5.2 million.
  - ❖ Liabilities decreased by a net $5.7 million or 6.0% as a result of debt service payments.

- Business-type Activities:
  - ❖ Current and Other Assets increased by a $9.3 million or 27.3% primarily from the net results of operations.
  - ❖ Capital Assets increased by a net $15.0 million or 23.5%, primarily from wastewater projects.
  - ❖ Total liabilities decreased by a net $0.6 million or 18.4% primarily from a decrease in accounts payable and a decrease in the Net Pension Liability.

The following table reflects a condensed summary of Statement of Net Position compared to prior year:

City of Kyle, Texas
Net Position Information
For the Fiscal Year Ended September 30, 2018
(With Comparative Totals for September 30, 2017)

	Government Activities		Business-type Activities		Totals	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Current & other assets	$ 45,400,266	$ 38,337,192	$ 43,250,984	$ 33,976,806	$ 88,651,250	$ 72,313,998
Capital assets	128,071,603	122,703,958	78,905,383	63,915,105	206,976,986	186,619,063
Total assets	$ 173,471,869	$ 161,041,150	$ 122,156,367	$ 97,891,911	$ 295,628,236	$ 258,933,061
Total Deferred Outflow of Resources						
Charge for Refunding	$ 1,523,726	$ 2,658,438	$ -	$ -	$ 1,523,726	$ 2,658,438
Pension Plan	1,081,264	1,140,122	372,171	392,429	1,453,435	1,532,551
OPEB Plan	141,413	-	47,139	-	188,552	-
Total Deferred	$ 2,746,403	$ 3,798,560	$ 419,310	$ 392,429	$ 3,165,713	$ 4,190,989
Liabilities	$ 3,773,972	$ 3,200,105	$ 1,639,145	$ 2,025,799	$ 5,413,117	$ 5,225,904
Non-current liabilities	86,539,344	92,851,685	856,388	1,032,463	87,395,732	93,884,148
Total liabilities	$ 90,313,316	$ 96,051,790	$ 2,495,533	$ 3,058,262	$ 92,808,849	$ 99,110,052
Total Deferred Inflow of Resources						
Pension Plan	$ 895,382	$ 161,094	$ 308,189	$ 55,449	$ 1,203,571	$ 216,543
OPEB Plan	5,143	-	1,715	-	6,858	-
Total Deferred	$ 900,525	$ 161,094	$ 309,904	$ 55,449	$ 1,210,429	$ 216,543
Net investment in capital assets	$ 64,905,304	$ 52,720,070	$ 78,905,383	$ 63,915,105	$ 143,810,687	$ 116,635,175
Restricted	4,035,118	2,215,617	19,789,804	16,957,034	23,824,922	19,172,651
Unrestricted	16,064,010	13,691,139	21,075,053	14,298,490	37,139,063	27,989,629
Total of Net Position	$ 85,004,432	$ 68,626,826	$ 119,770,240	$ 95,170,629	$ 204,774,672	$ 163,797,455

The largest portion of the City's $204.8 million net position includes $143.8 million or 70.2% is its investment in capital assets (e.g., land, buildings, machinery, and equipment); less depreciation and any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of depreciation and related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another major portion of the City's $204.8 million net position is its restricted resources totaling $23.8 million or 11.6% to be used for capital improvements. The City's $204.8 million net position also includes resources restricted for special purposes such as for the municipal court and law enforcement in the amount of $0.16 million or 0.08% and $3.5 million or 1.7% for debt service. The remaining balance of the City's $204.8 million net position comprised of unrestricted resources totaling $37.1 million or 18.1% which may be used to meet future obligations of the City of Kyle.

Changes in Net Position

The following table provides a summary of activities that resulted in the changes to the City's Net Position compared to prior year.

This section intentionally left blank.

City of Kyle, Texas
Changes in Net Position Information
For the Fiscal Year Ended September 30, 2018
(With Comparative Totals for September 30, 2017)

	Government Activities		Business-type Activities		Totals	
	2018 - Restated	2017	2018 - Restated	2017	2018 - Restated	2017
Revenue						
Program Revenue						
Charges for services	$ 9,117,969	$ 7,383,240	$ 18,814,870	$ 17,842,460	$ 27,932,839	$ 25,225,700
Operating grants and contributions	231,083	152,279	-	-	231,083	152,279
Capital grants and contributions	7,517,365	-	20,757,496	9,934,823	28,274,861	9,934,823
General Revenue						
Property taxes	15,521,498	14,270,496	-	-	15,521,498	14,270,496
Sales tax	7,955,612	7,227,633	-	-	7,955,612	7,227,633
Franchise tax	2,430,996	1,435,270	-	-	2,430,996	1,435,270
Other taxes	421,490	281,996	-	-	421,490	281,996
Contributions not restricted	-	2,959,602	-	-	-	2,959,602
Investment earnings	1,220,859	383,362	40,351	72,365	1,261,210	455,727
Miscellaneous	-	208,541	235,958	3,090,249	235,958	3,298,790
Total Revenue	$ 44,416,872	$ 34,302,419	$ 39,848,675	$ 30,939,897	$ 84,265,547	$ 65,242,316
Expense						
General government	$ 7,048,673	$ 7,086,422	$ -	$ -	$ 7,048,673	$ 7,086,422
Public safety	7,589,067	7,101,534	-	-	7,589,067	7,101,534
Public works	8,509,720	7,456,046	-	-	8,509,720	7,456,046
Culture/Recreation	3,112,324	3,006,348	-	-	3,112,324	3,006,348
Interest on long term debt	3,117,190	2,853,031	-	-	3,117,190	2,853,031
Issuance Costs	-	-	-	-	-	-
Other debt service	3,150	20,425	-	-	3,150	20,425
Water	-	-	7,620,212	6,585,910	7,620,212	6,585,910
Wastewater	-	-	4,709,096	4,126,636	4,709,096	4,126,636
Storm Drainage	-	-	880,842	536,786	880,842	536,786
Total Expenses	$ 29,380,124	$ 27,523,806	$ 13,210,150	$ 11,249,332	$ 42,590,273	$ 38,773,138
Change in net position before Transfers	$ 15,036,748	$ 6,778,613	$ 26,638,525	$ 19,690,565	$ 41,675,273	$ 26,469,178
Transfers (net)	1,864,400	1,551,446	(1,864,400)	(1,551,446)	-	-
Change in net position	16,901,149	8,330,059	24,774,125	18,139,119	41,675,274	26,469,178
Net position - beginning	68,103,283	60,296,765	94,996,115	77,031,509	163,099,398	137,328,274
Net position - ending	$ 85,004,432	$ 68,626,824	$ 119,770,240	$ 95,170,628	$ 204,774,672	$ 163,797,452

Governmental Activities – Government-wide Statements

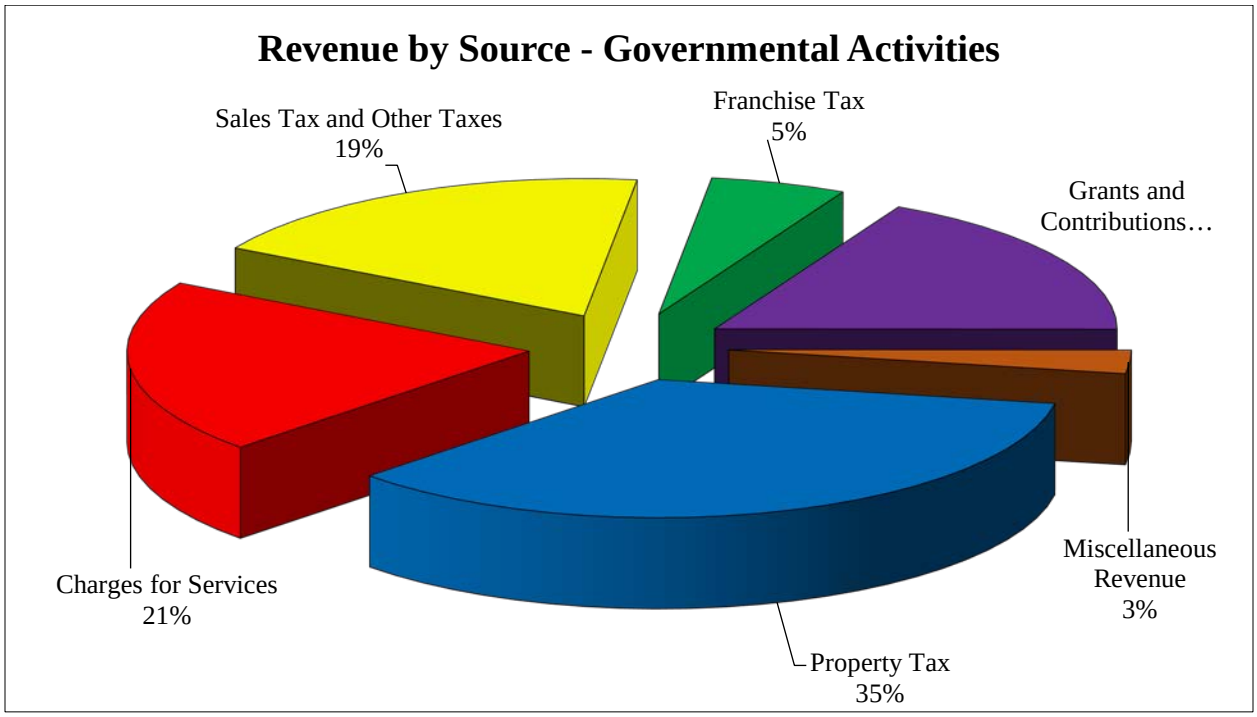
Governmental activities increased the City's net position by $16.9 million. Key elements of this change in net position are explained below:

Program Revenue. Total program revenue, which are charges for services, operating grants/contributions and capital grants/contributions increased by approximately $1.8 million from the prior year due mainly to net increase in charges for services of $1.7 million and net increase in operating grants/contributions of $0.08 million.

General Revenue. Property taxes, sales tax, franchise fees, and other taxes increased by $3.1 million or 13.4%. Property tax increased by $1.3 million or 8.8%, sales tax increased by $0.7 million or 10.1%, franchise fee increased by $1.0 million or 69.4% and other taxes increased $0.14 million or 49.5% from the prior fiscal year.

Expenses. Governmental expenses resulted in an overall increase of $1.9 million or 6.7% compared to the prior year. Following are the main reasons for the increase in expenditures:

- General Government decreased by $0.04 million or 0.5%.
- Public Safety increased by $0.49 million or 6.9%. This increase is due to the higher operating costs and the Meet & Confer negotiations that were approved for the City's civil service officers.
- Public Works increased by $1.05 million or 14.1%. This increase is the result of increase in operating costs associated with sanitation and recycling services.
- Culture and Recreation increased by $0.11 million or 3.5% and Bond Interest increased by $0.26 million or 9.3%.
- Other Debt Service Expense, which includes fiscal agent fees and issuance costs, decreased by $0.02 million.
- Water, Wastewater, and Storm Drainage funds increased by $1.0 million or 15.7%.
- The legal level of budgetary control is maintained at the function level.

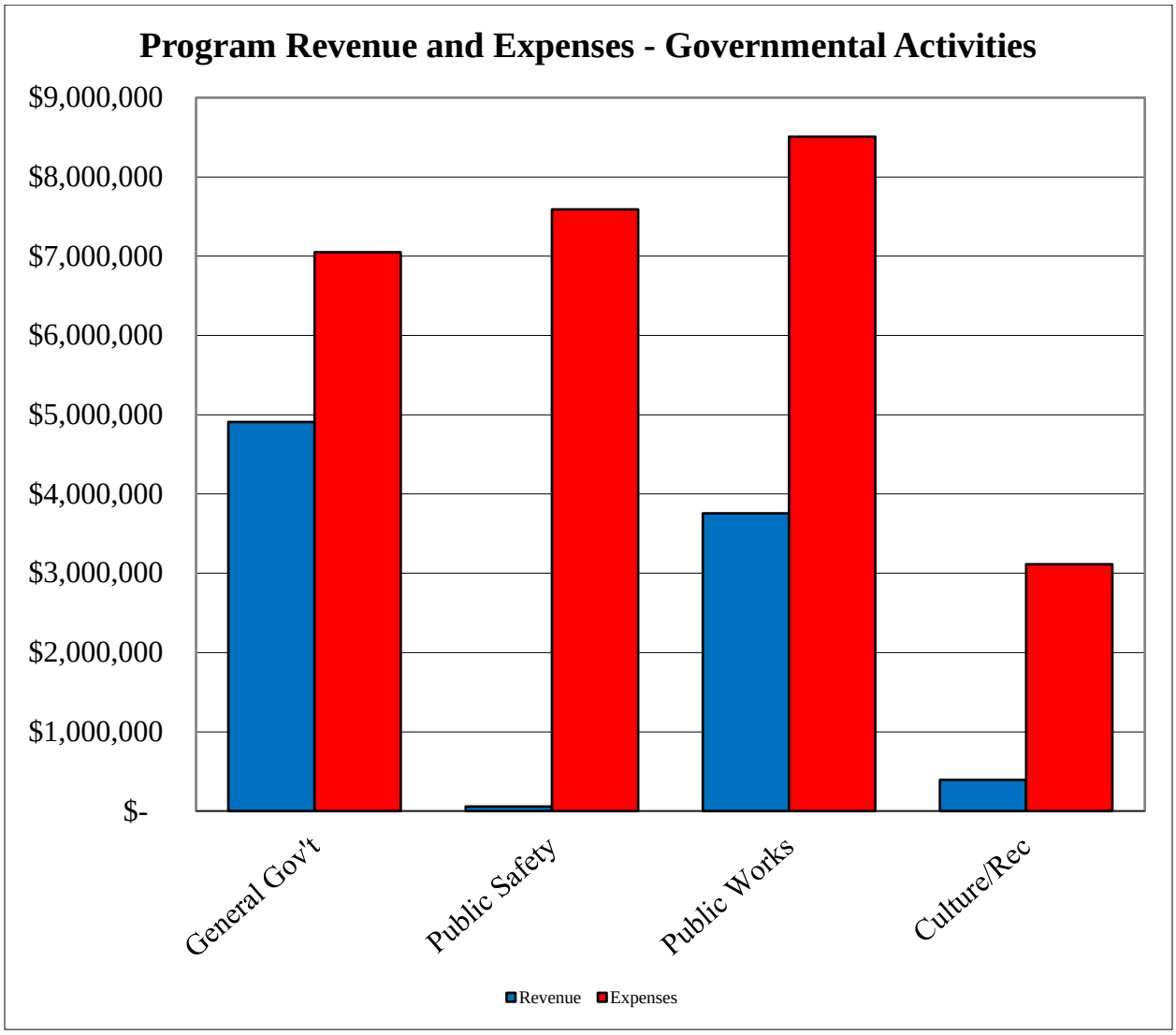


- As shown in the above chart, the primary sources of revenue for governmental activities are from property taxes ($15.5 million or 34.9%), charges for services ($9.1 million or 20.5%), and sales and other tax ($8.0 million or 17.9%).

- Charges for services include revenue sources such as fees for building inspections, plan review, recreational program fees, trash collection charges, etc.

- Revenue from property taxes increased by $1.3 million or 8.8% between 2017 and 2018. This increase is due to the increase in the certified tax roll for taxable assessed valuations from $2.64 billion in 2017 to $2.99 billion in 2018. The property tax rate adopted effective October 2017 (fiscal year 2018) was $0.5416 per $100 of assessed valuation which is a decrease of $0.03 from the previous year.

- Sales and other taxes which represented $8.4 million or 18.9% of total revenue for governmental activities increased from the prior year.

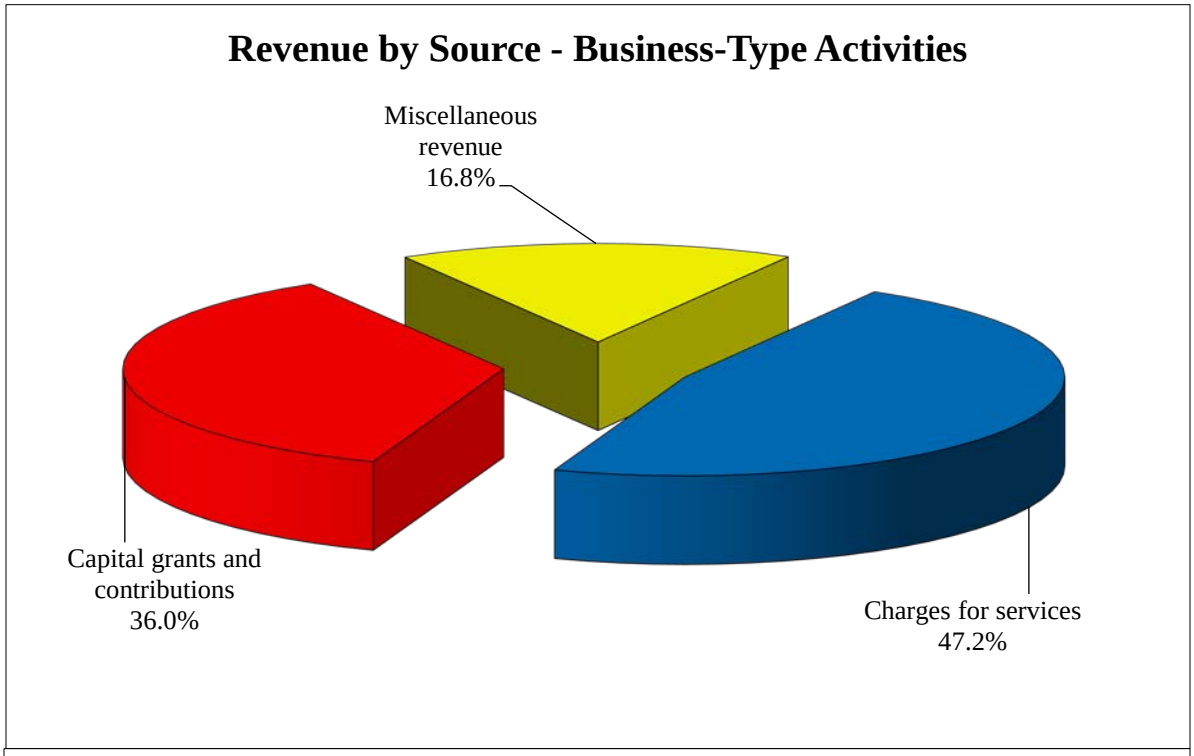


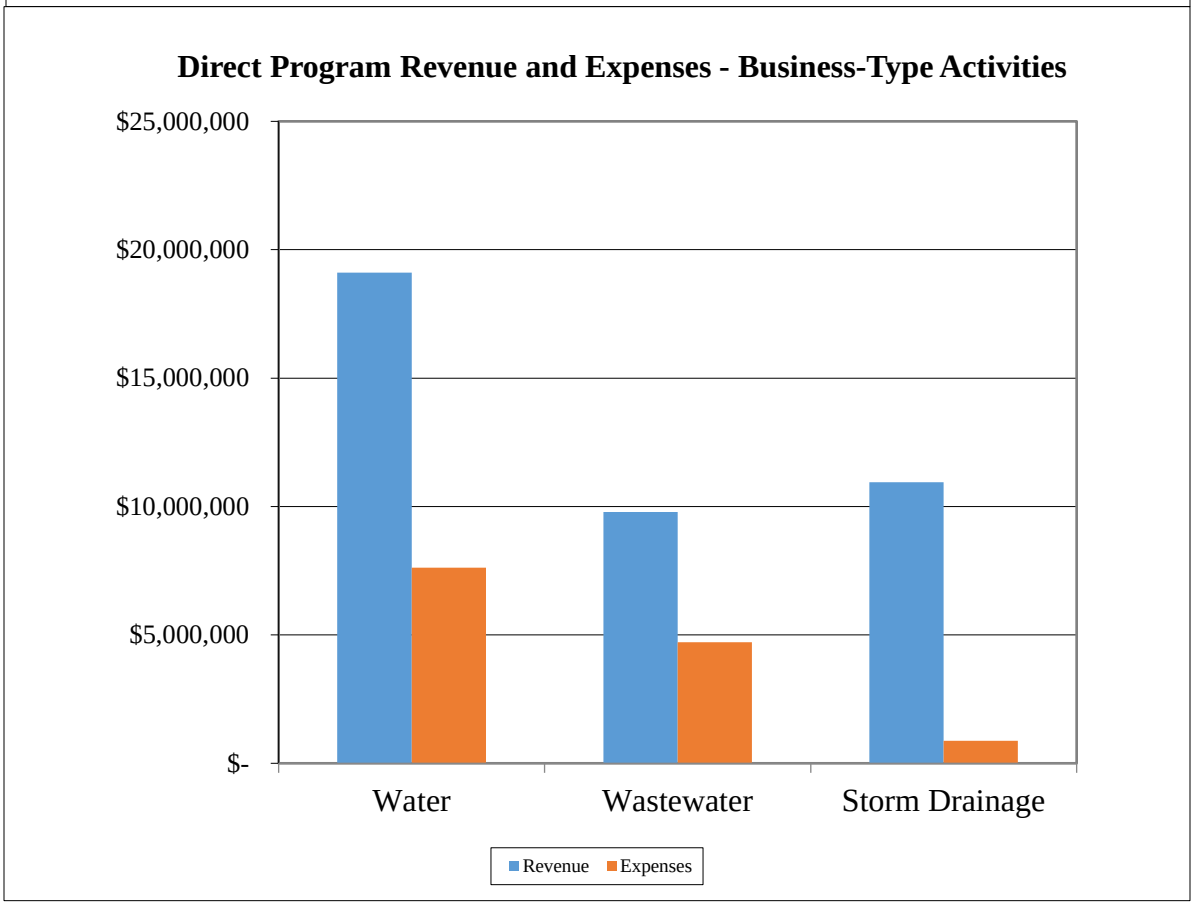
- Based on the chart above Public Works is the largest expense function ($8.5 million or 32.4%), which includes all street maintenance and sanitation services. This is followed by Public Safety ($7.6 million or 28.9%), General Government ($7.0 million or 26.8%), and Culture/Recreation ($3.1 million or 11.9%).

- Interest on Debt and Other Debt Fees do not have a source of program revenue so they are not included in the above chart. The balance of funding for all of the above activities comes from property, sales and other taxes, investment income and transfers from other funds.

Business-Type Activities – Government-wide Statements

Business-type activities increased the City's net position by $24.6 million in fiscal year 2018. This was the net result of $39.8 million in revenue, $13.2 million in expenses, and $1.9 million in transfers out. The two charts below provide similar information as shown previously but only for business-type activities instead of governmental activities.


Revenue by Source - Business-Type Activities
Miscellaneous revenue 16.8%
Capital grants and contributions 36.0%
Charges for services 47.2%


Direct Program Revenue and Expenses - Business-Type Activities
$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
$-
Water
Wastewater
Storm Drainage
Revenue
Expenses

Revenue. Charges for services revenue for business-type activities include City's Water, Wastewater and Storm Drainage Utility operations which increased from the prior year. Revenue from charges for services increased by $1.0 million or 5.4% from the prior year due to the addition of new customers. Contributions for capital grants increased by $4.4 million as compared to the previous year. Investment earnings decreased by $0.03 million or 44.2% due to the use of cash and investments to pay for operating and capital activities.

Expenses. Business-type expenses totaled $13.2 million, an overall increase of $2.0 million or 17.4% from the prior fiscal year.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND LEVEL STATEMENTS

In comparison to the government-wide statements, the fund-level statements focus on the key funds of the City. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The City reports the following types of governmental funds: the general fund, special revenue funds, debt service funds, and capital projects funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and available resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of government's net resources available at the end of the fiscal year.

As of September 30, 2018, the City's governmental funds reported combined ending fund balance of $42.6 million. Of this amount $23.1 million is restricted and the remaining $19.4 million is unassigned fund balance available for future obligations.

General Fund – The General Fund is the primary operating fund of the City. On September 30, 2018, the unassigned fund balance totaled $19.4 million. The unassigned General Fund Balance increased by $5.6 million or 40.6% at September 30, 2018 as compared to the prior fiscal year primarily due a combination of increase in revenue and reduction in budgeted expenditures. The current year tax collection rate was 99% of the levy.

Overall, total General Fund revenue increased by $5.1 million or 23.9% and actual expenditures increased by approximately $2.3 million or 11.6% during fiscal year 2018 as compared to the prior fiscal year 2017. General government functions, which serves as a roll-up for non-specific activities, increased by $0.2 million or 2.8% over the prior year. Public Safety increased by $0.1 million or 2.3%, Culture/Recreation increased by $0.3 million or 12.1% and Public Works increased by $0.7 million or 21.0%. The increase was mainly due to increases in personnel costs and operating costs.

Budget Variances. All expenditures for the City's General Fund functions and activities were within adopted budget appropriations for fiscal year 2018. The following two charts illustrate first, a breakdown of general governmental activity revenue by source and second, a comparison of program revenue and expenditures by function.

The Debt Service Fund is used to account for financial activity related to the City's general bonded indebtedness, as well as other long-term obligations. Revenues from property taxes used for Debt Service decreased from $8.4 million to $8.3 million in 2018. The related debt service decreased from $8.2 million to $8.1 million, which is primarily attributable to lower outstanding debt in 2018.

The Capital Projects Funds are used to account for financial activity related to the City indebtedness for Capital Projects, other City contributions, and the operating activities of those projects. During 2018, fund balance decreased by $1.7 million. The decrease in the Capital Projects was mainly due to fund the following projects: (i) paying professional services to plan, design, the acquisition of rights-of-way and the construction and improvement of the following City streets: Bunton Creek Road, North Burleson Street, Goforth Road, Lehman Road, and Marketplace Avenue.

Other Governmental Funds – In addition to the General Fund, Governmental Funds include Special Revenue Funds, Debt Service Fund and Capital Projects Funds. As of September 30, 2018, the all Other Governmental Funds reported combined ending fund balance of $3.0 million. Please refer to Exhibit C-3 on pages 25 and 26 and Exhibit H-2 on pages 77 through 79 of the financial statements for detailed information pending to changes in fund balances for Governmental Funds.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. The City accounts for its Water, Wastewater Utility, and Storm Drainage operations in an Enterprise Fund within the Proprietary Fund category for business-type activities.

Operating revenue for the water fund showed a $0.7 million or 6.3% increase from the prior year, the operating revenue for the wastewater fund showed a $0.1 million or 1.4% increase from the previous year. The storm drainage fund showed an $0.3 million or 24.2% increase from the previous year. This is primarily due to a new rate implemented, growth in customer base, and the continuing drought conditions during the year. Factors that contributed to the increase in net position are discussed in the business-type activities section of the government-wide statements.

CAPITAL ASSET AND DEBT MANAGEMENT

Capital Assets

The City of Kyle's investment in capital assets for its governmental and business type activities as of September 30, 2018, totaled $207.0 million (net of accumulated depreciation). This investment in capital assets include land, buildings and improvements, equipment, vehicles, infrastructure, and construction in progress. The total increase in the City of Kyle's investment in capital assets for the fiscal year ended September 30, 2018 was $20.4 million or 10.9% from the prior year.

The following table summarizes the City of Kyle's investment in capital assets:

City of Kyle, Texas
Capital Assets Information
September 30, 2018
(With Comparative Totals for September 30, 2017)

	Government Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	$ 3,318,837	$ 3,282,742	$ 691,935	$ 691,935	$ 4,010,772	$ 3,974,677
Buildings	17,243,564	17,222,188	3,113,623	3,113,623	20,357,187	20,335,811
Improvements other than buildings	4,438,531	4,383,927	92,844,213	78,051,378	97,282,744	82,435,305
Machinery and equipment	5,475,744	5,140,535	3,284,359	2,512,359	8,760,103	7,652,895
Infrastructure	140,106,381	117,438,502	-	-	140,106,381	117,438,502
Construction in Progress	6,049,870	18,672,905	5,752,903	3,887,683	11,802,773	22,560,587
Less: Accumulated depreciation	(48,561,326)	(43,436,842)	(26,781,651)	(24,341,873)	(75,342,977)	(67,778,715)
Total	$ 128,071,603	$ 122,703,957	$ 78,905,383	$ 63,915,105	$ 206,976,983	$ 186,619,062

Significant changes in capital asset balances during the fiscal year resulted from the following events:

- Road improvements totaled approximately $1.5 million for the year.
- Design and right-of-way acquisition primarily completed for the road projects.
- Contributed capital for the year totaled $22.2 million.

Detailed information on capital asset activity for the fiscal year ended September 30, 2018 is provided in Note D to the Financial Statements on pages 47 to 49.

Debt Management

At September 30, 2018, the City's net outstanding debt totaled $84.0 million. This is a decrease of approximately $6.3 million.

The City's bond rating was maintained at AA- by Standard & Poor's rating agency based on the City's strong liquidity and financial position, stable economic growth outlook in Kyle, and the City's strong financial management conditions due largely to its financial management practices.

The City of Kyle currently does not have any outstanding debt associated with special assessments such as for Public Improvement District bonds.

The table below summarizes the status of the City's outstanding debt (principal amount only) as of September 30, 2018, with a comparison of outstanding debt from the prior year. In addition, please refer to Note F – Long-Term Liabilities on page 50 in the Notes to the Financial Statement for detailed information on the changes in long-term debt.

City of Kyle, Texas
Outstanding Debt Information
September 30, 2018
(With Comparative Totals for September 30, 2017)

	Government Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Debt obligations	$ 39,115,002	$ 40,495,000	$ -	$ -	$ 39,115,002	$ 40,495,000
Premium on bonds	3,508,639	4,277,069	-	-	3,508,639	4,277,069
Refunding bonds	41,415,000	45,080,000	-	-	41,415,000	45,080,000
Capital lease - Plant	-	-	-	-	-	-
Total	$ 84,038,641	$ 89,852,069	$ -	$ -	$ 84,038,641	$ 89,852,069

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Local Economy and Outlook

The City of Kyle residents enjoy a vibrant local economy and an excellent quality of life. Among the many factors attributing to the vibrancy of Kyle include a high per capita household income, low unemployment rate, educated workforce, employment growth, and the continued addition of new businesses in the consumer, medical, and light manufacturing sectors.

All leading indicators during fiscal year 2017 showed that the City of Kyle's local economy has fully recovered and the outlook over the next year's budget development cycle is that of continued growth.

Among the major indicators of a stable yet an expanding local economy include growth in population, building permits, taxable valuations, property tax collection rate, and the trend for sales tax collections. Accordingly, we are pleased to report the following trends in the economic indicators for the fiscal year ended September 30, 2018:

- 10.6% increase in taxable assessed property valuations from the prior year.
- 99.5% annual property tax collection rate.
- 5.0% projected annual increase in population through the year 2020.
- Public Safety Program Initiatives.
- Street Maintenance & Reconstruction Program.
- Park Improvement Program.
- Storm Drainage Improvement Program.
- Water and Wastewater Infrastructure Improvement & Expansion Program.
- Downtown Revitalization Grant Program.

- Downtown Beautification Plan.
- Annexation Plan.
- Tourism Plan.

Variances in Budget Appropriations
General Fund (Budgetary Basis) - Expenditures

	Original Budget	Final Budget	Actual Results
General Government	$ 7,320,355	$ 7,532,883	$ 6,955,924
Public Safety	6,999,615	6,999,615	6,389,898
Public Works	4,200,809	4,219,865	4,217,587
Culture and Recreation	2,743,837	2,756,098	2,532,297
Capital Outlay	1,875,400	2,641,901	1,606,878
	$ 23,140,016	$ 24,150,362	$ 21,702,584

Changes in original budget appropriations to the final amended budget appropriations resulted in a net $1.0 million increase in appropriations. This increase can be summarized by the following:

- General Government increased by approximately $212,528 due to budget amendments and due to rollover from prior year appropriations.
- Culture and Recreation and Capital Outlay had a net change of approximately $797,818 increase to adjusted appropriated balances to meet changing needs of the City throughout the year.

Next Year's Budget
The fiscal year 2018-19 Approved Budget totals $110.5 million and includes $35.1 million for the General Fund to provide public safety, code enforcement, parks, street maintenance, library, and other municipal services to the citizens of Kyle.

The fiscal year 2018-19 Budget was adopted without a property tax rate increase at $0.5416 per $100 of assessed taxable valuation. The budget provides for an average 3.0% pay increase for City employees, compliance with the meet and confer requirements for civil service employees, addition of positions for police officers, library, public works, animal control, and emergency dispatch operations.

The Approved Budget for fiscal year 2018 did not include any rate increase for water, wastewater, or fees and charges for city services. A 4.0% rate increase is included for solid waste collection service based on the contract terms entered by the City with Texas Disposal Systems.

REQUESTS FOR INFORMATION
Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Kyle's Director of Finance, 100 West Center St., Kyle, Texas 78640.

BASIC FINANCIAL STATEMENTS

CITY OF KYLE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
ASSETS			
Pooled Cash and Investments	$ 18,159,104	$ 21,410,968	$ 39,570,072
Restricted Pooled Cash and Investments	22,911,461	19,789,804	42,701,265
Receivables (Net of Allowance for Uncollectibles)	3,935,876	2,441,223	6,377,099
Internal Balances	392,197	(392,198)	(1)
Prepaid Items	1,628	1,187	2,815
Capital Assets:			
Nondepreciable, Capital Assets	9,368,708	6,444,838	15,813,546
Capital Assets (Net)	118,702,895	72,460,545	191,163,440
Total Assets	173,471,869	122,156,367	295,628,236
DEFERRED OUTFLOW OF RESOURCES			
Deferred Charge for Refunding	1,523,726	-	1,523,726
Deferred Outflow Related to Pension Plan	1,081,264	372,171	1,453,435
Deferred Outflow Related to OPEB Plan	141,413	47,139	188,552
Total Deferred Outflows of Resources	2,746,403	419,310	3,165,713
LIABILITIES			
Accounts Payable	1,711,126	660,959	2,372,085
Wages and Salaries Payable	218,808	221,120	439,928
Compensated Absences Payable	860,304	-	860,304
Contracts Payable	232,725	-	232,725
Customer Deposits	7,365	757,066	764,431
Accrued Interest Payable	369,890	-	369,890
Other Current Liabilities	1,982	-	1,982
Liabilities Payable from Restricted Assets	371,772	-	371,772
Noncurrent Liabilities:			
Debt Due Within One Year	5,235,000	-	5,235,000
Bonds Payable - Noncurrent	79,204,102	133,487	79,337,589
Net Pension Liability	2,100,242	722,901	2,823,143
Total Liabilities	90,313,316	2,495,533	92,808,849
DEFERRED INFLOW OF RESOURCES			
Deferred Inflow Related to Pension Plan	895,382	308,189	1,203,571
Deferred Inflow Related to OPEB Plan	5,143	1,715	6,858
Total Deferred Inflows of Resources	900,525	309,904	1,210,429
NET POSITION			
Net Investment in Capital Assets	64,905,304	78,905,383	143,810,687
Restricted for:			
Restricted for Capital Improvement - Impact Fee	-	19,789,804	19,789,804
Restricted for Debt Service	3,473,852	-	3,473,852
Restricted for Tourism and Other Purposes	561,266	-	561,266
Unrestricted Net Position	16,064,010	21,075,053	37,139,063
Total Net Position	$ 85,004,432	$ 119,770,240	$ 204,774,672

The notes to the financial statements are an integral part of this statement.

CITY OF KYLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
General Government	$ 7,048,673	$ 4,909,093	$ -	$ -
Public Safety	7,589,067	56,452	173,247	-
Public Works	8,509,720	3,757,258	31,714	7,517,365
Culture and Recreation	3,112,324	395,166	26,122	-
Interest on Debt	3,120,340	-	-	-
Total Governmental Activities	29,380,124	9,117,969	231,083	7,517,365
BUSINESS-TYPE ACTIVITIES:				
Water Fund	7,620,212	10,833,153	-	2,927,891
Wastewater Fund	4,709,096	6,500,255	-	8,360,060
Storm Drainage Fund	880,842	1,481,462	-	9,469,545
Total Business-Type Activities	13,210,150	18,814,870	-	20,757,496
TOTAL PRIMARY GOVERNMENT	$ 42,590,274	$ 27,932,839	$ 231,083	$ 28,274,861

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes
Property Taxes, Levied for Debt Service
General Sales and Use Taxes
Franchise Tax
Other Taxes
Miscellaneous Revenue
Investment Earnings
Transfers In (Out)

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning
Prior Period Adjustment
Net Position--Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (2,139,580)	$ -	$ (2,139,580)
(7,359,368)	-	(7,359,368)
2,796,617	-	2,796,617
(2,691,036)	-	(2,691,036)
(3,120,340)	-	(3,120,340)
(12,513,707)	-	(12,513,707)
-	6,140,832	6,140,832
-	10,151,219	10,151,219
-	10,070,165	10,070,165
-	26,362,216	26,362,216
(12,513,707)	26,362,216	13,848,509
7,055,835	-	7,055,835
8,465,663	-	8,465,663
7,955,612	-	7,955,612
2,430,996	-	2,430,996
421,490	-	421,490
-	235,958	235,958
1,220,859	40,351	1,261,210
1,864,400	(1,864,400)	-
29,414,855	(1,588,091)	27,826,764
16,901,148	24,774,125	41,675,273
68,626,826	95,170,629	163,797,455
(523,543)	(174,515)	(698,058)
$ 85,004,432	$ 119,770,240	$ 204,774,672

CITY OF KYLE
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	General Fund	Debt Service Fund	Capital Projects
ASSETS			
Pooled Cash and Investments	$ 17,668,341	$ -	$ -
Restricted Pooled Cash and Investments	-	3,533,946	16,979,930
Receivable (Net)	3,677,336	180,033	-
Due from Other Funds	392,229	-	-
Prepaid Items	1,628	-	-
Total Assets	$ 21,739,534	$ 3,713,979	$ 16,979,930
LIABILITIES			
Accounts Payable	$ 1,363,076	$ 73,012	$ 270,005
Wages and Salaries Payable	215,835	-	-
Contracts Payable	232,725	-	-
Customer Deposits	7,365	-	-
Due to Other Funds	32	-	-
Other Current Liabilities	1,982	-	-
Developer Accounts Liability	371,772	-	-
Total Liabilities	2,192,787	73,012	270,005
DEFERRED INFLOWS OF RESOURCES			
Unavailable Property Tax	108,799	167,115	-
Total Deferred Inflows of Resources	108,799	167,115	-
FUND BALANCES			
Nonspendable Fund Balance:			
Prepaid Items	1,628	-	-
Restricted Fund Balance:			
Restricted Fund Balance - Tourism and Other	-	-	-
Restricted Fund Balance - Capital Projects	-	-	16,709,924
Restricted Fund Balance - Debt Service	-	3,473,852	-
Unassigned Fund Balance	19,436,320	-	-
Total Fund Balances	19,437,948	3,473,852	16,709,924
Total Liabilities, Deferred Inflows & Fund Balances	$ 21,739,534	$ 3,713,979	$ 16,979,929

The notes to the financial statements are an integral part of this statement.

Other Funds	Total Governmental Funds
$ 490,763	$ 18,159,104
2,397,585	22,911,461
78,507	3,935,876
-	392,229
-	1,628
$ 2,966,855	$ 45,400,298
$ 5,033	$ 1,711,126
2,973	218,808
-	232,725
-	7,365
-	32
-	1,982
-	371,772
8,006	2,543,810
-	275,914
-	275,914
-	1,628
561,266	561,266
2,397,585	19,107,509
-	3,473,852
-	19,436,320
2,958,851	42,580,575
$ 2,966,857	$ 45,400,299

CITY OF KYLE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

Total Fund Balances - Governmental Funds		$	42,580,575
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.			44,032,962
Some revenue, expense, and deferred outflows/inflows reported in the statement of activities do not require the use or provide current financial resources and, therefore, are not reported as expenditures/revenues in governmental funds.			(1,609,105)
Other long-term liabilities, assets and deferrals			
Deferred Charge on Refunding	$1,523,726		
Net Pension Liability	(2,100,242)		
Deferred Inflows Property Tax	275,914		
Compensated Absences	(860,304)		
Pension Plan Deferred Inflows	(895,382)		
Pension Plan Deferred Outflows	1,081,264		
Interest	(369,890)		
Net OPEB Liability	(400,461)		
OPEB Plan Deferred Outflows	141,413		
OPEB Plan Deferred Inflows	(5,143)		
Subtotal	**(1,609,105)**		
Net Position of Governmental Activities		$	85,004,432

The notes to the financial statements are an integral part of this statement.

CITY OF KYLE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	General Fund	Debt Service Fund	Capital Projects
REVENUES:			
Taxes:			
Property Taxes	$ 6,947,036	$ 8,298,548	$ -
General Sales and Use Taxes	7,955,612	-	-
Franchise Tax	2,430,996	-	-
Other Taxes	68,252	-	-
Licenses and Permits	1,427,924	-	-
Intergovernmental Revenue and Grants	6,857	-	-
Charges for Services	5,043,148	-	-
Fines	569,876	-	-
Special Assessments	-	-	-
Investment Earnings	1,082,584	132,892	3,010
Rents and Royalties	32,180	-	-
Contributions & Donations from Private Sources	69,400	-	-
Other Revenue	948,144	-	-
Total Revenues	26,582,009	8,431,440	3,010
EXPENDITURES:			
Current:			
General Government	6,955,924	-	(45)
Public Safety	6,389,898	-	-
Public Works	4,217,587	-	-
Culture and Recreation	2,532,297	-	-
Debt Service:			
Principal on Debt	-	5,045,000	-
Interest on Debt	-	3,115,730	-
Other Debt Service	-	3,150	-
Capital Outlay:			
Capital Outlay	1,606,878	-	1,566,646
Total Expenditures	21,702,584	8,163,880	1,566,601
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,879,425	267,560	(1,563,591)
OTHER FINANCING SOURCES (USES):			
Transfers In	2,233,609	3,081,506	-
Transfers Out (Use)	(1,504,815)	(1,842,106)	(118,106)
Total Other Financing Sources (Uses)	728,794	1,239,400	(118,106)
Net Change in Fund Balances	5,608,219	1,506,960	(1,681,697)
Fund Balance - October 1 (Beginning)	13,829,729	1,966,892	18,391,621
Fund Balance - September 30 (Ending)	$ 19,437,948	$ 3,473,852	$ 16,709,924

The notes to the financial statements are an integral part of this statement.

Other Funds	Total Governmental Funds
$ -	$ 15,245,584
-	7,955,612
-	2,430,996
353,238	421,490
-	1,427,924
224,227	231,084
602,083	5,645,231
-	569,876
483,024	483,024
2,373	1,220,859
-	32,180
61,155	130,555
11,590	959,734
1,737,690	36,754,149
158,234	7,114,113
204,178	6,594,076
-	4,217,587
98,041	2,630,338
-	5,045,000
-	3,115,730
-	3,150
16,258	3,189,782
476,711	31,909,776
1,260,979	4,844,373
59,317	5,374,432
(45,005)	(3,510,032)
14,312	1,864,400
1,275,291	6,708,773
1,683,559	35,871,801
$ 2,958,850	$ 42,580,574

CITY OF KYLE
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Total Net Change in Fund Balances - Governmental Funds	$	6,708,773
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2018 capital outlays and debt principal payments is to increase (decrease) the change in net position.		8,234,785
Capital Outlay $3,189,783 Principal Payments 5,045,000 Subtotal $8,234,785		
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.		(5,208,945)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) the change in net position.		7,166,535
Change in Net Position of Governmental Activities	$	16,901,148

The notes to the financial statements are an integral part of this statement.

CITY OF KYLE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2018

	Business-Type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Storm Drainage Fund	Total Enterprise Funds
ASSETS				
Current Assets:				
Pooled Cash and Investments	$ 10,121,574	$ 10,841,124	$ 448,270	$ 21,410,968
Restricted Pooled Cash and Investments	5,420,504	14,369,300	-	19,789,804
Accounts Receivable-Net of Uncollectible Allowance	1,124,856	1,056,822	259,545	2,441,223
Due from Other Funds	45,831	452,916	1,027	499,774
Prepaid Items	463	336	388	1,187
Total Current Assets	16,713,228	26,720,498	709,230	44,142,956
Noncurrent Assets:				
Capital Assets:				
Nondepreciable Capital Assets	1,275,938	5,168,900	-	6,444,838
Capital Assets - Net of Accumulated Depreciation	27,244,998	32,217,636	12,997,911	72,460,545
Total Noncurrent Assets	28,520,936	37,386,536	12,997,911	78,905,383
Total Assets	45,234,164	64,107,034	13,707,141	123,048,339
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflow Related to Pension Plan	153,351	140,488	78,332	372,171
Deferred Outflow Related to OPEB Plan	20,741	18,855	7,543	47,139
Total Deferred Outflows of Resources	174,092	159,343	85,875	419,310
LIABILITIES				
Current Liabilities:				
Accounts Payable	433,259	183,053	44,647	660,959
Wages and Salaries Payable	106,043	93,558	21,519	221,120
Customer Deposits	464,950	292,116	-	757,066
Due to Other Funds	868,123	23,849	-	891,972
Total Current Liabilities	1,872,375	592,576	66,166	2,531,117
Noncurrent Liabilities:				
Net Pension Liability	297,868	272,883	152,150	722,901
Net OPEB Liability	58,734	53,395	21,358	133,487
Total Noncurrent Liabilities	356,602	326,278	173,508	856,388
Total Liabilities	2,228,977	918,854	239,674	3,387,505
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflow Related to Pension Plan	126,988	116,337	64,864	308,189
Deferred Inflow Related to OPEB Plan	754	686	275	1,715
Total Deferred Inflows of Resources	127,742	117,023	65,139	309,904
NET POSITION				
Investment in Capital Assets	28,520,936	37,386,536	12,997,911	78,905,383
Restricted for Capital Improvement - Impact Fee	5,420,504	14,369,300	-	19,789,804
Unrestricted Net Position	9,110,097	11,474,664	490,292	21,075,053
Total Net Position	$ 43,051,537	$ 63,230,500	$ 13,488,203	$ 119,770,240

The notes to the financial statements are an integral part of this statement.

CITY OF KYLE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Business-Type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Storm Drainage Fund	Total Enterprise Funds
OPERATING REVENUES:				
Charges for Services	$ 10,833,153	$ -	$ -	$ 10,833,153
Charges for Sewerage Service	-	6,500,255	-	6,500,255
Storm Drainage Fee	-	-	1,481,462	1,481,462
Rents and Royalties	43,200	-	-	43,200
Other Revenue	84,410	51,788	56,560	192,758
Total Operating Revenues	10,960,763	6,552,043	1,538,022	19,050,828
OPERATING EXPENSES:				
Personnel Services - Salaries and Wages	1,669,142	1,616,946	545,863	3,831,951
Purchased Professional & Technical Services	4,734,179	1,207,093	190,940	6,132,212
Other Operating Costs	352,074	427,126	6,527	785,727
Depreciation	864,817	1,457,931	137,512	2,460,260
Total Operating Expenses	7,620,212	4,709,096	880,842	13,210,150
Operating Income	3,340,551	1,842,947	657,180	5,840,678
NONOPERATING REVENUES (EXPENSES):				
Investment Earnings	7,291	33,060	-	40,351
Contributions & Donations from Private Sources	-	2,746,790	-	2,746,790
Other Non-Operating Revenues - Impact Fees	1,344,309	2,328,445	-	3,672,754
Total Nonoperating Revenue (Expenses)	1,351,600	5,108,295	-	6,459,895
Income Before Contributions & Transfers	4,692,151	6,951,242	657,180	12,300,573
Capital Contributions	1,583,582	3,284,825	9,469,545	14,337,952
Transfers In	487,724	4,461,102	225,000	5,173,826
Transfers Out (Use)	(1,440,829)	(5,372,397)	(225,000)	(7,038,226)
Change in Net Position	5,322,628	9,324,772	10,126,725	24,774,125
Total Net Position - October 1 (Beginning, restated)	37,728,909	53,905,729	3,361,477	94,996,115
Total Net Position - September 30 (Ending)	$ 43,051,537	$ 63,230,501	$ 13,488,202	$ 119,770,240

The notes to the financial statements are an integral part of this statement.

CITY OF KYLE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Business-Type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Storm Drainage Fund	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	$ 11,031,905	$ 6,335,645	$ 1,504,048	$ 18,871,598
Payments to Suppliers	(5,205,652)	(2,129,785)	(387,829)	(7,723,266)
Payment to Employees	(1,696,885)	(1,634,330)	(550,617)	(3,881,832)
Net cash provided by operating activities	$ 4,129,368	$ 2,571,530	$ 565,602	$ 7,266,500
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Payments (advances) from other funds	$ 507,604	$ (87,516)	$ (1,027)	$ 419,061
Transfers Out	(953,105)	(911,295)	-	(1,864,400)
Net cash used by non-capital financing activities	$ (445,501)	$ (998,811)	$ (1,027)	$ (1,445,339)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of Capital Assets	$ (505,416)	$ (1,945,949)	$ (664,781)	$ (3,116,146)
Contributions		$ 2,746,790		$ 2,746,790
Impact fees	1,344,309	2,328,445	-	3,672,754
Net cash used by capital and related financing activities	$ 838,893	$ 3,129,286	$ (664,781)	$ 3,303,398
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment	$ -	$ -	$ -	$ -
Interest and investment revenue received	7,291	33,060	-	40,351
Net cash provided by investing activities	$ 7,291	$ 33,060	$ -	$ 40,351
Net increase in cash and cash equivalents	$ 4,530,051	$ 4,735,065	$ (100,206)	$ 9,164,910
Cash and cash equivalents - beginning of year	$ 11,012,027	$ 20,475,358	$ 548,476	$ 32,035,861
Cash and cash equivalents - end of year	$ 15,542,078	$ 25,210,423	$ 448,270	$ 41,200,773
Noncash flow information				
Capital Contribution	$ 1,583,582	$ 3,284,825	$ 9,469,545	$ 14,337,952

The notes to the Financial Statements are an integral part of this statement.

CITY OF KYLE, TEXAS
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Business-Type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Storm Drainage Fund	Total Enterprise Funds
Reconciliation of operating income to net cash provided by operating activities				
Operating income	$ 3,340,551	$ 1,842,947	$ 657,180	$ 5,840,678
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	$ 864,817	$ 1,457,931	$ 137,512	$ 2,460,260
Changes in assets and liabilities				
Prepaid Items	$ (43,551)	$ (302,945)	$ -	$ (346,496)
Accounts receivable	44,097	(232,702)	(33,974)	(222,579)
Accounts payable	(75,848)	(209,654)	(190,362)	(475,864)
Wages and salaries payable	7,310	14,588	6,930	28,828
Customer deposits	27,045	16,304	-	43,349
Total OPEB Liability	(35,759)	(53,396)	(27,646)	(116,801)
Pension Liability	(91,794)	(47,049)	(37,232)	(176,075)
Deferred Outflows	(11,640)	(10,522)	-	(22,162)
Deferred Inflows	104,140	96,028	53,194	253,362
Net cash provided by operating activities	$ 4,129,368	$ 2,571,530	$ 565,602	$ 7,266,500

The notes to the Financial Statements are an integral part of this statement.

CITY OF KYLE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
SEPTEMBER 30, 2018

	OPEB Trust Fund	Agency Fund
ASSETS		
Cash and cash equivalents	$ 15,193	$ 150,659
Investments	1,189,870	
Accounts Receivable (Net)		5,841
Total assets	1,205,063	156,500
LIABILITIES		
Other liability	$ -	$ 156,500
Total liabilities	$ -	$ 156,500
NET POSITION		
Net position restricted for OPEB	$ 1,205,063	
Total net position	$ 1,205,063	

The accompanying notes are an integral part of the financial statements.

CITY OF KYLE
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2018

		OPEB Trust Fund
ADDITIONS		
Contributions	$	156,500
Net Investments income		-
Interest and dividends (includes fair value changes)		82,851
Total Additions	$	239,351
DEDUCTIONS		
Benefit payments	$	2,303
Administrative expenses		9,639
Total Deductions	$	11,942
Change in net position	$	227,409
NET POSITION, beginning	$	977,654
NET POSITION, ending	$	1,205,063

The accompanying notes are an integral part of the financial statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Kyle, Texas (the City) adopted a City Charter in October 2000. As a home rule form of government, the City Council determines policy. The City Manager is the Chief Administrator of the City and is appointed by the City Council. The City provides the following services: Public Safety, Street Maintenance, Refuse Collection, Recreation Programs, Municipal Court, Community Development, Public Improvements, Water and Wastewater Services and General Administrative Services.

A. Reporting Entity

The Mayor and Council are elected by the public and they have the authority to make decisions, appoint administrators and managers, and significantly influence operations. They also have the primary accountability for fiscal matters. Therefore, the City is a primary government as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity, and Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statement No. 14 and No. 34*". The accompanying financial statements comply with the provisions of GASB Statement No. 14 and 61. There are no component units which satisfy requirements for blending within the City's financial statements or for discrete presentation.

Current GASB Statement Implementations

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

Effective October 1, 2017, the City adopted Statement No. 75. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This statement replaces the requirements of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. See Note V. C for a more detailed explanation of the impact of GASB Statement No. 75 on the Financial Statements.

Future GASB Statement Implementations

GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The City has not yet determined the effect this Statement will have on its financial statements.

GASB Statement No. 87, *Leases*, establishes criteria for a single model for lease accounting and financial reporting for state and local governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The City has not yet determined the effect this Statement will have on its financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Government-wide and Fund Financial Statements (Cont'd)

The Statement of Net Position reflects both short-term and long-term assets and liabilities, as well as deferred inflows and outflows. In the Government-wide Statement of Net Position, governmental activities are reported separately from business-type activities. Long term assets, such as capital assets, long-term obligations, such as debt, and any deferred inflows and outflows, are now reported in the statement of net position. The components of Net Position are presented in three separate categories: (1) net investment in capital assets, (2) restricted, and (3) unrestricted. Interfund receivables and payables within governmental and business-type activities have been eliminated in the government-wide Statement of Net Position, which minimizes the duplication within the governmental and business-type activities. The net amount of interfund transfers or interfund receivables/payables between governmental, proprietary and fiduciary funds is the balance reported in the Statement of Net Position.

The Statement of Activities demonstrates how a given function or segment that participate in programs the City operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the City. The "grants and contributions" columns include amounts paid by organizations outside the City to help meet the operational or capital requirements of a given function. If a revenue including contributions is not a program revenue, it is a general revenue used to support all of the City's functions. Taxes are always general revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

The fund financial statements provide information on the financial position and the change in fund balance for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for City operations, they are not included in the government-wide statements. The City considers some governmental and enterprise funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied as a lien attaches to the real property by operation of law. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due froms on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Net Position. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as interfund transfers. Interfund activities between governmental and fiduciary funds and between proprietary funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Net Position.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e. revenues and other financing sources and expenditures and other financing uses).

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)

The modified accrual basis of accounting recognizes revenues in the accounting period they are both measurable and available. Revenues, other than grants, are considered to be available by the City when they are available and expected to be collected within the current budgetary periods or within 60 days thereafter, to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, regardless of the related cash flows. However, debt service expenditures, as well as expenditures related to compensated absences, pensions and claims and judgments, are recorded only when the liability is matured.

Revenues from local sources consist primarily of property taxes and sales taxes. Property, sales and other tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The City's availability period is no more than 60 days beyond the end of the fiscal year. Revenues from state and federal grants are recorded as revenue when they are expected to be collected within the current budgetary period, or within 60 days thereafter, and all eligibility requirements have been met. Investment earnings are recorded as earned, since they are both measurable and available.

The Proprietary Funds and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred, regardless of the timing of the related cash flow. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into investment in capital assets, restricted, and unrestricted net position.

D. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and other debits, liabilities, fund balances and other credits, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the proceeds of revenue sources, those proceeds' restrictions or commitments for which they are to be spent and the means by which spending activities are controlled. The City has three types of funds: governmental, proprietary, and fiduciary. The fund financial statements provide more detailed information about the City's most significant funds, but not on the City as a whole. Major governmental and enterprise funds are reported separately in the fund financial statements. Nonmajor funds are aggregated in the fund financial statements and independently presented in the combining statements. The criteria used to determine if a governmental or enterprise fund should be reported as a major fund are as follows: the total assets and deferred outflows of resources, the total liabilities and deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10.0% of the corresponding element total for all funds of that category or type (that is, total governmental or total enterprise funds), and the same element that met the 10.0% criterion above in the governmental or enterprise fund is at least 5.0% of the corresponding element total for all governmental and enterprise funds combined.

The following is a brief description of the major governmental funds that are separately presented in the fund financial statements.

The General Fund - is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The Debt Service Fund - is used to account for debt service on bonded obligations of the City.

The Capital Projects Fund - is used to pay for professional services to plan, design, the acquisition for rights-of-way and the construction and improvement of the following City Streets: Bunton Creek Road, North Burleson Street, Goforth Road, Lehman Road, and Marketplace Avenue funded by issuance of 2013 General Obligation, 2008 Certificate of Obligation Fund, 2014 Tax Notes and 2015 General Obligation.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Fund Accounting (Cont'd)

The City reports the following major enterprise fund:

The Water Fund - is used to account for the activities necessary for the provision of water services.

The Wastewater Fund – is used to account for the activities necessary for the provision of wastewater services.

The Storm Drainage Fund – is used to for the activities necessary for the provision of drainage improvement services and flood mitigation activities including capital improvements.

In addition, the City reports the following nonmajor fund types:

Governmental Funds:

Special Revenue Funds - are used to account for funds restricted to, or designated for, special purposes by the City or a grantor.

Fiduciary Funds - are used to account for resources held for others in a custodial capacity. The City's Trust fund is the Other Post Employment Benefits Fund (Retiree Health Insurance). The other post-employment benefit trust fund is used to account for the accumulation of resources for post-employment benefits to qualified plan participants.

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity

Cash and Cash Equivalents

For purpose of presenting the proprietary fund cash flow statement, cash and cash equivalents include cash, demand and time deposits and investments with a maturity date within three months of the date acquired by the City.

Investments

The City's investment practices are governed by state statutes and by the City's own investment policy. City cash is required to be deposited in Federal Insurance Corporations (FDIC) insured banks. A pooled cash strategy is utilized which enabled the City to have one central depository.

State statutes authorize the City to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent; (5) certificates of deposit issued by state and national banks domiciled in this state that are (a) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor or, (b) secured by obligations that are described by (1); (4); or, (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by (1), pledged with a third-party selected or approved by the City, and placed through a primary government securities dealer. Investments maturing within one year of date of purchase are stated at amortized cost. The City's policy is to report local government investment pools, and Securities and Exchange Commission ("SEC") registered money market mutual funds at fair value using net asset value (NAV) or amortized cost if the pool meets the requirements of GASB Statement No. 79. The City carries investments in debt securities with maturities in excess of one year at fair value using other observable significant inputs including but not limited to quoted prices for similar securities, interest rates, prepayment speeds, and fixed income security pricing models. The City carries investments in debt securities with original maturities of one year or less at the date of purchase at amortized cost.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Cont'd)

Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

Transactions which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended are separately reported as other financing sources/uses in the respective funds' operating statements.

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Restricted Assets

Certain assets of the Enterprise Funds and the Governmental Funds are classified as restricted assets because their use is restricted for capital improvements or debt service via externally imposed by bond ordinance or laws of other governments.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Construction in progress will be capitalized once the project is completed and the related asset placed in service.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	25 to 40
Waterworks and wastewater systems	10 to 50
Infrastructure	20 to 33
Machinery and equipment	5 to 10

Compensated Absences

The City permits employees to accumulate earned but unused vacation pay benefits. Certain employees have carried forward unused sick leave benefits. Unused sick leave shall be not paid upon termination of employment, except as specifically provided as follows:

1. An employee that terminates employment for any reason other than death, or being granted a retirement or disability allowance by the Texas Municipal Retirement System (TMRS) or the Social Security Administration (SSA), shall not be paid for unused sick leave.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Cont'd)

Compensated Absences (Cont'd)

2. An employee having at least 10 years of service with the City who is granted a retirement or a disability allowance by TMRS or SSA, or who dies, is entitled to a partial payment for up to 480 hours of unused sick leave accrued to such employee. The partial payment to the employee or the employee's beneficiary shall be as follows: (A) an amount equal to thirty percent (30%) of the value of such accrued, unused sick leave will be paid for 10 years of service; and (B) the amount to be paid for such unused sick leave shall increase by 2% for each year of service as an employee of the City, if any, in excess of 10 years.

3. An employee covered under the agreement between the City and the Kyle Police Association may be paid for their unused sick leave, in accordance with the agreement.

No liability is reported for unpaid accumulated sick leave for the remaining employees. Vacation pay and certain sick leave benefits are accrued when incurred in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures.

Fund Equity

The City classifies governmental fund balances in the governmental fund financial statements as follows:

Non-spendable - The non-spendable category includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted – The restricted fund balance includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – The committed fund balance includes amounts that can be used only for the specific purposes imposed by formal action (ordinance) of City Council. Those committed amounts cannot be used for other purposes unless City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – Amounts in the assigned fund balance are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In the General Fund assigned amounts represent intended uses established by City Council or City Manager, and Department Directors. The City Manager, and Department Directors are authorized to assign individual amounts up to $15,000 and City Council is authorized to assign amounts over $15,000.

Unassigned – The unassigned fund balance includes positive fund balances within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Cont'd)

At September 30, 2018, the City has the following fund balance classifications:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Fund	Total
Fund Balance					
Non-Spendable Prepaids	$ -	$ -	$ -	$ -	$ -
Restricted:					
Capital Projects	$ -	$ -	$ 16,709,924	$ -	$ 16,709,924
Debt Service	-	3,473,852	-	-	3,473,852
Road and Park Improvements	-	-	-	2,397,585	2,397,585
Public Safety	-	-	-	156,466	156,466
Economic Development, Hotel Tax	-	-	-	288,936	288,936
Other Development	-	-	-	115,864	115,864
	$ -	$ 3,473,852	$ 16,709,924	$ 2,958,851	$ 23,142,627
Unassigned:					
Unassigned	$ 19,437,948	$ -	$ -	$ -	$ 19,437,948
	$ 19,437,948	$ 3,473,852	$ 16,709,924	$ 2,958,851	$ 42,580,575

The City requires restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the City would first use committed then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made. For the Net Position, the City also requires restricted amounts be spent first when both restricted and unrestricted fund balances is available unless the restriction prohibits doing this.

The City Charter has a formal minimum general fund balance policy that requires a reserve of at least equal to 25% of operating budget.

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governmental units.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Cont'd)

Pension

For the purposes of measuring the net pension liability, deferred inflows/outflows of resources and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to, or deductions from, TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits

The City implemented GASB Statement No. 75, Accounting Financial Reporting for Postemployment Benefits other than Pensions (OPEB). The total OPEB liability has been determined based on the flow of economic resources measurement focus and full accrual basis of accounting. This includes measuring the total OPEB liability: deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about benefit payments are recognized in the total liability calculation when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows and Inflows of Resources – The City has classified as deferred outflows of resources certain items that represent a consumption of resources that applies to a future period and, therefore, will not be recognized as an expense until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

The City has classified all of the difference between the reacquisition price and the net carrying amount of the defeased debt as a deferred outflow of resources. The deferred outflow of resources is amortized over the term of the defeased bonds and recognized as a component of interest expense annually. The City has also deferred certain pension and OPEB related items in accordance with applicable pension standards as noted under Note V.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the US requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual amounts could differ from those estimates.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government Statement of Net Position

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the end of the year were as follows:

	Historic Cost	Accumulated Depreciation	Net Value End of Year	Change in Net Position
Capital Assets - End of Year				
Non-Depreciable Assets	$ 9,368,708	$ -	$ 9,368,708	
Depreciable Assets	167,264,221	48,561,326	118,702,895	
Change in Net Position	$ 176,632,929	$ 48,561,326	$ 128,071,603	128,071,603
Long-term Debt - End of Year				
Bonds Payable			$ 84,038,641	
Change in Net Position			$ 84,038,641	(84,038,641)
Net Adjustment to Net Position				$ 44,032,962

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	Amount	Adjustment to Change in Net Position
Amortization of Bond Premiums	$ 768,430	$ 768,430
GF Contributed Capital	7,461,636	7,461,636
Compensated Absences	860,304	(860,304)
Deferred Inflows Property Tax	275,914	275,914
Pension Expense	106,227	106,227
Capital Asset Deletions	74,827	(74,827)
Interest Accrual	369,890	(369,890)
Outflow - OPEB	136,270	136,270
OPEB Expense	123,083	123,083
Deferred Charge on Refunding	400,004	(400,004)
		$ 7,166,535

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data

The Council adopts an "appropriated budget" for the General Fund. The City is required to present the adopted and final amended budgeted revenues and expenditures for this fund. The City compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-l.

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

1. Sixty days prior to October 1st, the City prepares a budget for the next succeeding fiscal year beginning October 1. The operating budget includes proposed expenditures and the means of financing them.

2. A meeting of the City Council is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.

3. Prior to the third Tuesday of September, the budget is legally enacted through passage of a resolution by the Council. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Council. Amendments are presented to the council at its regular meetings. Each amendment must have Council approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Council, and are not made after fiscal year end. Because the City has a policy of careful budgetary control, several amendments were necessary during the year.

4. The legal level of budgetary control is at the function level. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Council. All budget appropriations lapse at year end. Amounts encumbered prior to year-end will lapse 3 months after year end.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2018, the City had the following Pooled cash, and investments:

	Pooled cash and investments	
	Unrestricted	Restricted
General Fund	$ 17,668,341	$ -
Debt Service	-	3,533,946
Capital Projects	-	16,979,930
Nonmajor governmental funds	490,763	2,397,585
Water Fund	10,121,574	5,420,504
Wastewater Fund	10,841,124	14,369,300
Storm Drainage Fund	448,270	-
Fiduciary Funds	-	1,355,722
	$ 39,570,072	$ 44,056,987

Total pooled cash, cash equivalents and investments	$ 83,627,059
Total Investments	
TexPool	$ 25,178,336
TexSTAR	36,587,614
Mutual Fund	7,084,209
United States Treasury Note	1,996,132
JP Morgan Commercial Paper	2,974,017
Freddie Mac	2,998,821
Federal Home Loan Bank	1,984,413
Total Investments	$ 78,803,542
ADD:	
Deposits	3,618,454
	$ 82,421,996
OPEB Trust Investments	$ 1,205,063
Total pooled cash, and investments	$ 83,627,059

IV. DETAILED NOTES ON ALL FUNDS (Cont'd)

A. Deposits and Investments (Cont'd)

Texas Local Government Investment Pool

Texas Local Government Investment Pool ("TexPool") is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed both of participants in TexPool and of other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, TexPool is rated AAAm by Standard & Poor's and had a weighted average maturity of 37 days as of September 30, 2018.

TexPool meets the requirements of GASB Statement No. 79, and as such, measures and reports its investments at amortized cost. The City carries its investment in TexPool at amortized cost.

TexSTAR Investment Pool

TexSTAR is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, of the Texas Government Code, and the Public Funds Investment Act, chapter 2256, of the Texas Government Code. The pool was created through a contract among its participating governmental units, and is governed by a board of directors to provide for the joint investment of participants' public funds and funds under their control. TexSTAR is managed by J.P. Morgan Investment Management, Inc., an affiliate of JP Morgan Chase Bank, N.A. a national banking association, and First Southwest Asset Management, Inc., an affiliate of Texas based First Southwest Company. TexSTAR's investment manager will maintain the dollar-weighted average maturity of sixty (60) days or less, and the maximum stated maturity for any obligation of the United States, its agencies, or instrumentalities is limited to 397 days for fixed rate securities and 24 months for variable rate notes. TexSTAR is rated AAAm by Standard and Poor's and had a weighted average maturity of 29 days at September 30, 2018.

TexSTAR does meet the requirements of GASB Statement No. 79, and as such, has elected to measure and report its investments at fair value. The City carries its investment in TexSTAR at fair value measured using published NAV, which is based on fair values of the underlying investments.

The City utilizes various methods to measure the fair value of investments on a recurring basis. GASB Statement No. 72, Fair Value Measurement and Application, establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities that the City has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs include quoted prices for the identical instrument in an inactive market, and other significant inputs based on third party fixed-income pricing models.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the City's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

IV. DETAILED NOTES ON ALL FUNDS (Cont'd)

A. Deposits and Investments (Cont'd)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

As of September 30, 2018, the City's investment of $2,974,017 in commercial paper and $6,979,366 in agency securities and treasury notes are measured at amortized cost, as the original maturity of the security at the date of purchase was less than one year. Also, the City's investment in TexPool $25,178,336 is carried at net asset value share which is based on amortized cost. Accordingly, the City is not required to disclose these investments within the GASB Statement No. 72 hierarchy for investments.

As of September 30, 2018, the City's investment of $36,587,614 in TexSTAR is carried at fair value using published NAV which is based on fair value of the underlying investments. The City's investment in TexSTAR is classified in level 2.

The City's investment in the Wells Fargo Government Money Market Fund of $7,084,209 is carried at fair value using published NAV of the fund. The City's investment in this fund is classified in level 1. This fund invests in fixed income securities seeking current income while preserving capital and liquidity. This mutual fund has a weighted average maturity of 27 days. The City's OPEB Trust fund investment of $1,205,063 are in mutual funds and are carried at fair value using published NAV. The City's OPEB Trust investments are classified in level 1.

Interest Rate Risk: Interest rate risk is the risk that the changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its exposure to declines in fair market values by limiting the weighted average maturity of its investment portfolio to a maximum of 180 days. At September 30, 2018 the City holds $2,974,017 in corporate commercial paper with weighted average maturity of 127 days and $6,979,366 of US Agency securities and US Treasuries, with a weighted average maturity of 189 days.

Custodial Credit Risk: In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2018, any deposit balance exceeding the $250,000 covered by FDIC insurance was collateralized with securities held by the pledging financial institution in the City's name. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside third party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the City and are held by the counterparty, its trust or agent, but not in the City's name. The City's investment securities are not exposed to custodial risk because all securities held by the City's custodial banks are in the City's name.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the City. It is the City's policy to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. The City's investment pools and money market fund were rated AAAm by Standard & Poor's Investors Service and government securities were rated AA+ and Commercial Paper were rated A-1 by Standard & Poor's Investors Service. The City's trust fund investments are not rated.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's investment policy requires the investment portfolio be diversified in terms of investment instruments, maturities and financial institutions to reduce the risk of loss resulting from overconcentration of assets in a specific maturity or specific issuer. As of September 30, 2018, the City had no investments exposed to concentration of credit risk.

IV. DETAILED NOTES ON ALL FUNDS (Cont'd)

B. Receivables

Receivable as of year-end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	Governmental Funds					Storm	
	General	Debt Service	Other	Water	Wastewater	Drainage	Total
Receivables:							
Accounts:							
Customers	$1,180,025	$ -	$ -	$1,441,006	$ 1,267,593	$259,545	$4,148,169
Court Warrants Receivable	2,530,435	-	-	-	-	-	2,530,435
Developers	285,636	-	-	-	-	-	285,636
Property Tax	118,116	180,033	-	-	-	-	298,149
Sales Tax	1,421,926	-	-	-	-	-	1,421,926
Franchise/Access	432,783	-	-	-	-	-	432,783
Other	752,148	-	78,507	-	-	-	830,655
Gross Receivables	$6,721,069	$ 180,033	$78,507	$1,441,006	$ 1,267,593	$259,545	$9,947,753
Less: Allowance for Uncollectibles	(3,043,733)	-	-	(316,150)	(210,771)	-	(3,570,654)
Net Total Receivables	$3,677,336	$ 180,033	$78,507	$1,124,856	$ 1,056,822	$259,545	$6,377,099

C. Property Taxes

In accordance with Texas statues, the City approves a tax rate and an order to levy property taxes in October of each year. Property taxes are billed by the county tax assessor collector as of October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are payable on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of the year following the City's order to levy taxes (the assessment date), a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The assessment date represents the date on which an enforceable legal claim arises and attaches as a lien on the assessed property. In the government-wide financial statements, property tax revenue is recognized as earned, net of an allowance for uncollectible taxes. In the Governmental Fund financial statements, property tax revenues are considered available when they become due and receivable within the current period.

The appraisal of property within the City is the responsibility of the Hays County Appraisal District. The Appraisal District is required under the Property Tax Code to assess all property within the appraisal district on the basis of 100 percent of its appraised value and is prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed at least every five years. The City may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on property within the city limits. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations and adjusted for new improvements, exceeds the rate for the previous year by more than 8 percent, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8 percent above the tax rate of the previous year.

IV. DETAILED NOTES ON ALL FUNDS (Cont'd)

D. Capital Assets

Capital asset activity for the year ended September 30, 2018, was as follows:

Governmental Activities:	Balance 10/1/2017	Additions	Disposals/ Transfers	Balance 9/30/2018
Capital assets not being depreciated:				
Land	$ 3,282,742	$ 36,095	$ -	$ 3,318,837
Construction in progress	18,672,905	2,508,455	(15,131,489)	6,049,871
Total capital assets not being depreciated	$ 21,955,647	$ 2,544,550	$(15,131,489)	$ 9,368,708
Capital assets being depreciated:				
Buildings	$ 17,222,188	$ 21,376	$ -	$ 17,243,564
Improvements other than buildings	4,383,927	54,604	-	4,438,531
Infrastructure	117,438,502	7,536,390	15,131,489	140,106,381
Machinery and equipment	5,140,535	494,497	(159,288)	5,475,745
Total capital assets being depreciated	$ 144,185,153	$ 8,106,868	$ 14,972,201	$ 167,264,220
Accumulated depreciation:				
Buildings	$ (3,658,555)	$ (473,857)	$ -	$ (4,132,412)
Improvements other than buildings	(2,452,002)	(245,420)	-	(2,697,422)
Infrastructure	(34,178,072)	(4,038,462)	-	(38,216,534)
Machinery and equipment	(3,148,213)	(451,206)	84,462	(3,514,957)
Total accumulated depreciation	$ (43,436,842)	$ (5,208,945)	$ 84,462	$ (48,561,325)
Total capital assets being depreciated (net)	$ 100,748,310	$ 2,897,923	$ 15,056,663	$ 118,702,895
Governmental activities capital assets (net)	$ 122,703,957	$ 5,442,473	$ (74,826)	$ 128,071,603

IV. DETAILED NOTES ON ALL FUNDS (Cont'd)

D. Capital Assets (Cont'd)

Business Type Activities:	Balance 10/1/2017	Additions	Disposals/ Transfers	Balance 9/30/2018
Capital assets not being depreciated:				
Land				
Water	$ 415,161	$ -	$ -	$ 415,161
Wastewater	276,774	-	-	276,774
Construction in progress				
Water	888,403	147,474	(175,100)	860,777
Wastewater	2,999,280	1,898,846	(6,000)	4,892,126
Total capital assets not being depreciated	$ 4,579,618	$ 2,046,320	$ (181,100)	$ 6,444,838
Capital assets being depreciated:				
Buildings				
Water	$ 14,071	$ -	$ -	$ 14,071
Wastewater	3,099,552	-	-	3,099,552
Improvements other than buildings				
Water	36,503,436	2,038,465	-	38,541,901
Wastewater	38,866,666	3,284,825	-	42,151,491
Storm Drainage	2,681,276	9,469,545	-	12,150,821
Machinery and equipment				
Water	996,425	78,158	(20,481)	1,054,102
Wastewater	1,141,596	53,103	-	1,194,698
Storm Drainage	374,338	670,251	(9,030)	1,035,559
Total capital assets being depreciated	$ 83,677,361	$ 15,594,347	$ (29,511)	$ 99,242,196
Accumulated depreciation:				
Buildings				
Water	$ (9,091)	$ (2,191)	$ -	$ (11,282)
Wastewater	(257,408)	(218,946)	-	(476,354)
Improvements other than buildings				
Water	(10,905,643)	(796,942)	-	(11,702,585)
Wastewater	(11,878,359)	(1,146,775)	-	(13,025,134)
Storm Drainage	(36,982)	(73,964)	-	(110,946)
Machinery and equipment				
Water	(606,007)	(65,684)	20,481	(651,210)
Wastewater	(634,408)	(92,209)	-	(726,618)
Storm Drainage	(13,975)	(63,548)	-	(77,523)
Total accumulated depreciation	$ (24,341,873)	$ (2,460,259)	$ 20,481	$ (26,781,651)
Total capital assets being depreciated (net)	$ 59,335,488	$ 13,134,087	$ (9,030)	$ 72,460,545
Business type activities capital assets (net)	$ 63,915,105	$ 15,180,407	$ (190,130)	$ 78,905,383

IV. DETAILED NOTES ON ALL FUNDS (Cont'd)

D. Capital Assets (Cont'd)

Depreciation expense was charged to functions/programs of the government as follows:

Governmental Activities:	
General government	$ 176,007
Public safety	323,530
Public works	4,272,762
Culture and recreation	436,646
Total Depreciation Expense - Governmental Activities	$ 5,208,945

Business Type Activities:	
Water	$ 864,817
Wastewater	1,457,931
Storm Drainage	137,512
Total Depreciation Expense - Business Type Activities	$ 2,460,260

E. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2018, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water and wastewater	$ 392,197

Balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenses occur, and 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Interfund transfers during the year ended September 30, 2018, are as follows:

	Transfers out							
Transfers In	General Fund	Debt Service	Capital Projects	Nonmajor Governmental	Water Fund	Wastewater Fund	Storm Drainage	**Total**
General Fund	$ 1,445,498	$ -	$ 93,106	$ 45,005	$ 650,000	$ -	$ -	$ 2,233,609
Debt Service Fund	-	1,842,106	-	-	328,105	911,295	-	3,081,506
Capital Projects	-	-	-	-	-	-	-	-
Nonmajor Governmental	59,317	-	-	-	-	-	-	59,317
Water Fund	-	-	25,000	-	462,724	-	-	487,724
Wastewater Fund	-	-	-	-	-	4,461,102	-	4,461,102
Storm Drainage Fund	-	-	-	-	-	-	225,000	225,000
	$ 1,504,815	$ 1,842,106	$ 118,106	$ 45,005	$ 1,440,829	$ 5,372,397	$ 225,000	$ 10,548,258

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, and 3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

IV. DETAILED NOTES ON ALL FUNDS (Cont'd)

F. Long-term Liabilities

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2018, was as follows:

	Balance 10/1/2017, as restated	Additions	Reduction	Balance 9/30/2018	Due Within One Year
Governmental Activities:					
Bonded Indebtedness	$ 40,495,001	$ -	$ 1,380,000	$ 39,115,002	$ 1,235,823
Premium on Bond Issuance	4,277,069	-	768,430	3,508,639	-
Refunding Bonds	45,080,000	-	3,665,000	41,415,000	3,999,177
Pension Liability	2,999,615	1,838,418	2,737,791	2,100,242	-
Net OPEB Liability	298,289	241,692	139,521	400,460	-
Total Governmental Activities	$ 93,149,974	$ 2,080,110	$ 8,690,742	$ 86,539,343	$ 5,235,000

	Balance 10/1/2017, as restated	Additions	Reduction	Balance 9/30/2018	Due Within One Year
Business Type Activities:					
Pension Liability	$ 1,032,463	$ 632,780	$ 942,342	$ 722,901	$ -
Net OPEB Liability	99,430	80,564	46,507	133,487	-
Total Business Type Activities	$ 1,131,893	$ 713,344	$ 988,849	$ 856,388	$ -

The General Fund is responsible for liquidating liabilities for other post employment benefits and pensions in the governmental activities.

Bonded Indebtedness

The City has issued general obligation bonds whereby the proceeds were used to purchase capital assets reported in the Water and Wastewater Funds. All general obligation debt is expected to be service by the governmental activities and the Water and Wastewater Funds are not expected to service the general obligation debt. Accordingly, all the City's general obligation debt is reported in the governmental activities column.

The City issues certificates of obligation and tax notes to provide funds for the acquisition and construction of major capital facilities and equipment and to refund previous issues. Bonded indebtedness of the City is as follows:

Governmental Activities:

$15,315,000 General Obligation Refunding Bonds - Series 2009, principal due annually in series through 2025, interest due semi-annually at 4.125%.	$ 3,025,000
$4,290,000 Combination Tax and Revenue Certificates of Obligation - Series 2010, principal due annually in series through 2030, interest due semi-annually at 3.00% to 4.05%.	3,200,000

IV. DETAILED NOTES ON ALL FUNDS (Cont'd)

F. Long-term Liabilities (Cont'd)

Bonded Indebtedness (Cont'd)

$3,390,000 General Obligation Refunding Bonds - Series 2011, principal due annually in series through 2024, interest due semi-annually at 1.4% to 3.40%.	$	1,945,000
$13,720,000 General Obligation Refunding Bonds - Series 2013, principal due annually in series through 2033, interest due semi-annually at 3.0% to 4.0%		12,340,000
$5,520,000 General Obligation Bonds - Series 2013, principal due annually in series through 2033, interest due semi-annually at 1.75% to 4.0%		4,590,000
$1,875,000 Tax Notes - Series 2014, principal due annually in series through 2021, interest due semi-annually at 2.0% to 3.0%		845,000
$7,140,000 General Obligation Refunding Bonds - Series 2014, principal due annually in series through 2028, interest due semi-annually at 4.0%.		6,970,000
$42,525,000 General Obligation Refunding Bonds - Series 2015, principal due annually in series through 2035, interest due semi-annually at 2.0% to 4.0%.		39,095,000
$8,520,000 General Obligation Refunding Bonds - Series 2016, principal due annually in series through 2031, interest due semi-annually at 3.0% to 4.0%.		8,520,000
	$	80,530,000

Debt Service Requirements

Annual debt service requirements are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2019	5,235,000	2,931,468	8,166,468
2020	5,430,000	2,738,118	8,168,118
2021	5,630,000	2,545,913	8,175,913
2022	5,540,000	2,351,308	7,891,308
2023	5,750,000	2,152,213	7,902,213
2024-2028	26,635,000	7,627,806	34,262,806
2029-2033	22,300,000	3,266,783	25,566,783
2034-2035	4,010,000	211,750	4,221,750
	$ 80,530,000	$ 23,825,356	$ 104,355,356

G. Contingent Arbitrage Liabilities

The City has invested a portion of GO bond proceeds as a reserve for the retirement of the bonds. Any excess of interest revenue earned on invested proceeds over interest paid on the bonds must be rebated to the federal government every five years. The City has no arbitrage liability as of September 30, 2018.

V. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City participates in the Texas Municipal League Intergovernmental Risk Pool. As an insured, the City is not obligated to reimburse the pool for losses. The City has not had any significant reductions in insurance coverage, nor have insurance settlements for the last three fiscal years exceeded insurance coverage. Any losses reported, but unsettled or incurred and not reported, are believed to be insignificant to the City's financial statements.

B. Commitments and Contingencies

The City is a defendant in lawsuits occurring in the normal course of business. Although the outcome of these matters is not presently determinable, in the opinion of the City's attorney, their resolution will not have a material adverse effect on the financial condition of the City. Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including· amounts already collected may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City executed Water Supply Contracts with Guadalupe Blanco River Authority (GBRA) and a Regional Water Supply Contract with the Alliance Regional Water Authority (formerly Hays Caldwell Public Utility Agency “the Agency”).

Under the raw water supply agreement with GBRA, the City agreed to pay on a take or pay basis for the appropriate share of debt service, debt service coverage and fixed Operation and Maintenance Expenses as defined in the agreement. Rates charged to the City for the treatment and delivery of treated water are determined pursuant to the terms of the Regional Agreement, plus GBRA’s costs associated with any facilities required to convey the treated water. The City is also required under the agreement to pay on a take or pay basis as defined in the agreement for the treated water. For the period ending September 30, 2018, the City paid $2,382,696 under the water supply agreement.

The Alliance Regional Water Authority (Agency) and Sponsoring Public Entities which includes the cities of Buda, Kyle and San Marcos and the Canyon Regional Water Authority have entered into a Regional Water Supply Contract dated January 15, 2008 as amended by amendment No. 1. The Agency agreed to design, finance, construct, own, acquire, maintain and operate the Project in a manner that will allow the Agency to deliver water to the Sponsoring Public Entities which includes the City. The City agreed to pay its share (28.17%) of the Project Costs and to make payments to or on behalf of the Agency in amount sufficient to meet all of the Agency’s obligations under the Contract including its share of the Project Costs to allow the Agency own, operate and maintain the Project. For the period ending September 30, 2018, the City paid $687,097 under the water supply contract.

C. Benefit Plans

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City’s participation in the Texas Municipal Retirement System (TMRS), an Agent multiple employer plan, and additions to/deductions from TMRS’s fiduciary net position have been determined on the same basis as they are reported by the TMRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

V. OTHER INFORMATION (Cont'd)

C. Benefit Plans (Cont'd)

Retirement Plan

Plan Description

The City provides pension benefits for all its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), an agent multiple- employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by TMRS. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS website at www.TMRS.com.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The City has adopted annuity increases at a rate equal to 70% of the increase in the Consumer Price Index – all Urban Consumers (CPI-U) between the December preceding the member's retirement date and the December one year before the effective date of the increase, minus any previously granted increases.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Members can retire at age 60 and above with 5 or more years of service or with 20 years of service regardless of age. The Plan also provide death benefits and disability benefits. Effective January 1, 2002, members are vested after 5 years, unless the City opted to maintain 10-year vesting which it did until 2015. Members may work for more than one TMRS city during their career. If a member is vested in one TMRS city, he or she is immediately vested upon employment with another TMRS city. Similarly, once a member has met the eligibility requirements for retirement in a TMRS city, he or she is eligible in other TMRS cities as well.

Employees covered by benefit terms

At December 31, 2017, the following employee were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	20
Inactive employees entitled to but not yet receiving benefits	14
Active employees	197
Total	231

V. OTHER INFORMATION (Cont'd)

C. Benefit Plans (Cont'd)

Contributions

Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect (i.e. December 31, 2015, valuation is effective for rates beginning January 2016).

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 12.69% for 2017. The City's contributions to TMRS for the year ended September 30, 2017, were $1,414,894 and the required contributions were $1,391,093.

Funding Policy

Cities are required to contribute at an actuarially determined rate; these rates are provided to the City on an annual basis, following the completion of the actuarial valuation.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary Increases	3.0% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, white blue-collar adjustments, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.

For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2017, valuation was based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. The healthy annuitant post-retirement mortality rates and annuity purchase rates were based on a Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2017 valuation.

V. OTHER INFORMATION (Cont'd)

C. Benefit Plans (Cont'd)

Long-term expected rate of return:

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Rate of Return Target Allocation

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.90%
Real Return	10.00%	3.80%
Real Estate	10.00%	4.50%
Absolute Return	10.00%	3.75%
Private Equity	5.00%	7.50%
Total	100.00%	

Discount rate:

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

V. OTHER INFORMATION (Cont'd)

C. Benefit Plans (Cont'd)

Changes in Net Pension Liability / (Asset)

The following table below presents the components used to calculate the NPL for the current reporting period.

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) – (b)
Balance at 10/1/2017	$ 19,230,120	$ 15,198,045	$ 4,032,075
Changes for the year:			
Service cost	1,749,440	-	1,749,440
Interest	1,342,527	-	1,342,527
Change of benefit terms	-	-	-
Difference between expected and actual experience	(189,672)	-	(189,672)
Changes of assumptions	-	-	-
Contributions - employer	-	1,297,509	(1,297,509)
Contributions - employee	-	715,726	(715,726)
Net investment income	-	2,109,464	(2,109,464)
Benefit payments, including refunds of employee contributions	(431,097)	(431,097)	-
Administrative expense	-	(10,916)	10,916
Other changes	-	(553)	553
Net changes	2,471,198	3,680,133	(1,208,935)
Balance at 9/30/2018	$ 21,701,318	$ 18,878,178	$ 2,823,140

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1 % Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
City's Net Pension Liability	$ 6,803,172	$ 2,823,140	$ (356,680)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.org.

V. OTHER INFORMATION (Cont'd)

C. Benefit Plans (Cont'd)

Pension Expense

For the year ended September 30, 2018, the City recognized pension expense of $1,272,103, comprised as follows:

Total Service Cost	$ 1,749,440
Interest on the Total Pension Liability	1,342,527
Current-Period Benefit Changes	-
Employee Contributions (Reduction of Expense)	(715,726)
Projected Earnings on Plan Investments (Reduction of Expense)	(1,025,868)
Administrative Expense	10,916
Other Changes in Fiduciary Net Position	553
Recognition of Current Year Outflow (Inflow) of Resources - Liabilities	(28,522)
Recognition of Current Year Outflow (Inflow) of Resources - Assets	(216,719)
Amortization of Current Year Outflow (Inflow) of Resources - Liabilities	(30,795)
Amortization of Current Year Outflow (Inflow) of Resources - Assets	186,297
Total Pension Expense	$ 1,272,103

The funds used to liquidate the net pension obligations have been the general fund and the water/wastewater/storm drainage fund at a rate of 74% and 26% respectively, of the annual required contribution.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2018 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 23,876	$ (1,203,571)
Changes in actuarial assumptions	3,363	-
Difference between projected and actual investment earnings	347,497	-
Contributions subsequent to the measurement date	1,078,699	-
Total	$ 1,453,435	$ (1,203,571)

The City reported $961,314 as deferred outflows of resources related to pensions resulting from contributions made after the measurement date of the net pension liability but before the end of the fiscal year will be recognized as a reduction of the net pension liability for the year ending September 30, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2018	(89,739)
2019	(115,692)
2020	(279,213)
2021	(281,846)
2022	(43,805)
Thereafter (4)	(18,540)
	$ (828,835)

V. OTHER INFORMATION (Cont'd)

C. Benefit Plans (Cont'd)

As a result of the adoption of GASB Statement No. 75, the beginning net position of the governmental and business type activities were restated. The Statement replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The net OPEB obligation recorded in accordance with GASB Statement No. 45 was removed and the total OPEB liability was recorded in accordance with GASB Statement No. 75. The effect on the beginning net position is as follows:

	Governmental Activities	Business Type Activities	Water Fund	Wastewater Fund	Storm Drainage Fund
Net Position, beginning of year as previously reported	$ 68,626,826	$ 95,170,629	$ 37,828,671	$ 53,959,123	$ 3,382,835
GASB Statement No. 75 Implementation	(298,289)	(99,430)	(99,762)	(53,395)	(21,358)
Removal of OPEB Asset Under GASB Statement No. 45	(225,254)	(75,084)			
Net Position, restated	$ 68,103,283	$ 94,996,115	$ 37,728,909	$ 53,905,728	$ 3,361,477

The City participates in multiple OPEB Plans. The Supplemental Death Benefit Fund is a cost sharing multiple employer defined benefit and is part of the Texas Retirement System. The City also has a single employer defined benefit health insurance plan for retirees (Medical Plan). As of September 30, 2018, the following balance related to the OPEB liability:

	Medical Plan	SDBF	Total
OPEB Liability	$ 333,352	$ 200,595	$ 533,947
Deferred Outflow of Resources	163,299	25,252	188,551
Deferred Inflow of Resources	(6,856)	-	(6,856)
OPEB Expense	80,073	25,957	106,030

Post Retirement Supplemental Death Benefits (SDBF OPEB)

Plan Description: The City participates in a single employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the SDBF. The City elected to provide group-term life insurance coverage to both current and retired employees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). Retired employees are insured for $7,500; this coverage is an "other post-employment benefit," or OPEB.

Contribution: The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's contributions to the SDBF for the years ended September 30, 2017 was $14,760, which equaled the required annual contributions.

TMRS issues a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial and supplementary information for the SDBF. That report may be obtained from the TMRS website at www.TMRS.com.

V. OTHER INFORMATION (Cont'd)

C. Benefit Plans (Cont'd)

Post Retirement Health Insurance Plan (Health OPEB)

Plan Description: The City maintains a single-employer defined benefit health insurance plan for retirees through the Texas Municipal League Intergovernmental Employee Benefits Pool (TML). The City elected to provide health insurance coverage to certain retired employees. Former full-time employees who have retired after 25 years of service and all full-time employees who have completed 5 years or more of continuous service by April 1, 2009, and who complete a total of 25 years or more of continuous service are entitled to the same group health insurance coverage provided to active employees. This coverage is completely paid by the City. Employees who have completed less than 5 years of continuous service as of April 1, 2009, and who complete 25 years or more of continuous service are entitled to the same group health insurance coverage provided to active employees. The City will pay $300 (adjusted annually based on the CPI) toward this coverage. The employee is responsible for the balance. Any employee hired after April 1, 2009, is not entitled to group health insurance coverage after retirement. This plan is an "other postemployment benefit," or OPEB.

Benefits (Health OPEB)
Employees in Group 1 are classified as participants with 5 or more years of continuous service on April 1, 2009 and 25 or more years of continuous service at retirement have the following benefits:

- Pre- Age 65: Medical, prescription drugs, dental, vision and $2,000 life insurance – fully paid by the City for the retiree Post Age 65: Medicare supplement and prescription drugs

Employees in Group 2 are classified as participants having fewer than 5 years of continuous service on 4/1/2009, and 25 or more years of continuous service at retirement.

- $300 monthly stipend towards medical and prescription drug coverage (both before and after age 65). The $300 amount is CPI indexed ($331.17 as of 10/1/2016). The retiree pays any additional cost. The retiree pays the full cost of spouse's coverage.

Employees hired after April 1, 2009 are not eligible for benefits under the Plan.

Medical plan provisions

	Network	Non-Network
Calendar Year Deductible	$250	$500
Out-of-Pocket Limit	$2,000 i/ $4,000 f	None
Coinsurance	85%	55%
Preventive care and annual exam	100%	100%

Contributions: The annual premiums paid from the Trust for the period ending September 30, 2018 were $5,440, and the City's contributions with the OPEB Trust were $125,000.

As of the valuation date October 1, 2017, plan membership consisted of the following:

Active employees	54
Retired	1
Total	55

V. OTHER INFORMATION (Cont'd)

C. Benefit Plans (Cont'd)

Benefits: Supplemental Death Benefit Fund- The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered other postemployment benefit ("OPEB") and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

As of the measurement date of December 31, 2017, plan membership consisted of the following:

Inactive employees currently receiving or entitled to benefits	162
Active employees	445
Total	607

Investments (Health OPEB)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.0%) and deducting investment expenses. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2018 are summarized in the following table:

	Ratget Allocation	Real Return
Large Cap stock S&P 500	37%	5.70%
Mid/samll cap stocks Russell 2000	12%	6.50%
International stocks MSCI EAFE	17%	5.40%
Bonds Barclays US	33%	2.50%
Multi-sector bonds	0%	3.50%
Real estate	0%	4.80%
Cash equivalents	1%	0.0%
	100%	

Health OPEB (Cont'd)

GASB 74 does not reduce the long-term rate of return for administrative expenses. Instead administrative expenses are an explicit component of annual OPEB expense bases of the administrative expense for the fiscal year. The resulting GASB 75 rate of return is 7.25%. The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made as the same percentage of participant payroll as for the 2015-16 year on $125,000 and that all future retiree medical benefits will be paid from the trust fund under the terms of the plan. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

V. OTHER INFORMATION (Cont'd)

C. Benefit Plans (Cont'd)

Sensitivity of the Net OPEB Liability to changes in the discount rate

The following presents the Net OPEB Liability of the City, as well as what the City's Net OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current discount rate:

	1% Decrease 6.25%	Discount Rate 7.25%	1% Increase 8.25%
Net OPEB Liability	713,233	333,352	45,451

Sensitivity of the Net OPEB Liability to changes in the healthcare cost trend rates

The following presents the Net OPEB Liability of the City, as well as what the City's Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	1% Decrease 5.09% Grading to 3.87%	Trend Rates 6.09% Grading to 4.87%	1% Increase 7.09% Grading to 5.87%
Net OPEB Liability	45,366	333,352	706,455

The OPEB plan assets are measured at fair value, using the same valuation methods used by the OPEB Plan for purpose of preparing its statement of fiduciary net position. The money weighted rate of return is 11.21%.

V. OTHER INFORMATION (Cont'd)

C. Benefit Plans (Cont'd)

Health OPEB (Cont'd)

The components of net OPEB liability at September 30, 2018 were as follows:

Reconciliation of Total OPEB Liability	
Service cost	$ 50,112
Interest on total pension liability	100,810
Differences between expected and actual experience	177,209
Expected net benefit payments	(5,875)
Net change in total pension liability	$ 322,256
Total OPEB Liability at beginning of year	$ 1,216,159
Total OPEB Liability at end of year (a)	$ 1,538,415
Fiduciary net position:	
Employer contributions	$ 156,500
Member contributions	-
Investment income net of investment expense	83,045
Benefit payments/refunds of contributions	(2,303)
Administrative expenses	(9,834)
Net change in fiduciary net position	$ 227,409
Fiduciary net position at beginning of year	$ 977,654
Fiduciary net position at end of year (b)	1,205,063
Net OPEB liability/(asset) at end of year = (a) - (b)	$ 333,352
Fiduciary net position as a % of total OPEB liability	78.33%
Covered payroll	$ 3,490,000
Net OPEB liability as a % of covered payroll	9.55%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding in progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

V. OTHER INFORMATION (Cont'd)

C. Benefit Plans (Cont'd)

Health OPEB (Cont'd)

The projections of benefits for financial reporting purposes are based on the benefits provided which are considered for accounting purposes to be provided in accordance with a substantive plan. A substantive plan is one in which the plan terms are understood by the City and plan members. This understanding is based on communications between the employers and plan members and the historical pattern of practice with regard to the sharing of benefit costs; it may not be a long term legal commitment. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with long term perspective of the calculations. Additional information as the latest valuation follows:

Key Assumptions for Net OPEB Liability

Valuation Date	10/1/17 valuation date (rolled forward to 9/30/18)
Actuarial cost method	Entry age
Amortization method	Level dollar
Asset valuation	Market value
Discount rate	7.25%
Salary scale	3.0%
Expected Return on Assets	7.25%
Healthcare Cost Trend Rates	6.09% grading to 4.87%; Group 1 retirees at 5% and Group 2 at 3% per year
Mortality	RP 2000 projected

Total SDBF OPEB Liability
The City's total OPEB liability of $200,595 was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date.

Changes in the SDBF Total OPEB Liability

	Total OPEB Liability
Total OPEB Liability - beginning of year	$ 159,215
Changes for the year:	
Service Cost	17,382
Interest	6,328
Change in assumptions or other inputs	18,692
Benefit Payments	(1,022)
Net Change	41,380
Total OPEB Liability - end of year	$ 200,595

V. OTHER INFORMATION (Cont'd)

C. Benefit Plans (Cont'd)

Summary of Actuarial Assumptions

Inflation	2.5%
Salary increases	3.50% to 10.5% including inflation
Discount rate*	3.31%
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates – disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017. The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the City as well as what the City's approximate total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1 % Decrease 2.31%	Discount Rate 3.31%	1% Increase 4.31%
Total OPEB Liability	$ 248,748	$ 200,595	$ 163,712

V. OTHER INFORMATION (Cont'd)

C. Benefit Plans (Cont'd)

OPEB Expense – For the fiscal year ended September 30, 2018, the City recognized the following OPEB expense:

Schedule of OPEB Expense	**Total**	**SDBF**	**Health**
Total Service Cost	$ 67,494	$ 17,382	$ 50,112
Interest on the Total OPEB Liability	107,138	6,328	100,810
Current-Period Benefit Changes	-	-	-
Employee Contributions (Reduction of Expense)	-	-	-
Projected Earning on Plan Investments (Reduction of Expense)	(80,683)	-	(80,683)
Administrative Expense	9,834	-	9,834
Other Changes in Fiduciary Net Position	-	-	-
Recognition of Current Year Outflow (Inflow) of Resources - Liabilities	-	-	-
Recognition of Current Year Outflow (Inflow) of Resources - Assets	2,247	2,247	-
Amortization of Prior Year Outflow (Inflow) of Resources - Liabilities	-	-	-
Amortization of Prior Year Outflow (Inflow) of Resources - Assets	-	-	-
Total OPEB Expense	**$ 106,030**	**$ 25,957**	**$ 80,073**

SDBF and Health OPEB deferred outflows of resources and deferred inflows of resources: For the fiscal year ended September 30, 2018, the City recognized OPEB expense of $106,030. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following source:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes of assumptions or other inputs	14,199	-
Actuarial (Gains)/Losses	163,299	-
Net difference between projected and actual earnings on	-	-
OPEB plan investments	-	-
OPEB Investment gains	-	6,858
Employer contributions subsequent to the measurement date	11,054	-
Total	$ 188,552	$ 6,858

V. OTHER INFORMATION (Cont'd)

C. Benefit Plans (Cont'd)

Amounts reported as the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense over the average future service to retirement of plan participants as follows:

Years Ended September 30:	
2019	$ 14,029
2020	14,029
2021	14,029
2022	15,685
2023	16,157
Thereafter	107,766
Total	$ 181,695

D. Tax Abatement

The City of Kyle enters into sales and use tax and property tax abatement agreements with local businesses under Chapter 380 of the Texas Local Government Code. Under the Act, localities may grant sales and use and property tax abatements for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the City of Kyle.

For the fiscal year ended September 30, 2018, the City of Kyle abated sales and use taxes totaling $869,798 and property taxes totaling $23,345 under these programs, including the following tax abatement agreements that each exceeded 10 percent of the total amount abated:

- A 33 percent sales and use tax abatement to DDR, a developer, for taxable items collected on-site by the Retail Occupants and remitted to the State Comptroller. The abatement amounted to $383,707.
- A 33 percent sales and use tax abatement to Seton Family of Hospitals for development of facility and increasing employment. The abatement amounted to $452,112.
- A 67 percent sales and use tax abatement to Nomoland to promote commercial development and increase employment. The abatement amounted to $33,979.
- A 50 percent property tax abatement to RR HPI, a developer, for assessed incremental property taxes above the base year. The abatement amounted to $23,345.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

CITY OF KYLE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	$ 6,212,188	$ 6,212,188	$ 6,947,036	$ 734,848
General Sales and Use Taxes	7,606,531	7,606,531	7,955,612	349,081
Franchise Tax	1,926,200	1,926,200	2,430,996	504,796
Other Taxes	90,000	90,000	68,252	(21,748)
Licenses and Permits	1,470,300	1,470,300	1,427,924	(42,376)
Intergovernmental Revenue and Grants	-	-	6,857	6,857
Charges for Services	4,230,200	4,230,200	5,043,148	812,948
Fines	525,000	525,000	569,876	44,876
Investment Earnings	50,000	50,000	1,082,584	1,032,584
Rents and Royalties	13,500	13,500	32,180	18,680
Contributions & Donations from Private Sources	55,800	55,800	69,400	13,600
Other Revenue	101,000	101,000	948,144	847,144
Total Revenues	22,280,719	22,280,719	26,582,009	4,301,290
EXPENDITURES:				
Current:				
General Government	7,320,355	7,532,883	6,955,924	576,959
Public Safety	6,999,615	6,999,615	6,389,898	609,717
Public Works	4,200,809	4,219,865	4,217,587	2,278
Culture and Recreation	2,743,837	2,756,098	2,532,297	223,801
Capital Outlay:				
Capital Outlay	1,875,400	2,641,901	1,606,878	1,035,023
Total Expenditures	23,140,016	24,150,362	21,702,584	2,447,778
Excess (Deficiency) of Revenues Over (Under) Expenditures	(859,297)	(1,869,643)	4,879,425	6,749,068
OTHER FINANCING SOURCES (USES):				
Transfers In	2,233,609	2,233,609	2,233,609	-
Transfers Out (Use)	(2,379,815)	(2,379,815)	(1,504,815)	875,000
Total Other Financing Sources (Uses)	(146,206)	(146,206)	728,794	875,000
Net Change	(1,005,503)	(2,015,849)	5,608,219	7,624,068
Fund Balance - October 1 (Beginning)	-	13,829,729	13,829,729	-
Fund Balance - September 30 (Ending)	$ (1,005,503)	$ 11,813,880	$ 19,437,948	$ 7,624,068

CITY OF KYLE
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
FOR THE YEARD ENDED SEPTEMBER 30, 2018

Budgetary Information

An annual general fund budget is prepared and adopted under the modified accrual basis of accounting prior to the beginning of each fiscal year for all reveneue and expenditures. Prior to the third Tuesday of September, the budget is legally enacted through passage of a resolution by the Council. Once a budget is approved, it can only be amneded at the function and fund level by approval of a majority of the members of the Council. Amendments are presented to the council at its regualr meetings. Each amendment must have Council approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Council, and are not amde after fiscal year end. Because the City has a policy of careful budgetary control, several amendmets were necessary during the year. The legal level of budgetary control is at the function level. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Council. All budget appropriations lapse at year end. Amounts encumbered prior to year-end will lapse 3 months after year end.

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFIT PLANS
SEPTEMBER 30, 2018

Schedule of OPEB Contributions

Year Ending September 30,	Actuarial Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	$ 156,608	$ 156,500	$ 108	$ 3,291,000	7.25%
2018	156,500	156,500	-	3,490,000	9.55%

Beginning fiscal year September 30, 2017, the ADC is calculated in accordance with the Employer's funding policy, if one exists. Prior to September 30, 2017 the ADC is equal to the Annual Required Contributions (ARC) calculated under GASB Statement No. 45.

Beginning fiscal year ending September 30, 2017, the ADC is calculated in accordance with the Employer's funding policy, if one exists. Prior to the current period, the ADC is equal to the Annual Required Contribution (ARC) calculated under GASB Statement No. 45.

Notes to Schedule	10/1/17 Valuation dated rolled to
Valuation date	September 30, 2018
Actuarial cost method	Entry Age normal
Asset valuation method	Market value
Discount rate	7.25%
Salary scale	3.00%
Expected Return on Assets	7.25%
Healthcare Cost Trend Rates	6.09% grading to 4.87%; Group 1 retires at 5% and Group 2 at 3% per year
Mortality	RP 2000 projected

This OPEB schedule in the required supplementary information is intended to show information for ten years. Additional information will be displayed as it becomes available.

REQUIRED SUPPLEMENTARY INFORMATION
Schedules of Changes in the Employers Net OPEB Liability and Related Ratios
For the last two Fiscal Years

	2018	2017
Reconciliation of Total OPEB Liability		
Service cost	$ 50,112	$ 50,485
Interest on total pension liability	100,810	79,145
Differences between expected and actual experience	177,209	-
Expected net benefit payments	(5,875)	(5,123)
Net change in total pension liability	$ 322,256	$ 124,507
Total OPEB Liability at beginning of year	$ 1,216,159	$ 1,091,652
Total OPEB Liability at end of year (a)	$ 1,538,415	$ 1,216,159
Fiduciary net position:		
Employer contributions	$ 156,500	$ 156,500
Member contributions	-	-
Investment income net of investment expense	83,045	109,860
Benefit payments/refunds of contributions	(2,550)	(5,123)
Administrative expenses	(9,834)	(12,427)
Net change in fiduciary net position	227,162	248,810
Fiduciary net position at beginning of year	$ 977,655	$ 728,844
Fiduciary net position at end of year (b)	$ 1,205,063	$ 977,654
Net OPEB liability/(asset) at end of year = (a) - (b)	$ 333,352	$ 238,505
Fiduciary net position as a % of total OPEB liability	78.33%	80.39%
Covered payroll	$ 3,490,000	$ 3,291,000
Net OPEB liability as a % of covered payroll	9.55%	7.25%

REQUIRED SUPPLEMENTARY INFORMATION
Schedules of Investment Returns - OPEB
For the last two Fiscal Years

Annual Money-Weighted Rate of Return	2017	2018
Net Investment Expenses	11.21%	7.46%

REQUIRED SUPPLEMENTARY INFORMATION
OPEB Schedule of Changes in Total Liability and Related Ratios
For the Year Ended September 30, 2018

Total OPEB Liabiblity for the Supplemental Death Benefit Fund

Schedule of OPEB Expense	**2018**
Total Service Cost	17,382
Interest on the Total OPEB Liability	6,328
Current-Period Benefit Changes	-
Changes in assumptions or other imputs	18,692
Projected Earnings on Plan Investments (Reduction of Expense)	-
Benefit payments	(1,022)
Net Change	41,380
Total OPEB liability, beginning	**159,215**
Total OPEB liability, ending	**200,595**
Covered - employee payroll	10,224,662
Total liability as a percentage of covered - emplloyee payroll	1.96%

Notes to Schedule:
The OPEB schedule in the required supplementary information is intended to show information for ten years. Additional information will be displayed as it becomes available.

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN

Schedule of Changes in Net Pension Liabiltiy and Related Ratios
For the Last Four Fiscal Years*

	2018	2017	2016	2015
Total pension liability				
Service Cost	$ 1,749,440	$ 1,565,958	$ 1,315,411	$ 1,137,933
Interest (on the Total Pension Liability)	1,342,527	1,192,749	1,090,180	950,075
Changes of benefit terms	-	-	6,942	-
Difference between expected and actual experience	(189,672)	(185,089)	(82,587)	59,381
Change of assumptions	-	-	6,064	-
Benefits Payments, including refunds of employee contributions	(431,097)	(461,759)	(254,208)	(228,929)
Net Change in Total Pension Liabilty	$ 2,471,198	$ 2,111,859	$ 2,081,802	1,918,460
Total Pension Liability - Beginning	19,230,120	17,118,261	15,036,461	13,118,001
Total Pension Liability - Ending (a)	$ 21,701,318	$ 19,230,120	$ 17,118,263	$ 15,036,461
Plan Fiduciary Net Position				
Contributions - Employer	$ 1,297,509	$ 1,112,797	$ 969,980	$ 691,539
Contributions - Employee	715,726	639,540	582,777	528,470
Net Investment Income	2,109,464	882,061	17,316	581,772
Benefits Payments, including refunds of employee contributions	(431,097)	(461,759)	(254,208)	(228,929)
Administrative Expense	(10,916)	(9,950)	(10,543)	(6,071)
Other	(553)	(536)	(521)	(499)
Net Change in Plan Fiduciary Net Position	3,680,133	2,162,153	1,304,801	1,566,282
Plan Fiduciary Net Position - Beginning	15,198,045	13,035,892	11,731,091	10,164,809
Plan Fiduciary Net Position - Ending (b)	$ 18,878,178	$ 15,198,045	$ 13,035,892	$ 11,731,091
Net Pension Liability - Ending (a) - (b)	$ 2,823,140	$ 4,032,075	$ 4,082,371	$ 3,305,370
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.99%	79.03%	76.15%	78.02%
Covered Employee Payroll	$ 10,224,662	$ 9,136,279	$ 8,325,383	$ 8,071,984
Net Pension Liability as a Percentage of Covered Employee Payroll	27.61%	44.13%	49.04%	40.95%

* Schedules are intended to show information for ten years and the additional years' information will be displayed as it becomes available, amounts presented for the year end were determined as of December 31, the measurement date.

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN

Schedule of Employer Contributions

Year Ending September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2009	$ 478,717	$ 478,717	$ -	$ 4,506,291	10.6%
2010	478,717	478,717	-	5,415,229	8.8%
2011	482,584	482,584	-	5,801,502	8.3%
2012	524,649	524,649	-	6,165,072	8.5%
2013	532,591	532,591	-	6,665,732	8.0%
2014	627,943	627,943	-	7,550,582	8.3%
2015	953,338	936,923	16,415	8,686,216	10.8%
2016	1,160,869	1,116,031	44,838	9,207,541	12.1%
2017	1,225,528	1,240,665	(15,137)	9,868,892	12.6%
2018	1,391,093	1,414,894	(23,801)	11,149,680	12.7%

Notes to Schedule of Contributions

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	26 Years
Asset Valuation Method	10 Year smoothed market: 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rate that are specific to the City's plan of benefits. Last update for the 2015 valuation pursuant to an experience study of the Period 2010-2014
Mortality	RP2000 Combined Mortality Table with Blue collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Notes	There were no benefit changes during the year.

COMBINING STATEMENTS

CITY OF KYLE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	Police Forfeiture	Police Special Revenue	Court Special Revenue	General Government Grants
ASSETS				
Pooled Cash and Cash Equivalents	$ 35,160	$ 17,557	$ 103,749	$ (27,088)
Restricted Cash and Cash Equivalents	-	-	-	-
Receivable (Net)	-	-	-	63,562
Total Assets	$ 35,160	$ 17,557	$ 103,749	$ 36,474
LIABILITIES				
Accounts Payable	$ -	$ -	$ -	$ 3,340
Wages and Salaries Payable	-	-	-	2,973
Total Liabilities	-	-	-	6,313
FUND BALANCES				
Restricted Fund Balance:				
Restricted Fund Balance - Tourism and Other	35,159	17,558	103,749	30,162
Restricted Fund Balance - Capital Projects	-	-	-	-
Total Fund Balances	35,159	17,558	103,749	30,162
Total Liabilities and Fund Balances	$ 35,159	$ 17,558	$ 103,749	$ 36,475

Hockey Rink Donations	Hotel Occupancy	Bunton Creek PID	Blanco River Ranch PID	SW Kyle PID #1 Intermandeco	KAYAC Outreach Fund	Total Nonmajor Special Revenue Funds	CIP Park Development Fund
$ 26,028	$ 273,991	$ 8,790	$ 16,450	$ 35,000	$ 1,126	$ 490,763	$ -
-	-	-	-	-	-	-	1,235,123
-	14,945	-	-	-	-	78,507	-
$ 26,028	$ 288,936	$ 8,790	$ 16,450	$ 35,000	$ 1,126	$ 569,270	$ 1,235,123
$ -	$ -	$ -	$ 1,693	$ -	$ -	$ 5,033	$ -
-	-	-	-	-	-	2,973	-
-	-	-	1,693	-	-	8,006	-
26,028	288,936	8,790	14,758	35,000	1,126	561,266	-
-	-	-	-	-	-	-	1,235,123
26,028	288,936	8,790	14,758	35,000	1,126	561,266	1,235,123
$ 26,028	$ 288,936	$ 8,790	$ 16,451	$ 35,000	$ 1,126	$ 569,272	$ 1,235,123

CITY OF KYLE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	Road Improvement Fund	Total Nonmajor Governmental Funds
ASSETS		
Pooled Cash and Cash Equivalents	$ -	$ 490,763
Restricted Cash and Cash Equivalents	1,162,462	2,397,585
Receivable (Net)	-	78,507
Total Assets	$ 1,162,462	$ 2,966,855
LIABILITIES		
Accounts Payable	$ -	$ 5,033
Wages and Salaries Payable	-	2,973
Total Liabilities	-	8,006
FUND BALANCES		
Restricted Fund Balance:		
Restricted Fund Balance - Tourism and Other	-	561,266
Restricted Fund Balance - Capital Projects	1,162,462	2,397,585
Total Fund Balances	1,162,462	2,958,851
Total Liabilities and Fund Balances	$ 1,162,462	$ 2,966,857

CITY OF KYLE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Police Forfeiture	Police Special Revenue	Court Special Revenue	General Government Grants
REVENUES:				
Taxes:				
Other Taxes	$ -	$ -	$ -	$ -
Intergovernmental Revenue and Grants	-	3,532	-	220,695
Charges for Services	-	-	33,253	-
Special Assessments	-	-	-	-
Investment Earnings	17	-	-	-
Contributions & Donations from Private Sources	-	-	-	-
Other Revenue	11,590	-	-	-
Total Revenues	11,607	3,532	33,253	220,695
EXPENDITURES:				
Current:				
General Government	-	-	69,838	31,714
Public Safety	-	3,000	-	201,178
Culture and Recreation	-	-	-	17,019
Capital Outlay:				
Capital Outlay	-	-	-	-
Total Expenditures	-	3,000	69,838	249,911
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,607	532	(36,585)	(29,216)
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	59,317
Transfers Out (Use)	-	-	(45,005)	-
Total Other Financing Sources (Uses)	-	-	(45,005)	59,317
Net Change in Fund Balance	11,607	532	(81,590)	30,101
Fund Balance - October 1 (Beginning)	23,552	17,026	185,339	62
Fund Balance - September 30 (Ending)	$ 35,159	$ 17,558	$ 103,749	$ 30,163

Hockey Rink Donations	Hotel Occupancy	Bunton Creek PID	Blanco River Ranch PID	SW Kyle PID #1 Intermandeco	KAYAC Outreach Fund	Total Nonmajor Special Revenue Funds	CIP Park Development Fund
$ -	$ 353,238	$ -	$ -	$ -	$ -	$ 353,238	$ -
-	-	-	-	-	-	224,227	-
-	1,420	-	-	-	-	34,673	567,410
-	-	58,327	15,000	-	-	73,327	-
-	455	-	-	-	-	472	-
26,155	-	-	-	35,000	-	61,155	-
-	-	-	-	-	-	11,590	-
26,155	355,113	58,327	15,000	35,000	-	758,682	567,410
127	-	54,862	1,693	-	-	158,234	-
-	-	-	-	-	-	204,178	-
-	81,022	-	-	-	-	98,041	-
-	-	-	-	-	-	-	16,058
127	81,022	54,862	1,693	-	-	460,453	16,058
26,028	274,091	3,465	13,307	35,000	-	298,229	551,352
-	-	-	-	-	-	59,317	-
-	-	-	-	-	-	(45,005)	-
-	-	-	-	-	-	14,312	-
26,028	274,091	3,465	13,307	35,000	-	312,541	551,352
-	14,844	5,325	1,450	-	1,126	248,724	683,771
$ 26,028	$ 288,935	$ 8,790	$ 14,757	$ 35,000	$ 1,126	$ 561,265	$ 1,235,123

CITY OF KYLE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Road Improvement Fund	Total Nonmajor Governmental Funds
REVENUES:		
Taxes:		
Other Taxes	$ -	$ 353,238
Intergovernmental Revenue and Grants	-	224,227
Charges for Services	-	602,083
Special Assessments	409,697	483,024
Investment Earnings	1,901	2,373
Contributions & Donations from Private Sources	-	61,155
Other Revenue	-	11,590
Total Revenues	411,598	1,737,690
EXPENDITURES:		
Current:		
General Government	-	158,234
Public Safety	-	204,178
Culture and Recreation	-	98,041
Capital Outlay:		
Capital Outlay	200	16,258
Total Expenditures	200	476,711
Excess (Deficiency) of Revenues Over (Under) Expenditures	411,398	1,260,979
OTHER FINANCING SOURCES (USES):		
Transfers In	-	59,317
Transfers Out (Use)	-	(45,005)
Total Other Financing Sources (Uses)	-	14,312
Net Change in Fund Balance	411,398	1,275,291
Fund Balance - October 1 (Beginning)	751,064	1,683,559
Fund Balance - September 30 (Ending)	$ 1,162,462	$ 2,958,850

CITY OF KYLE
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	BALANCE OCTOBER 1 2017	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2018
AGENCY FUND				
Assets:				
Cash and Cash Equivalents	$ 151,059	$ 161,941	$ 162,341	$ 150,659
Other Receivables	5,441	5,841	5,441	5,841
Total Assets	$ 156,500	$ 167,782	$ 167,782	$ 156,500
Liabilities:				
Other Noncurrent Liabilities	$ 156,500	$ 156,500	$ 156,500	$ 156,500
TOTAL AGENCY FUNDS				
Assets:				
Cash and Cash Equivalents	$ 151,059	$ 161,941	$ 162,341	$ 150,659
Other Receivables	5,441	5,841	5,441	5,841
Total Assets	$ 156,500	$ 167,782	$ 167,782	$ 156,500
Liabilities:				
Accounts Payable	$ 156,500	$ 156,500	$ 156,500	$ 156,500

STATISTICAL SECTION

STATISTICAL SECTION
(Unaudited)

This part of the City of Kyle, Texas' comprehensive annual financial report presents multiple years of data to provide a historical perspective for understanding the information available in the financial statements, note, disclosures, and required supplementary information and for assessing the City's overall financial condition.

Contents:

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain trend information to help the reader assess the City's most significant local revenue resources. Property tax, sales tax and charges for services are the largest revenue sources for governmental activities. Water and wastewater charges are the largest sources for business-type activities

Debt Capacity

These schedules contain trend information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Economic and Demographic Indicators

These schedules contain economic and demographic data to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services and activities performed by the City.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial report or comprehensive annual financial report for the relevant year.

CITY OF KYLE, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:										
Net Investment in Capital Assets	$ 22,793,304	$ 22,165,260	$ 19,916,516	$ 23,683,097	$ 14,671,989	$ 22,888,184	$ 37,500,433	$ 49,390,461	$ 52,720,071	$ 64,905,304
Restricted	14,885,094	7,675,097	8,732,402	9,356,577	12,634,224	11,015,147	1,426,961	1,450,855	2,149,427	4,035,118
Unrestricted	(2,145,906)	2,755,182	5,623,227	3,780,819	6,125,545	8,394,091	13,307,688	9,455,449	13,101,265	16,064,010
Total Governmental Activities Net Assets	$ 35,532,492	$ 32,595,539	$ 34,272,145	$ 36,820,493	$ 33,431,758	$ 42,297,422	$ 52,235,082	$ 60,296,765	$ 67,970,763	$ 85,004,432
Business-Type Activities:										
Net Investment in Capital Assets	$ 46,381,859	$ 47,161,919	$ 47,325,520	$ 46,132,410	$ 47,840,753	$ 48,085,808	$ 50,651,024	$ 54,243,210	$ 63,915,105	$ 78,905,383
Restricted	5,172,176	4,392,111	6,019,545	6,491,073	6,513,500	8,470,600	10,854,507	13,482,480	16,916,006	19,789,804
Unrestricted	6,559,611	5,509,710	2,397,371	1,490,060	3,384,379	6,520,462	8,480,255	9,305,819	14,298,489	21,075,053
Total Business-Type Activities Net Assets	$ 58,113,646	$ 57,063,740	$ 55,742,436	$ 54,113,543	$ 57,738,632	$ 63,076,870	$ 69,985,786	$ 77,031,509	$ 95,129,600	$ 119,770,240
Primary Government:										
Net Investment in Capital Assets	$ 69,175,163	$ 69,327,179	$ 67,242,036	$ 69,815,507	$ 62,512,742	$ 70,973,992	$ 88,151,457	$ 103,633,671	$ 116,635,176	$ 143,810,687
Restricted	20,057,270	12,067,208	14,751,947	15,847,650	19,147,724	9,858,328	12,281,468	14,933,335	19,065,433	23,824,922
Unrestricted	4,413,705	8,264,892	8,020,598	5,270,879	9,509,924	24,541,972	21,787,943	18,761,268	27,399,754	37,139,063
Total Primary Government Net Position	$ 93,646,138	$ 89,659,279	$ 90,014,581	$ 90,934,036	$ 91,170,390	$ 105,374,292	$ 122,220,868	$ 137,328,274	$ 163,100,363	$ 204,774,672

CITY OF KYLE, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EXPENSES										
Governmental Activities:										
General Government	$ 3,908,523	$ 4,394,186	$ 3,904,284	$ 4,538,616	$ 4,995,981	$ 5,939,271	$ 7,265,995	$ 6,749,251	$ 7,209,505	$ 7,048,673
Public Safety	3,002,585	3,551,788	3,982,409	4,282,402	4,918,997	5,052,323	5,687,000	6,196,660	7,101,534	7,589,067
Public Works	3,781,337	4,571,021	4,820,597	4,622,523	4,820,247	5,363,579	6,648,193	6,989,256	7,456,046	8,509,720
Transportation	11,792	14,556	-	-	-	-	-			-
Culture and Recreation/ Community Services	1,618,947	1,613,611	1,711,714	1,873,292	2,032,591	2,095,111	2,497,592	2,765,839	3,006,348	3,112,324
Interest on Debt	2,648,190	2,900,787	2,735,822	2,916,954	2,194,889	2,873,587	2,167,498	3,640,280	3,327,722	3,117,190
Other Debt Service Fees	60,525	150,630	163,138	73,507	122,958	(3,842)	492,049	151,273	20,425	3,150
Total Governmental Activities Expenses	$ 15,031,899	$ 17,196,579	$ 17,317,964	$ 18,307,294	$ 19,085,663	$ 21,320,029	$ 24,758,327	$ 26,492,559	$ 28,121,580	$ 29,380,124
Business-Type Activities:										
Water Fund	$ 7,164,119	$ 7,709,085	$ 7,986,821	$ 7,986,821	$ 9,743,280	$ 10,340,478	$ 10,728,373	$ 10,524,295	$ 6,585,910	$ 7,620,212
Wastewater Fund	-	-	-	-	-	-	-	-	4,126,636	4,709,096
Storm Drainage Fund	-	-	-	-	-	-	-	-	536,786	880,842
Total Business-Type Activities Expenses	$ 7,164,119	$ 7,709,085	$ 7,986,821	$ 7,986,821	$ 9,743,280	$ 10,340,478	$ 10,728,373	$ 10,524,295	$ 11,249,332	$ 13,210,150
Total Primary Government Program Expenses	$ 22,196,018	$ 24,905,664	$ 25,304,785	$ 27,740,468	$ 28,828,943	$ 31,660,507	$ 35,486,700	$ 37,016,854	$ 39,370,912	$ 42,590,274
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
General Government	$ 2,626,500	$ 2,366,033	$ 2,533,733	$ 3,398,356	$ 3,243,742	$ 3,628,935	$ 4,299,587	$ 3,878,720	$ 6,482,701	$ 4,909,093
Public Safety	-	-	-	-	-	-	-	12,214	46,822	56,452
Public Works	-	-	-	85,006	100,154	163,715	62,544	630,368	373,322	3,757,258
Culture and Recreation/ Community services	353,948	298,203	494,822	297,231	281,481	263,493	449,310	815,430	655,509	395,166
Operating grants and contributions	7,972	73,623	44,987	179,766	99,722	271,053	135,308	129,307	93,990	231,083
Capital grants and contributions	6,661,522	1,225,852	3,264,029	564,882	6,537,651	-	-	-	-	-
Total Governmental Activities Program Revenues	$ 9,649,942	$ 3,963,711	$ 6,337,571	$ 4,525,241	$ 10,262,750	$ 4,327,196	$ 4,946,749	$ 5,466,039	$ 7,652,344	$ 9,349,052
Business-Type Activities:										
Charges for Services:										
Water & Sewer	$ 6,403,308	$ 6,092,391	$ 7,208,355	$ 10,533,330	$ 12,761,147	$ 15,523,262	$ 16,226,692	$ 17,675,893	$ 17,842,460	$ 18,814,870
Operating Grants and Contributions	N/A	N/A	N/A	N/A	N/A	-	-	-	-	-
Capital Grants and Contributions	3,249,687	1,117,699	1,504,003	357,518	2,660,316	1,563,847	3,509,187	1,717,379	9,934,823	14,337,952
Total Business-Type Activities Program Revenues	$ 9,652,995	$ 7,210,090	$ 8,712,358	$ 10,890,848	$ 15,421,463	$ 17,087,109	$ 19,735,879	$ 19,393,272	$ 27,777,283	$ 33,152,822
Total Primary Government Program Revenues	$ 19,302,937	$ 11,173,801	$ 15,049,929	$ 15,416,089	$ 25,684,213	$ 21,414,305	$ 24,682,628	$ 24,859,311	$ 35,429,627	$ 42,501,874

CITY OF KYLE, TEXAS
CHANGES IN NET POSITION
(Continued)
LAST TEN FISCAL YEARS

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
NET (EXPENSE) REVENUES										
Governmental Activities	$ (5,381,957)	$ (13,232,868)	$ (10,980,393)	$ (13,782,053)	$ (8,822,913)	$ (16,992,833)	$ (19,811,577)	$ (21,026,520)	$ (20,469,236)	$ (20,031,072)
Business-Type Activities	2,488,876	(498,995)	725,537	1,477,674	5,678,183	6,746,631	9,007,506	8,868,978	16,486,927	19,942,672
Total Primary Government Net Expense	$ (2,893,081)	$ (13,731,863)	$ (10,254,856)	$ (12,304,379)	$ (3,144,730)	$ (10,246,202)	$ (10,804,071)	$ (12,157,542)	$ (3,982,309)	$ (88,400)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Taxes										
Property	$ 4,740,009	$ 6,020,859	$ 6,198,567	$ 7,280,721	$ 8,013,734	$ 8,919,432	$ 9,753,418	$ 8,919,432	$ 14,270,496	$ 15,521,498
Sales Taxes	2,641,752	2,462,043	3,160,944	3,540,287	4,008,733	4,611,401	6,676,810	4,611,401	7,227,633	7,955,612
Occupancy Tax/ Other	131,950	95,351	132,580	142,301	175,615	200,753	244,065	200,753	281,996	421,490
Franchise Taxes	636,961	701,786	764,347	912,112	973,391	1,042,212	1,149,213	1,042,212	1,435,270	2,430,996
Grants and Contributions Not Restricted	N/A	N/A	N/A	534	311,942	9,241,337	9,182,145	9,241,337	2,959,602	7,517,365
Miscellaneous Revenue	387,510	261,351	182,388	142,433	828,499	1,391,064	1,495,354	1,391,064	383,362	-
Investment Earnings	472,503	258,120	87,766	33,008	65,014	19,761	27,734	19,761	33,427	1,220,859
Transfers In (Out)	1,046,255	634,323	1,046,255	2,542,575	2,267,055	2,011,505	1,359,611	2,011,505	1,551,446	1,864,400
Total Governmental Activities	$ 10,056,940	$ 10,397,833	$ 11,572,847	$ 14,593,971	$ 16,643,983	$ 27,437,465	$ 29,888,350	$ 27,437,465	$ 28,143,232	$ 36,932,220
Business-Type Activities:										
Investment Earnings	$ 297,500	$ 72,358	$ 36,957	$ 17,221	$ 12,201	$ 9,109	$ 9,602	$ 9,109	$ 72,365	$ 40,351
Miscellaneous Revenue	-	11,054	19,708	78,194	98,402	268,519	118,034	268,519	3,090,249	6,655,502
Transfers	(1,046,225)	(634,323)	(1,653,506)	(2,542,575)	(2,267,055)	(2,011,505)	(1,359,610)	(2,011,505)	(1,551,446)	(1,864,400)
Total Business-Type Activities	$ (748,725)	$ (550,911)	$ (1,596,841)	$ (2,447,160)	$ (2,156,452)	$ (1,733,877)	$ (1,231,974)	$ (1,733,877)	$ 1,611,168	$ 4,831,453
Total Primary Government	$ 9,308,215	$ 9,846,922	$ 9,976,006	$ 12,146,811	$ 14,487,531	$ 25,703,588	$ 28,656,376	$ 25,703,588	$ 29,754,400	$ 41,763,673
CHANGE IN NET POSITION										
Governmental Activities	4,674,983	(2,835,035)	1,226,606	811,918	(3,388,731)	10,444,631	10,076,773	9,881,272	7,673,996	16,901,148
Business-Type Activities	1,740,121	(1,049,906)	(871,304)	(969,486)	3,521,731	5,012,753	7,775,532	6,672,940	18,098,095	24,774,125
Total Primary Government	$ 6,415,104	$ (3,884,941)	$ 355,302	$ (157,568)	$ 133,000	$ 15,457,384	$ 17,852,305	$ 16,554,212	$ 25,772,091	$ 41,675,273

CITY OF KYLE, TEXAS
FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ 1,543	$ 544	$ 274	$ -	$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	3,215,956	2,395,901	-	-	-	-	-	-	-	-
Unassigned	-	-	2,987,923	4,499,032	6,042,113	9,197,439	10,792,030	10,579,829	13,190,179	19,437,948
Total General Fund	$ 3,215,956	$ 2,395,901	$ 2,987,923	$ 4,499,032	$ 6,042,113	$ 9,198,982	$ 10,792,574	$ 10,580,103	$ 13,190,179	$ 19,437,948
All Other Governmental Funds										
Nonspendable	$ -	$ -	$ -	$ -	$ 10,470,548	$ 9,911,757	$ -	$ -	$ -	$ -
Restricted	-	-	8,732,402	9,068,035	-	-	34,866,424	29,949,538	21,975,884	23,142,627
Committed	-	-	-	-	-	-	-	-	-	-
Assigned, Reported In:										
Special Revenue Funds	247,978	(457,142)	-	-	2,163,676	1,103,400	447,064	397,883	-	-
Capital Projects Funds	14,885,084	7,463,344	-	-	-	-	-	-	-	-
Debt Service Funds	(10,863)	211,753	-	288,540	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-		(32,935)	7,901	
Total all Other Governmental Funds	$ 15,122,199	$ 7,217,955	$ 8,732,402	$ 9,356,575	$ 12,634,224	$ 11,015,157	$ 35,313,488	$ 30,314,486	$ 21,983,785	$ 23,142,627

CITY OF KYLE, TEXAS
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
REVENUES										
Taxes	$ 8,180,272	$ 9,324,804	$ 10,256,438	$ 11,875,421	$ 13,171,473	$ 14,773,798	$ 17,742,969	$ 20,291,629	$ 23,040,103	$ 26,053,682
Licenses and Permits	535,815	385,522	433,095	490,914	658,889	1,133,789	1,364,274	1,288,899	1,853,819	1,427,924
Charges for Services	1,532,085	1,672,470	2,080,721	2,526,263	2,877,317	3,057,051	3,732,620	4,256,135	4,682,207	5,645,231
Fines	912,548	606,244	514,739	708,864	708,003	900,574	1,082,343	536,490	473,892	569,876
Intergovernmental	666,474	47,301	1,668,149	438,887	-	-	-	-	-	-
Claims and Reimbursements	183,319	-	-	-	-	-	-	-	-	-
Impact Fees	-	-	-	-	-	-	-	-	-	-
Investment Earnings	472,503	258,120	87,766	33,008	65,014	19,761	27,734	162,331	383,362	1,220,859
Rents and Royalties	-	55,964	103,230	77,020	10,170	9,541	12,193	9,990	33,426	32,180
Contributions	150	26,322	26,900	354,746	196,974	270,600	157,900	57,000	73,526	130,555
Grants	-	-	-	-	154,391	271,054	135,309	134,307	93,990	231,084
Special Assessments	-	-	-	85,005	100,154	163,715	62,543	630,368	373,323	483,024
Other Revenues	204,197	205,387	79,158	34,960	99,343	182,537	52,822	222,085	175,114	959,734
Total Revenues	$ 12,687,363	$ 12,582,134	$ 15,250,196	$ 16,625,088	$ 18,041,728	$ 20,782,420	$ 24,370,707	$ 27,589,234	$ 31,182,762	$ 36,754,149
EXPENDITURES										
General Government	$ 3,833,254	$ 4,128,677	$ 3,483,039	$ 4,164,638	$ 4,625,183	$ 4,775,580	$ 7,945,084	$ 6,619,422	$ 7,070,047	$ 7,114,113
Public Safety	2,844,383	3,381,478	3,747,172	4,032,622	4,585,521	4,688,313	5,301,677	5,779,585	6,680,928	6,594,076
Public Works	2,052,671	2,277,370	2,309,052	2,078,689	2,271,857	2,516,122	3,190,093	3,268,313	3,546,183	4,217,587
Planning	-	-	-	-	-	-	-	-	-	-
Transportation	11,792	14,556	-	-	-	-	-	-	-	-
Culture and Recreation	1,481,231	1,469,421	1,529,912	1,652,530	1,635,161	1,759,972	2,080,956	2,360,247	2,541,596	2,630,338
Other - Non Departmental	-	-	-	-			-		-	-
Capital Outlay	5,100,327	7,442,027	4,363,776	1,818,360	2,444,921	3,824,684	6,098,985	9,574,476	10,403,129	3,189,782
Debt Service										
Interest	2,739,522	2,225,634	2,275,777	2,439,260	2,214,346	2,907,943	2,212,231	3,894,605	3,258,430	5,045,000
Principal	1,605,688	2,145,000	2,390,000	2,630,000	3,045,000	2,735,000	3,490,000	4,400,000	4,879,999	3,115,730
Other Fees	2,071	85,300	1,990	3,000	494,036	(3,842)	492,049	151,273	20,425	3,150
Total Expenditures	$ 19,670,939	$ 23,169,463	$ 20,100,718	$ 18,819,099	$ 21,316,025	$ 23,203,772	$ 30,811,075	$ 36,047,921	$ 38,400,737	$ 31,909,776

* Statement of Rev, exp, Changes in fund balance - Audit Book

CITY OF KYLE, TEXAS
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
(Continued)

LAST TEN FISCAL YEARS

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ (6,983,582)	$(10,587,329)	$ (4,850,522)	$ (2,194,011)	$ (3,274,297)	$ (2,421,351)	$ (6,440,401)	$ (8,458,687)	$ (7,217,975)	$ 4,844,373
OTHER FINANCING SOURCES (USES)										
Bond issuance costs	$ -	$ -	$ -	$ -	$ -	$ -	$ 49,665,000	$ 8,520,000	$ -	$ -
Bond Sales	5,600,000	-	4,290,000	-	19,240,000	1,875,000	-	-	-	-
Proceeds from Capital Leases	-	-	-	-	-	-	-	-	-	-
Premium or Discount on Debt Issued	-	-	-	-	511,683	72,641	3,795,604	1,048,867	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-	(22,487,886)	(9,418,419)	-	-
Transfers In	2,009,695	3,673,032	3,108,550	3,573,832	3,854,840	4,429,076	4,285,338	8,482,551	5,003,297	5,374,432
Transfers Out	(963,440)	(1,212,128)	(1,455,044)	(1,031,257)	(1,587,785)	(2,417,571)	(2,925,727)	(5,439,881)	(3,451,851)	(3,510,032)
Other (Uses)	-	-	-	-	(13,923,709)	-	-	-	-	-
Total Other Financing Sources (Uses)	$ 6,646,255	$ 2,460,904	$ 5,943,506	$ 2,542,575	$ 8,095,029	$ 3,959,146	$ 32,332,329	$ 3,193,118	$ 1,551,446	$ 1,864,400
NET CHANGES IN FUND BALANCES	$ (337,327)	$ (8,126,425)	$ 1,092,984	$ 348,564	$ 4,820,732	$ 1,537,795	$ 25,891,928	$ (5,265,569)	$ (5,666,529)	$ 6,708,773
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	30%	28%	30%	30%	30%	26%	23%	31%	29%	28%

CITY OF KYLE, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

FISCAL YEAR	Real Property Estimated Actual Value	Personal Property Estimated Actual Value	Less: Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Tax Collected
2009	$ 1,289,040,523	$ 54,271,922	$ 81,818,725	$ 1,240,437,167	$ 0.373100	$ 4,628,071
2010	$ 1,360,483,304	$ 45,995,398	$ 119,010,849	$ 1,287,467,853	$ 0.424000	$ 5,458,864
2011	$ 1,453,209,263	$ 90,011,627	$ 196,362,851	$ 1,346,858,039	$ 0.415399	$ 5,594,835
2012	$ 1,485,776,573	$ 92,074,324	$ 194,548,307	$ 1,383,302,590	$ 0.484500	$ 6,702,101
2013	$ 1,561,358,772	$ 96,042,503	$ 224,334,342	$ 1,433,066,933	$ 0.524400	$ 7,515,003
2014	$ 1,628,227,793	$ 99,641,364	$ 227,393,506	$ 1,500,475,651	$ 0.548300	$ 8,227,108
2015	$ 1,806,482,931	$ 107,149,372	$ 273,333,638	$ 1,640,298,665	$ 0.548300	$ 8,993,758
2016	$ 2,091,111,878	$ 117,752,483	$ 308,828,876	$ 1,946,981,435	$ 0.584800	$ 11,385,947
2017	$ 2,425,335,695	$ 136,504,189	$ 338,955,635	$ 2,283,013,455	$ 0.574800	$ 13,122,761
2018	$ 3,122,139,551	$ 131,875,391	$ 263,434,455	$ 2,990,580,487	$ 0.541600	$ 16,196,984

Source: Hays County Appraisal District/ Assessment Roll Grand Totals Approved; City of Kyle Financial Services Department

CITY OF KYLE, TEXAS
WATER UTILITY RATE COMPARISON
LAST TEN FISCAL YEARS

Fiscal Year	Residential (5/8" and 3/4")		Multi-Family/ Commercial (2")		Irrigation (1 1/2")		Construction (3")	
	Base Charge	1000 gallon	Base Charge	1000 gallon	Base Charge	1000 gallon	Charge	1000 gallon
2009	$ 8.25	$ 1.60	$ 8.25	$ 1.60	$ 8.25	$ 1.60	N/A	$ 3.12
2010	$ 17.75	$ 2.35	$ 88.73	$ 4.24	$ 44.36	$ 4.95	$ 141.96	$ 4.24
2011	$ 17.75	$ 2.35	$ 88.73	$ 4.24	$ 44.36	$ 4.95	$ 141.96	$ 4.24
2012	$ 23.08	$ 3.06	$ 115.35	$ 5.51	$ 57.76	$ 6.44	$ 184.55	$ 5.51
2013	$ 27.69	$ 3.67	$ 138.42	$ 6.61	$ 69.20	$ 7.72	$ 221.46	$ 6.61
2014	$ 33.23	$ 4.40	$ 166.10	$ 7.94	$ 83.04	$ 9.27	$ 265.75	$ 7.94
2015	$ 33.23	$ 4.40	$ 166.10	$ 7.94	$ 83.04	$ 9.27	$ 265.75	$ 7.94
2016	$ 33.23	$ 4.40	$ 166.10	$ 7.94	$ 83.04	$ 9.27	$ 265.75	$ 7.94
2017	$ 33.23	$ 4.40	$ 166.10	$ 7.94	$ 83.04	$ 9.27	$ 265.75	$ 7.94
2018	$ 33.23	$ 4.40	$ 166.10	$ 7.94	$ 83.04	$ 9.27	$ 265.75	$ 7.94

Source: City of Kyle Utility Billing

CITY OF KYLE, TEXAS
WATER UTILITY
ANNUAL BILLED AMOUNT COMPARISON
LAST TEN FISCAL YEARS

FISCAL YEAR	Residential	Commercial	Total Billed
2009	$ 2,857,468	$ 740,075	$ 3,597,543
2010	$ 2,711,226	$ 746,337	$ 3,457,563
2011	$ 3,348,985	$ 1,082,257	$ 4,431,242
2012	$ 4,142,899	$ 1,321,486	$ 5,464,385
2013	$ 4,041,171	$ 1,583,061	$ 5,624,231
2014	$ 2,683,000	$ 1,625,286	$ 4,308,286
2015	$ 2,620,354	$ 1,305,255	$ 3,925,610
2016	$ 2,709,726	$ 1,548,330	$ 4,258,056
2017	$ 2,784,796	$ 1,650,374	$ 4,435,170
2018	$ 3,033,638	$ 3,694,795	$ 6,728,433

Source: Billed Consumption Report, City of Kyle Utility Billing
Service Summary Report, City of Kyle Utility Billing

CITY OF KYLE, TEXAS
WATER UTILITY
TOTAL BILLED CONSUMPTION COMPARISON

LAST TEN FISCAL YEARS
(Totals in Gallons)

FISCAL YEAR	Residential	Commercial	Total Billed Consumption
2009	565,634,600	195,042,170	760,676,770
2010	492,748,500	178,422,903	671,171,403
2011	540,554,250	211,750,300	752,304,550
2012	523,772,450	207,926,400	731,698,850
2013	537,766,800	206,600,100	744,366,900
2014	511,808,500	189,038,400	700,846,900
2015	495,135,628	164,364,300	659,499,928
2016	525,859,900	180,930,600	706,790,500
2017	540,212,800	207,635,700	747,848,500
2018	579,876,700	535,422,400	1,115,299,100

Source: Billed Consumption Report, City of Kyle Utility Billing
Service Summary Report, City of Kyle Utility Billing

CITY OF KYLE, TEXAS
WASTEWATER UTILITY RATE COMPARISON
LAST TEN FISCAL YEARS

Fiscal Year	Residential		Multi-Family/ Commercial	
	Base Charge	Wastewater per 1000 gallon	Base Charge	Wastewater per 1000 gallon
2009	$ 9.08	$ 1.76	$ 9.08	$ 1.98
2010	$ 9.08	$ 1.76	$ 9.08	$ 1.98
2011	$ 10.90	$ 2.11	$ 10.90	$ 2.11
2012	$ 13.63	$ 2.64	$ 13.63	$ 2.98
2013	$ 16.35	$ 3.17	$ 16.35	$ 3.57
2014	$ 17.99	$ 3.48	$ 17.99	$ 3.93
2015	$ 17.99	$ 3.48	$ 17.99	$ 3.93
2016	$ 17.99	$ 3.48	$ 17.99	$ 3.93
2017	$ 17.99	$ 3.48	$ 17.99	$ 3.93
2018	$ 17.99	$ 3.48	$ 17.99	$ 3.93

Source: City of Kyle Utility Billing

CITY OF KYLE, TEXAS
WASTEWATER UTILITY
ANNUAL BILLED AMOUNT COMPARISON
LAST TEN FISCAL YEARS

FISCAL YEAR	Residential	Commercial	Total Billed
2009	$ 1,912,803	$ 223,424	$ 2,136,227
2010	$ 1,922,014	$ 213,776	$ 2,135,789
2011	$ 2,006,249	$ 322,319	$ 2,328,568
2012	$ 2,268,508	$ 512,167	$ 2,780,675
2013	$ 3,164,765	$ 615,426	$ 3,780,191
2014	$ 2,571,502	$ 675,661	$ 3,247,163
2015	$ 2,673,836	$ 556,597	$ 3,230,432
2016	$ 2,939,865	$ 633,991	$ 3,573,856
2017	$ 3,046,286	$ 647,438	$ 3,693,724
2018	$ 3,076,463	$ 957,395	$ 4,033,858

Sources: Billed Consumption Report, City of Kyle Utility Billing
Service Summary Report, City of Kyle Utility Billing

CITY OF KYLE, TEXAS
TEN LARGEST WATER CUSTOMERS
September 30, 2016

Customer	Consumption (in gallons)	Amount Billed	% of Total Consumption
KYLE CORRECTIONAL CENTER	25,840,700	$ 205,175	0.45%
SETON MEDICAL CENTER - HAYS	13,735,300	$ 109,058	0.24%
KYLE BLUEBONNET, MHP, LLC	10,439,600	$ 78,136	0.18%
VISTA AT PLUM CREEK	10,378,700	$ 82,407	0.18%
TXKY AZTEC OAKHILL MHP, LLC	9,676,700	$ 76,833	0.17%
SADDLECREEK APARTMENTS	6,659,900	$ 52,880	0.12%
MADRONE VENTURES, LLC	6,174,600	$ 49,026	0.11%
WATER WORKS AUTO SPA	5,431,600	$ 43,127	0.09%
MREF II ARIA PLUM CREEK LLC	4,799,900	$ 38,111	0.08%
HAYS JUNCTION PHASE I, LLC	4,524,000	$ 35,921	0.08%

Source: City of Kyle Utility Billing

CITY OF KYLE, TEXAS
SALES TAX COLLECTIONS BY MONTH
LAST TEN FISCAL YEARS

Fiscal Year	October	November	December	January	February	March	April	May	June	July	August	September	Total
2009	$ 152,824	$ 293,362	$ 202,720	$ 163,713	$ 244,361	$ 194,190	$ 175,689	$ 291,357	$ 191,341	$ 189,912	$ 293,591	$ 212,424	$ 2,605,483
2010	$ 190,866	$ 287,557	$ 193,086	$ 198,193	$ 329,379	$ 183,839	$ 186,005	$ 307,208	$ 227,390	$ 250,891	$ 322,535	$ 224,068	$ 2,901,017
2011	$ 216,921	$ 333,590	$ 216,162	$ 226,155	$ 377,557	$ 199,597	$ 179,339	$ 316,730	$ 257,077	$ 249,528	$ 380,685	$ 202,592	$ 3,155,933
2012	$ 269,861	$ 334,179	$ 237,532	$ 245,372	$ 393,544	$ 224,751	$ 237,156	$ 368,315	$ 269,170	$ 295,375	$ 377,378	$ 287,654	$ 3,540,287
2013	$ 304,269	$ 366,291	$ 299,073	$ 286,436	$ 440,059	$ 275,360	$ 270,778	$ 413,730	$ 302,670	$ 318,477	$ 418,723	$ 312,867	$ 4,008,733
2014	$ 306,735	$ 439,337	$ 321,293	$ 334,830	$ 492,820	$ 299,643	$ 320,355	$ 505,339	$ 405,019	$ 315,129	$ 496,713	$ 374,188	$ 5,016,420
2015	$ 362,331	$ 521,872	$ 416,690	$ 387,232	$ 597,254	$ 383,110	$ 338,851	$ 576,976	$ 493,472	$ 446,136	$ 642,442	$ 485,237	$ 5,651,604
2016	$ 424,152	$ 601,054	$ 450,182	$ 477,871	$ 722,526	$ 448,593	$ 444,310	$ 661,516	$ 506,314	$ 508,767	$ 653,235	$ 519,583	$ 6,418,103
2017	$ 491,669	$ 655,907	$ 515,743	$ 536,291	$ 746,924	$ 510,619	$ 490,365	$ 695,240	$ 568,871	$ 564,812	$ 701,981	$ 629,767	$ 7,108,190
2018	$ 556,684	$ 710,336	$ 602,893	$ 618,416	$ 783,687	$ 547,964	$ 519,729	$ 774,628	$ 611,531	$ 640,777	$ 786,619	$ 647,441	$ 7,800,705

CITY OF KYLE, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

	City Direct Rates			Overlapping Rates							
FISCAL YEAR	Operating	Debt Service	Total	School District	County	Special Road	Emergency Services	ACC	Plum Creek Conservation	Plum Creek Groundwater	Total Direct & Overlapping Rate
2009	0.120000	0.150700	0.270700	1.461300	0.371400	0.086000	0.077000	0.000000	0.018000	0.018000	2.302400
2010	0.173100	0.200000	0.373100	1.461300	0.374900	0.080100	0.085000	0.000000	0.019500	0.095000	2.488900
2011	0.183000	0.241000	0.424000	1.461300	0.418100	0.051100	0.092500	0.000000	0.018500	0.018500	2.484000
2012	0.216073	0.199326	0.425399	1.461300	0.424800	0.044400	0.095300	0.094800	0.020000	0.020000	2.585999
2013	0.236100	0.248400	0.484500	1.461300	0.425100	0.044000	0.100000	0.094800	0.020000	0.020000	2.649700
2014	0.270300	0.254100	0.524400	1.461300	0.425200	0.043800	0.100000	0.094900	0.022000	0.022000	2.693600
2015	0.270300	0.278000	0.548300	1.537700	0.425200	0.043800	0.100000	0.094200	0.220000	0.022000	2.991200
2016	0.270300	0.278000	0.548300	1.537700	0.423200	0.043800	0.100000	0.100500	0.022500	0.021500	2.797500
2017	0.239500	0.335300	0.574800	1.537700	0.401200	0.043800	0.100000	0.100800	0.023200	0.021400	2.802900
2018	0.254800	0.286800	0.541600	1.537700	0.389900	0.043800	0.100000	0.104800	0.023200	0.021400	2.762400

Source: Hays County Appraisal District
City of Kyle Tax Statements

CITY OF KYLE, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND FIVE YEARS AGO

	2018	
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
SETTLEMENT BRES LLC	$ 31,869,877	2.22%
IVT KYLE MARKETPLACE 1031	$ 30,955,991	2.16%
PEDCOR INVESTMENTS-2015-(	$ 24,931,760	1.74%
AM KYLE LLC	$ 24,700,000	1.72%
OAKS ON MARKETPLACE LP	$ 24,295,858	1.70%
MADRONE VENTURES LLC	$ 24,250,000	1.69%
OAKS OF KYLE ICG LLC	$ 22,946,292	1.60%
RVT KYLE CROSSING LLC	$ 22,090,448	1.54%
HAYS JUNCTION PHASE I LLC	$ 19,962,363	1.39%
MREF II PLUM CREEK LLC	$ 18,369,830	1.28%
Total	$ 244,372,419	17.05%

	2013	
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
SETTLEMENT BRES LLC	$ 26,990,410	2.46%
DDR DB KYLE LP	$ 22,370,270	2.04%
COLE MT KYLE TX LLC	$ 21,447,380	1.95%
SCC KYLE PARTNERS LTD	$ 13,889,650	1.26%
AM KYLE LLC	$ 8,369,481	0.76%
TARGET CORPORATION	$ 7,945,510	0.72%
LOWE'S HOME CENTERS INC	$ 7,614,450	0.69%
BREMNER, DUKE	$ 7,179,411	0.65%
STS KYLE MOB LLC	$ 5,829,970	0.53%
KOHL'S ILLINOIS INC	$ 5,814,390	0.53%
Total	$ 127,450,922	11.81%

Source: Hays County Appraisal District

CITY OF KYLE, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended	Taxes Levied for the Fiscal year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	$ 4,706,354.87	$ 4,659,479.95	99.00%	$ 40,185.28	$ 4,699,665.23	99.86%
2010	$ 5,657,998.02	$ 5,602,149.59	99.01%	$ 48,000.85	$ 5,650,150.44	99.86%
2011	$ 5,782,063.25	$ 5,728,465.59	99.07%	$ 42,067.15	$ 5,770,532.74	99.80%
2012	$ 6,928,118.28	$ 6,881,454.44	99.33%	$ 23,851.83	$ 6,905,306.27	99.67%
2013	$ 7,710,301.90	$ 7,614,186.51	98.75%	$ 7,733.64	$ 7,621,920.15	98.85%
2014	$ 8,468,076.05	$ 8,418,435.10	99.41%	$ 17,021.64	$ 8,435,456.74	99.61%
2015	$ 9,112,282.80	$ 9,064,585.82	99.48%	$ 6,301.96	$ 9,070,887.78	99.55%
2016	$ 11,834,067.14	$ 11,764,070.36	99.41%	$ 11,475.29	$ 11,775,545.65	99.51%
2017	$ 13,470,082.98	$ 13,407,982.47	99.54%	$ 140,136.95	$ 13,548,119.42	100.58%
2018	$ 14,654,646.26	$ 14,584,039.00	99.52%	$ 16,943.03	$ 14,600,982.03	99.63%

Source: City of Kyle Internal Reports

Note: Subsequent years includes penalties

CITY OF KYLE, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities					Business-type Activities		Total	
	Certificates of Obligation	General Obligation Bonds	Capital Leases	State Infrastructure Loan	Deferred Interest Payable	Capital Leases	Compensated Absences	Total Primary Government	Per Capita
2009	$ 44,263,475	$ -	$ -	$ 12,867,693	$ 754,001	$ 3,704,028	$ 29,232	$ 61,589,197	$ 2,421.91
2010	$ 41,073,068	$ 15,290,000	$ -	$ 11,000,000	$ 175,300	$ 3,548,230	$ 66,792	$ 71,086,598	$ 2,537.36
2011	$ 40,105,425	$ 18,430,000	$ -	$ 11,000,000	$ 642,000	$ 3,259,467	$ 78,799	$ 73,437,692	$ 1,838.15
2012	$ 37,885,750	$ 18,010,000	$ 93,950	$ 11,000,000	$ 1,130,169	$ 2,952,895	$ 93,124	$ 71,165,888	$ 2,099.29
2013	$ 33,890,000	$ 36,660,000	$ 44,865	$ -	$ -	$ 2,952,895	$ 64,514	$ 73,612,274	$ 2,165.07
2014	$ 34,150,000	$ 35,540,000	$ -	$ -	$ -	$ 2,850,115	$ -	$ 72,540,115	$ 2,133.53
2015	$ 11,750,000	$ 83,605,000	$ -	$ -	$ -	$ 2,650,491	$ -	$ 98,005,491	$ 2,882.51
2016	$ 6,860,000	$ 83,595,000	$ -	$ -	$ -	$ -	$ -	$ 90,455,000	$ 2,660.44
2017	$ 5,215,000	$ 80,360,000	$ -	$ -	$ -	$ -	$ -	$ 85,575,000	$ 2,171.95

Note: Certificates of Obligation Premium On Bond Issuance are combined
Source: Notes to Financial Statements - Long Term Debt

CITY OF KYLE, TEXAS
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

	General Bonded Debt Outstanding		
Fiscal Year	Gross Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita
2009	$ 60,921,157	4.91%	$ 2,395.64
2010	$ 61,860,798	4.80%	$ 2,208.05
2011	$ 70,837,951	5.26%	$ 2,299.93
2012	$ 68,207,951	4.93%	$ 2,012.03
2013	$ 70,550,000	4.92%	$ 2,075.00
2014	$ 69,690,000	4.86%	$ 2,049.71
2015	$ 95,355,000	6.65%	$ 2,804.56
2016	$ 90,455,000	6.31%	$ 2,660.44
2017	$ 85,575,000	5.97%	$ 2,171.95
2018	$ 80,530,000	5.62%	$ 1,854.80

CITY OF KYLE, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed value	$	2,990,580,487
Debt limit (6% of assessed value)	$	179,434,829
Debt applicable to limit:		
Total Bonded Debt	$	80,530,000
Less: Amount set aside for repayment of general obligation debt	$	4,750,000
Total net debt applicable to limit	$	75,780,000
Legal debt margin	$	103,654,829

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	$ 75,689,623	$ 77,248,071	$ 80,811,482	$ 82,998,155	$ 85,984,016	$ 90,028,539	$ 98,417,920	$ 116,818,886	$ 136,980,807	$ 179,434,829
Net Debt Applicable to Limit	$ 44,262,475	$ 56,363,068	$ 58,535,425	$ 55,895,750	$ 70,082,849	$ 68,260,000	$ 93,755,000	$ 88,035,000	$ 81,700,000	$ 75,780,000
Legal Debt Margin	$ 31,427,148	$ 20,885,003	$ 22,276,057	$ 27,102,405	$ 15,901,167	$ 21,768,539	$ 4,662,920	$ 28,783,886	$ 55,280,807	$ 103,654,829
Net Debt as a % of Debt Limit	58%	73%	72%	67%	82%	76%	95%	75%	60%	42%

Note: Assessed Value is City Limits only. TIRZ not included. The City adopted a formal Debt Management Policy in FY 2010.

Source: Debt Service Fund Balance Sheet (Governmental Funds Balance Sheet)
Gross Bonded Debt
Assessed Value - Taxable Value

CITY OF KYLE, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population	Average Household Income	Unemployment Rate
2009	25,430	$ 65,257	5.3%
2010	28,016	$ 65,100	5.5%
2011	29,300	$ 65,100	5.3%
2012	30,700	$ 65,100	4.9%
2013	32,100	$ 65,100	4.2%
2014	33,500	$ 71,063	5.4%
2015	34,413	$ 77,406	2.5%
2016	36,800	$ 77,406	2.5%
2017	39,400	$ 82,872	3.3%
2018	43,417	$ 82,872	2.9%

Sources: Unemployment Rates: http://www.tracer2.com/cgi/dataAnalysis/LabForceReport.a
Population: http://kyleed.com/community-profile/population

CITY OF KYLE, TEXAS
PRINCIPAL EMPLOYERS
CURRENT

Employer	2018 Employees	2018 Percentage of Total City Employment
Hays County Independent School District	2,383	17.48%
Seton Medical Center Hays	610	4.47%
HEB Plus*	208	1.53%
City of Kyle	198	1.45%
Legend Oaks Healthcar & Rehabilitation	116	0.85%
Lowes	108	0.79%
Warm Springs Rehab Hospital	100	0.73%
Home Depot	100	0.73%
Austin Community College at Hays	80	0.59%
RSI, Inc	58	0.43%
Construction Metal Products	40	0.29%
Sothwestern Pneumatic	40	0.29%
Miscellaneous Steel Industries	30	0.22%
Total	4,071	29.86%

Total Employed within Kyle, Texas 13,633

CITY OF KYLE, TEXAS
FULLTIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Administration	8.00	7.00	6.00	5.00	5.00	5.00	7.00	7.00	6.00	6.00
Human Resources	2.00	2.75	2.75	3.50	3.50	3.50	2.50	2.50	2.50	2.50
Finance	4.00	4.00	5.50	5.50	5.50	6.50	6.50	6.50	6.50	6.50
Municipal Court	3.50	3.50	4.00	4.50	4.50	4.00	4.00	4.00	4.00	4.00
IT	2.00	2.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00
Planning	4.50	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00
Economic Development	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Building	7.00	7.00	6.00	6.00	6.00	6.00	6.00	6.00	7.00	7.00
Street Department	6.35	7.35	6.00	6.75	6.00	6.00	12.50	15.38	15.38	15.38
Police										
Administration	9.00	9.00	12.00	12.00	14.50	14.50	17.50	17.50	17.00	17.00
Operations	33.00	37.00	35.50	38.00	38.50	38.50	56.00	56.00	58.00	60.00
Public Works										
Administration	8.65	9.65	8.75	8.25	8.25	8.00	8.50	9.82	11.14	11.14
Water	5.00	7.00	14.00	14.50	12.50	12.50	12.50	12.90	12.90	12.90
Wastewater	6.00	7.00	5.00	5.50	5.50	5.50	10.50	10.90	10.90	10.90
Storm Drainage	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12.18
Engineering	0.00	0.00	0.00	1.00	1.00	0.50	4.00	3.00	3.50	3.50
Parks and Recreation										
Administration	3.00	3.00	5.00	4.00	4.00	4.50	5.50	6.00	6.00	6.00
Parks Maintenance	10.50	12.00	12.00	12.00	12.00	12.00	14.00	12.00	12.00	12.00
Facilities Maintenance	3.00	3.00	3.50	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Library	6.00	7.00	8.00	7.00	7.00	7.00	11.00	11.00	11.00	11.00
Utility Billing	4.00	5.00	5.00	5.00	7.00	7.00	7.00	8.00	9.00	9.00
Total	127.50	138.25	147.00	150.50	152.75	154.00	198.00	202.50	206.82	221.00

Source: City of Kyle
Note: Does not include Mayor Council

CITY OF KYLE, TEXAS
OPERATING INDICATORS BY FUNCTION/ PROGRAM
LAST TEN FISCAL YEARS

Function Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Building permits issued	328	431	289	244	324	537	635	684	777	643
Police										
Violations	3,640	4,709	4,360	6,961	8,670	10,111	5,447	3,345	5,225	5609
Citations	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other Public Works										
Street resurfacing (miles)	N/A	N/A	N/A	N/A	16	10	2	3	17	0.62
Potholes repaired	N/A	N/A	672	718	926	1,053	2,007	3,253	2,752	5,359
Street Sweeping - Miles	4,037	2,623	2,613	343	1,898	1,970	2,308	1,619	2,132	1,523
Parks and Recreation										
Facility Rental Bookings (Guests)	28,902	13,786	15,512	42,791	36,092	45,602	52,447	52,533	16,415	37,002
Summer Camp	1,652	3,255	6,105	5,275	5,500	5,800	4,675	4,285	5,170	3,325
Pool (patron count)	36,508	30,254	32,078	36,511	37,000	37,000	41,813	31,852	28,126	41,141
Library										
Circulation Count	86,611	99,129	100,121	125,715	144,904	155,860	165,175	188,222	191,275	214,419
Patron Count	81,019	95,371	91,207	119,194	126,824	133,154	138,458	139,501	153,998	158,378
Library Cards Issued	2,021	1,799	1,746	3,730	2,218	3,200	2,784	2,837	2,952	3,049
Water										
New Connections	2,272	2,007	1,900	2,188	2,402	2,773	3,024	2,276	3,167	3083
Water leaks	88	70	117	80	91	126	108	99	78	53
Average Daily Consumption (millions of gallons)	N/A	2.0891	1.6391	2.1225	2.443	1.9200	2.4190	2.5920	2.2522	2.4261
Wastewater										
Average Daily Sewage Treatment (millions of gallons)	N/A	1.5626	2.2684	1.7207	1.838	1.6950	2.3000	2.4570	2.4590	2.3649

Source: City of Kyle
Departmental Reports, City of Kyle

Note: New Connections are by Calendar Year not Fiscal Year

CITY OF KYLE, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/ PROGRAM
LAST TEN FISCAL YEARS

Function Program	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police									
Stations/ Sub-Stations	1	1	1	1	2	2	2	2	2
Patrol Units	17	18	24	29	27	27	21	21	20
Fire									
Stations	1	1	2	2	2	2	2	2	2
Parks and Recreation									
Acreage	412	462	466	466	569	577	612	612	612
Streets									
Streets - Linear Feet	576,448	580,748	591,248	595,248	610,518	623,170	641,396	739,493	796,818
Water									
Fire Hydrants	829	833	847	859	891	905	936	993	1093
New Water Lines - Linear Feet	35,592	7,142	2,653	1,894	6,703	9,963	16,950	28,080	37,045
Ground Water Storage	8	8	8	8	8	8	8	8	8
Elevated Water Storage	5	6	6	6	6	6	6	6	6
Wastewater									
New Wastewater Lines - Linear Ft	19,574	7,770	3,890	1,555	20,059	13,286	16,127	15,799	41,340
New Storm Sewers (miles)	38,948	2,945	3,937	423	14,245	7,334	13,573	9,610	21,964
Lift Stations	10	10	10	9	9	9	11	11	13
Treatment Capacity (millions of gallons)	3	3	3	3	3	3	3	3	3

Source: Various City Departments, City of Kyle

CITY OF KYLE, TEXAS

TxDOT Change of Speed Limit along FM150 (Rebel Drive) from FM2770 to Gregg Drive

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: *(First Reading)* Approve an Ordinance of the City of Kyle, Texas, zoning for traffic and rate of speed therein, on FM150 (Rebel Drive) in the city limits of Kyle; defining speeding and fixing a penalty therefore; declaring what may be a sufficient complaint in prosecutions hereunder; and with a saving clause repealing conflicting laws. ~ *Leon Barba, P. E., City Engineer*

Other Information:

Legal Notes: N/A

Budget Information: N/A

ATTACHMENTS:

Description

- Ordinance
- Request letter for RM 150 Speed Ordinance
- Speed Zone Strip Map w_Markups

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY KYLE, TEXAS, ZONING FOR TRAFFIC AND RATE OF SPEED THEREIN, ON REBEL DRIVE IN THE CITY LIMITS OF THE CITY OF KYLE; DEFINING SPEEDING AND FIXING A PENALTY THEREFORE; DECLARING WHAT MAY BE A SUFFICIENT COMPLAINT IN PROSECUTIONS HEREUNDER; WITH A SAYING CLAUSE REPEALING CONFLICTING LAWS AND DECLARING AN EMERGENCY.

WHEREAS, zoning for traffic and rate of speed therein on Rebel Drive in the city limits of the City of Kyle, Texas; and

WHEREAS, defining speeding and fixing a penalty; and

WHEREAS, declaring what may be a sufficient complaint in prosecutions hereunder; with a saying clause repealing conflicting laws and declaring an emergency.

NOW, THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KYLE, TEXAS; THAT:

Section 1. Findings. The foregoing recitals are hereby found to be true and correct and are hereby adopted by the City Council and made part hereof for all purposes as findings of fact.

Section 2. It is hereby determined upon the basis of an Engineering and Traffic investigation that the prima facie maximum speed limit on those portions of Rebel Drive routed in the City of Kyle, is hereby stated, which prima facie maximum speed limit shall be effective at all times and signs will be erected giving notice of the prima facie maximum speed limit so declared to wit.

Speed Zone

Beginning at the north city limit of Kyle at milepoint 18.731 south to milepoint 20.190, a distance of 1.459 miles, a prima facie maximum speed limit of 50 miles per hour.

Section 3. That all of the streets of this city, and all portions of any such streets, are hereby declared to be public streets and that the driving or operating of any motor vehicle on or along any portion of any street of this city at a rate of speed that is greater than the maximum rate of speed for said portion of said street, as fixed by this ordinance shall be guilty of a misdemeanor, which is named "The Offense of Speeding" and that the said offense is punishable by a fine in any sum not to exceed Two Hundred dollars ($200.00). That the use of the word "Speeding" shall be sufficient to designate the said offense, and shall mean that a motor vehicle has been driven upon a public street at a greater rate of speed than fixed by City Ordinance for the street and for the zone thereof, that such motor vehicle was so being driven upon, if zoned.

That in prosecutions under this ordinance, for the offense of speeding, the complaint, if in other respects sufficient in form, shall as to the portion thereof seeking to acknowledge the offense, be sufficient if it in substance alleges that the defendant did while driving a motor vehicle in said city commit the offense of "Speeding".

Section 4. That should any section or any portion of any section hereof be decreed to be void, the invalidity of such section or such portion thereof shall not affect the validity of the remaining portions of this ordinance; and that each section and each portion thereof not decreed to be invalid shall remain valid and enforceable.

That all ordinances and parts of ordinances that are in conflict with this ordinance are hereby repealed.

PASSED AND APPROVED this the ____ day of _____, 2019.

FINALLY, PASSED AND APPROVED this the ____ day of _____, 2019.

The City of Kyle, Texas

_____
Travis Mitchell, Mayor

ATTEST:

_____
Jennifer A. Vetrano, City Secretary

Texas Department of Transportation
P.O. BOX 15426 | AUSTIN, TEXAS 78761-5426 | (512) 832-7000 | WWW.TXDOT.GOV

April 4, 2019

Control: 805-04
Highway: RM 150
County: Hays

Leon Barba
City Engineer
P.O. Box 40 Kyle,
Texas 78640

Dear Mr. Barba:

Our Traffic Engineering Office has completed speed studies on RM 150 from the North City limit to the intersection of Rebel Drive and Center Street within the city of Kyle and have received approval from our Division office to make some adjustments within the existing speed zones. Attached for your review is a copy of the proposed speed zone strip map, which shows the results of these studies as well as our recommendations.

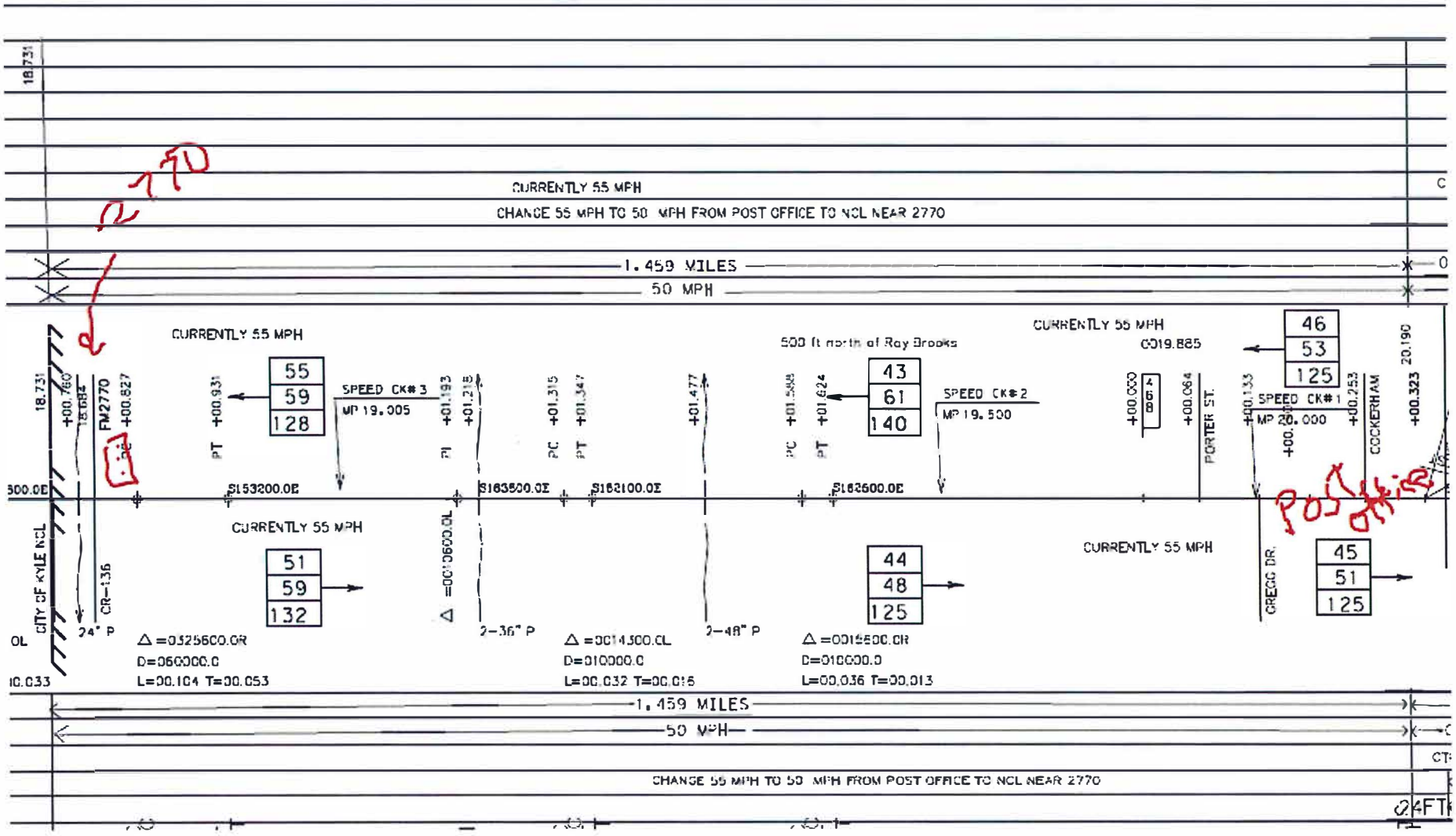
When the city council has passed this Ordinance please forward one signed copy to this office for our files and so that we can proceed with making the necessary signing changes.

Your interest to the safety of the traveling public is appreciated. If you should have any further questions concerning this matter please contact me at (512) 832-7142.

Sincerely,

Scott R. Cunningham, P.E.
Transportation Engineer
Traffic Operations
Austin

District cc: Epigmenio Gonzalez, P.E., South Travis Area Office
Jesse Serna, Hays Maintenance Supervisor
attachments


CURRENTLY 55 MPH
CHANGE 55 MPH TO 50 MPH FROM POST OFFICE TO NCL NEAR 2770
1.459 MILES
50 MPH
CURRENTLY 55 MPH
55
59
128
SPEED CK# 3
MP 19.005
CURRENTLY 55 MPH
500 ft north of Ray Brooks
43
61
140
SPEED CK# 2
MP 19.500
CURRENTLY 55 MPH
0019.885
46
53
125
SPEED CK# 1
MP 20.000
CURRENTLY 55 MPH
51
59
132
CURRENTLY 55 MPH
44
48
125
CURRENTLY 55 MPH
45
51
125
CITY OF KYLE NCL
FM2770
CR-136
PORTER ST.
COCKERHAM
GREGG DR.
Δ =03256C0.0R
D=060000.0
L=00.104 T=00.053
Δ =0014500.CL
D=010000.0
L=00.032 T=00.016
Δ =0015600.0R
D=010000.0
L=00.036 T=00.013
1.459 MILES
50 MPH
CHANGE 55 MPH TO 50 MPH FROM POST OFFICE TO NCL NEAR 2770

Item # 21

CITY OF KYLE, TEXAS

Installation of STOP signs at the intersection of Silverado Drive and FM150 (Rebel Drive)

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: *(First Reading)* Approve an Ordinance regulating traffic, authorizing and directing the installation and erection of stop signs for traffic control at the intersection of Silverado Drive and FM150 (Rebel Drive) in the city limits of Kyle. ~ *Leon Barba, P.E., City Engineer*

Other Information:

Legal Notes: N/A

Budget Information: N/A

ATTACHMENTS:

Description

- Ordinance
- rm150_at_silverado_warr_meets2019
- RM 150 at Silverado_ALLWAY

ORDINANCE NO. _____

AN ORDINANCE REGULATING TRAFFIC, AUTHORIZING AND DIRECTING THE INSTALLATION AND ERECTION OF STOP SIGNS FOR THE TRAFFIC CONTROL AT THE INTERSECTION OF SILVERADO DRIVE AND FM150 (REBEL DRIVE) IN THE CITY LIMITS OF KYLE; REPEALING ANY ORDINANCE OR RESOLUTION IN CONFLICT; PROVIDING A SEVERABILITY CLAUSE; DECLARING A PENALTY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the regulation of traffic, motor vehicles and conveyances upon all public streets, roadway and right-of-ways within the city limits of the City of Kyle (the "City") is essential and necessary to protect the traveling public and to preserve and protect the public safety of the City; and

WHEREAS, the Texas Department of Transportation; City Engineer; City Manager; and City Council have reviewed the situation and issues that are the subject matter of this Ordinance; and

WHEREAS, the City Council of the City find that the safety and welfare of the citizens of the City requires that stop signs be provided at such points within the City;

NOW THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KYLE, TEXAS:

SECTION 1: Findings. The recitals are hereby found to be true and correct and are hereby incorporated as part of this Ordinance.

SECTION 2: That all vehicles proceeding along the following streets shall come to a full stop immediately before reaching the intersections hereinafter set forth;

- AT THE INTERSECTION OF SILVERADO DRIVE AND FM150 (REBEL DRIVE)

SECTION 3: That at each place designated in Section 2 of this Ordinance, for vehicles to stop in proceeding along the street, there shall be placed a sign, either in the surface of the street or at the side thereof, directing traffic to stop at such point, and no provisions of this Ordinance for which signs are required shall be enforceable against an alleged violator, if at the time and place of the alleged violation the sign herein required is not in proper position and sufficiently legible to be seen by an ordinarily observant person.

SECTION 4: That it shall be unlawful for the operator of any vehicle to disobey the instructions of the stop sign placed in accordance with the provisions of this Ordinance.

SECTION 5: That it shall be unlawful for any person to willfully deface, injure, move, remove, obstruct or interfere with any stop sign under the provisions of this Ordinance.

SECTION 6: Any person violating any provisions of this Ordinance shall be subject to the penalty provided in Section 1-14 of the Code of Ordinances.

SECTION 7. Conflicting Ordinances or Resolutions. All resolutions or ordinances or parts thereof conflicting or inconsistent with the provisions of this Ordinance as adopted and amended herein, are hereby REPEALED to the extent of such conflict. In the event of a conflict or inconsistency between this Ordinance and any other resolution, code or ordinance of the City, or parts thereof, the terms and provisions of this Ordinance shall govern.

SECTION 8. Severability. If any section, subsection, sentence, clause, phrase, or word of this Ordinance is declared unconstitutional or invalid for any purpose, the remainder of this Ordinance shall not be affected thereby and to this end the provisions of this Ordinance are declared to be severable.

SECTION 9. Effective Date. This Ordinance shall be effective from and after its approval and passage in accordance with the Texas Local Government Code and the City charter.

PASSED AND APPROVED on first reading this____day of_____, 2019.

FINALLY PASSED AND APPROVED on this____day of_____, 2019.

THE CITY OF KYLE, TEXAS

_____
Travis Mitchell, Mayor

ATTEST:

_____
Jennifer A. Vetrano, City Secretary

Warrants Summary Report

1: RM 150 at Silverado

Intersection Information

	Major Street	Minor Street
Street Name	RM 150	Silverado
Direction	NB/SB	WB
Number of Lanes	1	2
Approch Speed	55	30

Warrant	Met?	Notes
Warrant 1, Eight-Hour Vehicular Volume		
	Yes	
Condition A or B Met?	Yes	14 Hours met (8 required)
Condition A and B Met?	Yes	14 Hours met (8 required)
Warrant 2, Four-Hour Vehicular Volume		
	Yes	13 Hours met (4 required)
Warrant 3, Peak Hour		
	Yes	
Condition A Met?	No	0 Hours met (1 required)
Condition B Met?	Yes	9 Hours met (1 required)
Warrant 4, Pedestrian Volume		
	No	
Condition A Met?	No	0 Hours met (4 required)
Condition B Met?	No	0 Hours met (1 required)
Warrant 5, School Crossing		
	No	

Warrant 6, Coordinated Signal System

No

Warrant 7, Crash Experience

No

Traffic Volume Conditio	Yes	15 Hours met (8 required)
Ped Condition?	No	0 Hours met (8 required)

Warrant 8, Roadway Network

No

Warrant 9, Intersection Near a Grade Crossing

No

AWSC Warrant, Multiway Stop Application

Yes

Condition A Met?	Yes
Condition B Met?	No
Condition C Met?	No

Warrant 1: Eight-hour Vehicular Volume

1: RM 150 at Silverado

Intersection Information

Major Street Name:	RM 150
Major Street Direction:	NB/SB
Minor Street Direction:	WB

WARRANT 1 MET? Yes

Details:

Condition A Met?	Yes	14 Hours met (8 required)
Condition B Met?	Yes	14 Hours met (8 required)

Hour	Major Street Vehicles (Total of Both Approaches)		High Volume Minor Approach Vehicles		70% Standard Met? Cond. A OR Cond. B		56% Standard Met? Cond. A AND Cond. B	
					Condition A 70% Column	Condition B 70% Column	Condition A 56% Column	Condition B 56% Column
06:00 to 07:00	**636**		**118**		No	Yes*	Yes*	Yes*
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	No				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				
06:15 to 07:15	**867**		**148**		Yes*	Yes	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				
06:30 to 07:30	**1,012**		**178**		Yes	Yes	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				
06:45 to 07:45	**1,111**		**223**		Yes	Yes	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				

07:00 to 08:00	**1,109**		**223**		Yes	Yes*	Yes*	Yes*
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				
07:15 to 08:15	**943**		**201**		Yes*	Yes	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				
07:30 to 08:30	**825**		**183**		Yes	Yes	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				
07:45 to 08:45	**754**		**133**		No	Yes	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	No				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				
08:00 to 09:00	**674**		**114**		No	Yes*	Yes*	Yes*
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	No				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				
08:15 to 09:15	**625**		**103**		No	Yes	No	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	No				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	No				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				
08:30 to 09:30	**625**		**93**		No	Yes	No	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	No				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	No				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				

08:45 to 09:45	598		113		No	Yes	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	No				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				

09:00 to 10:00	547		108		No	Yes*	No	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	No				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	No				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				

09:15 to 10:15	556		115		No	Yes	Yes*	Yes*
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	No				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				

09:30 to 10:30	533		123		No	Yes	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	No				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				

09:45 to 10:45	541		113		No	Yes	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	No				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				

10:00 to 11:00	587		130		No	Yes*	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	No				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				

10:15 to 11:15	611		135		No	Yes	Yes*	Yes*
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	No				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				

10:30 to 11:30	**622**		**140**		Yes*	Yes	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				
10:45 to 11:45	**587**		**148**		Yes	Yes	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				
11:00 to 12:00	**588**		**154**		Yes	Yes*	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				
11:15 to 12:15	**592**		**179**		Yes	Yes	Yes*	Yes*
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				
11:30 to 12:30	**634**		**208**		Yes*	Yes	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				
11:45 to 12:45	**680**		**221**		Yes	Yes	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				
12:00 to 13:00	**704**		**231**		Yes	Yes*	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				

12:15 to 13:15	702		209		Yes	Yes	Yes*	Yes*
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				

12:30 to 13:30	703		172		Yes*	Yes	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				

12:45 to 13:45	664		220		Yes	Yes	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				

13:00 to 14:00	642		268		Yes	Yes*	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				

13:15 to 14:15	658		308		Yes	Yes	Yes*	Yes*
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				

13:30 to 14:30	677		367		Yes*	Yes	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				

13:45 to 14:45	741		373		Yes	Yes	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				

14:00 to 15:00	**808**		**385**		Yes	Yes*	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				
14:15 to 15:15	**889**		**389**		Yes	Yes	Yes*	Yes*
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				
14:30 to 15:30	**924**		**387**		Yes*	Yes	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				
14:45 to 15:45	**986**		**370**		Yes	Yes	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				
15:00 to 16:00	**1,017**		**354**		Yes	Yes*	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				
15:15 to 16:15	**1,019**		**393**		Yes	Yes	Yes*	Yes*
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				
15:30 to 16:30	**1,083**		**386**		Yes*	Yes	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				

15:45 to 16:45	**1,109**		**379**		Yes	Yes	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				
16:00 to 17:00	**1,174**		**334**		Yes	Yes*	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				
16:15 to 17:15	**1,218**		**281**		Yes	Yes	Yes*	Yes*
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				
16:30 to 17:30	**1,266**		**272**		Yes*	Yes	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				
16:45 to 17:45	**1,310**		**250**		Yes	Yes	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				
17:00 to 18:00	**1,307**		**274**		Yes	Yes*	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				
17:15 to 18:15	**1,299**		**253**		Yes	Yes	Yes*	Yes*
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				

17:30 to 18:30	**1,198**		**241**		Yes*	Yes	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				
17:45 to 18:45	**1,060**		**241**		Yes	Yes	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				
18:00 to 19:00	**954**		**209**		Yes	Yes*	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				
18:15 to 19:15	**826**		**204**		Yes	Yes	Yes*	Yes*
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				
18:30 to 19:30	**739**		**188**		Yes*	Yes	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				
18:45 to 19:45	**682**		**163**		Yes	Yes	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				
19:00 to 20:00	**598**		**166**		Yes	Yes*	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				

19:15 to 20:15	573		145		Yes	Yes	Yes*	Yes*
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	Yes				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				

19:30 to 20:30	530		128		No	Yes	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	No				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	Yes	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				

19:45 to 20:45	494		122		No	No	Yes	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	No				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	Yes				
Condition B	**Volume >= 70% column (525)?**	No	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				

20:00 to 21:00	442		104		No	No	No	Yes
Condition A	Volume >= 70% column (350)?	Yes	Volume >= 70% column (525)?	No				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	No				
Condition B	**Volume >= 70% column (525)?**	No	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	Yes	**Volume >= 56% column (56)?**	Yes				

20:15 to 21:15	299		80		No	No	No	No
Condition A	Volume >= 70% column (350)?	No	Volume >= 70% column (525)?	No				
	Volume >= 56% column (280)?	Yes	Volume >= 56% column (420)?	No				
Condition B	**Volume >= 70% column (525)?**	No	**Volume >= 70% column (70)?**	Yes				
	Volume >= 56% column (420)?	No	**Volume >= 56% column (56)?**	Yes				

20:30 to 21:30	179		55		No	No	No	No
Condition A	Volume >= 70% column (350)?	No	Volume >= 70% column (525)?	No				
	Volume >= 56% column (280)?	No	Volume >= 56% column (420)?	No				
Condition B	**Volume >= 70% column (525)?**	No	**Volume >= 70% column (70)?**	No				
	Volume >= 56% column (420)?	No	**Volume >= 56% column (56)?**	No				

20:45 to 21:45	69		29		No	No	No	No
Condition A	Volume >= 70% column (350)?	No	Volume >= 70% column (525)?	No				
	Volume >= 56% column (280)?	No	Volume >= 56% column (420)?	No				
Condition B	**Volume >= 70% column (525)?**	No	**Volume >= 70% column (70)?**	No				
	Volume >= 56% column (420)?	No	**Volume >= 56% column (56)?**	No				

Warrant 2: Four-hour Vehicular Volume

1: RM 150 at Silverado

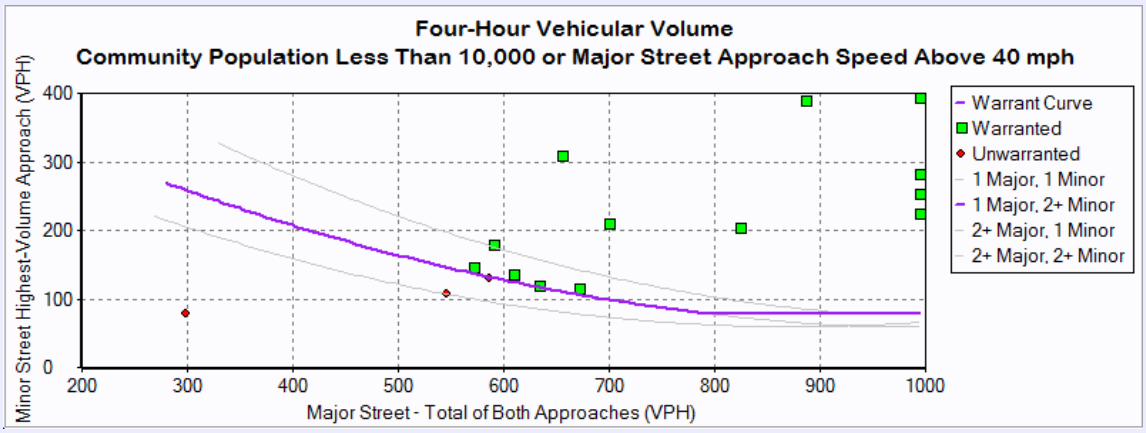
Intersection Information

	Major Street	Minor Street
Street Name	RM 150	Silverado
Direction	NB/SB	WB
Number of Lanes	1	2
Approch Speed	55	30

Warrant 2 Met? **Yes**

Details:

Notes	13 Hours met (4 required)
Low population	No



Hourly Volumes

Hour	**Major Street** Total All Approaches (vph)	**Minor Street** Highest Volume Approach (vph)
00:00:00 - 01:00:00	0.00	0.00
01:00:00 - 02:00:00	0.00	0.00
02:00:00 - 03:00:00	0.00	0.00
03:00:00 - 04:00:00	0.00	0.00
04:00:00 - 05:00:00	0.00	0.00
05:00:00 - 06:00:00	0.00	0.00
06:00:00 - 07:00:00	636.00	118.00
07:00:00 - 08:00:00	1,109.00	223.00
08:00:00 - 09:00:00	674.00	114.00
09:00:00 - 10:00:00	547.00	108.00
10:00:00 - 11:00:00	587.00	130.00
11:00:00 - 12:00:00	588.00	154.00
12:00:00 - 13:00:00	704.00	231.00
13:00:00 - 14:00:00	642.00	268.00
14:00:00 - 15:00:00	808.00	385.00
15:00:00 - 16:00:00	1,017.00	354.00
16:00:00 - 17:00:00	1,174.00	334.00
17:00:00 - 18:00:00	1,307.00	274.00
18:00:00 - 19:00:00	954.00	209.00
19:00:00 - 20:00:00	598.00	166.00
20:00:00 - 21:00:00	442.00	104.00
21:00:00 - 22:00:00	0.00	0.00
22:00:00 - 23:00:00	0.00	0.00
23:00:00 - 00:00:00	0.00	0.00

Warranted Volumes

Hour	Major Street Total All Approaches (vph)	Minor Street Highest Volume Approach (vph)
06:00:00 - 07:00:00	636.00	118.00
07:00:00 - 08:00:00	1,109.00	223.00
08:00:00 - 09:00:00	674.00	114.00
10:15:00 - 11:15:00	611.00	135.00
11:15:00 - 12:15:00	592.00	179.00
12:15:00 - 13:15:00	702.00	209.00
13:15:00 - 14:15:00	658.00	308.00
14:15:00 - 15:15:00	889.00	389.00
15:15:00 - 16:15:00	1,019.00	393.00
16:15:00 - 17:15:00	1,218.00	281.00
17:15:00 - 18:15:00	1,299.00	253.00
18:15:00 - 19:15:00	826.00	204.00
19:15:00 - 20:15:00	573.00	145.00

Warrant 3: Peak Hour

1: RM 150 at Silverado

Intersection Information

	Major Street	Minor Street
Street Name	RM 150	Silverado
Direction	NB/SB	WB
Number of Lanes	1	2
Approch Speed	55	30

Warrant 3 Met? **Yes**

Details

Low Population? No

Condition A Met? No

Notes 0 Hours met (1 required)

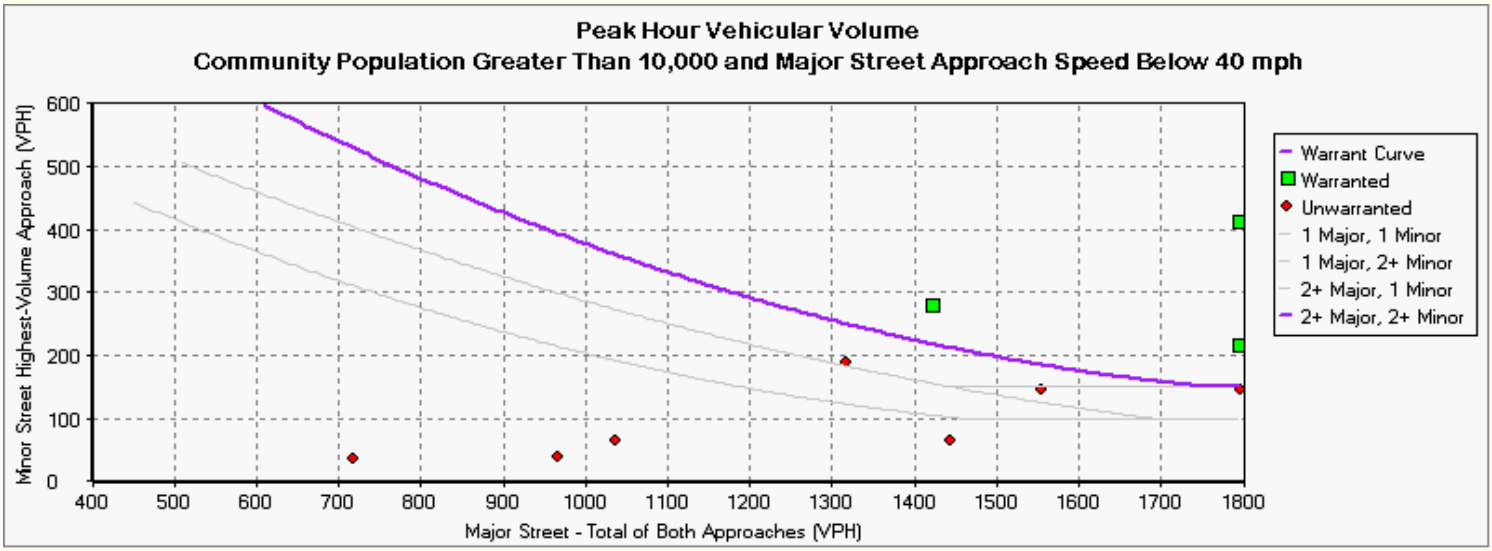
Condition B Met? Yes

Notes 9 Hours met (1 required)

Minor Approach Time Delay Condition Met? Not Met

Minor Approach Volume Condition Met? Met

Total Entering Intersection Volume Condition Met? Not Met



Hour	Major Street Total All Approaches (vph)	Minor Street Highest Volume Approach (vph)
6:00	636	118
6:15	867	148
7:15	943	201
8:15	625	103
9:15	556	115
10:15	611	135
11:15	592	179
11:45	680	221
12:45	664	220
13:45	741	373
14:45	986	370
15:45	1,109	379
16:45	1,310	250
17:45	1,060	241
18:45	682	163
19:45	494	122
20:45	69	29

Warrant 4: Pedestrian Volume

1: RM 150 at Silverado

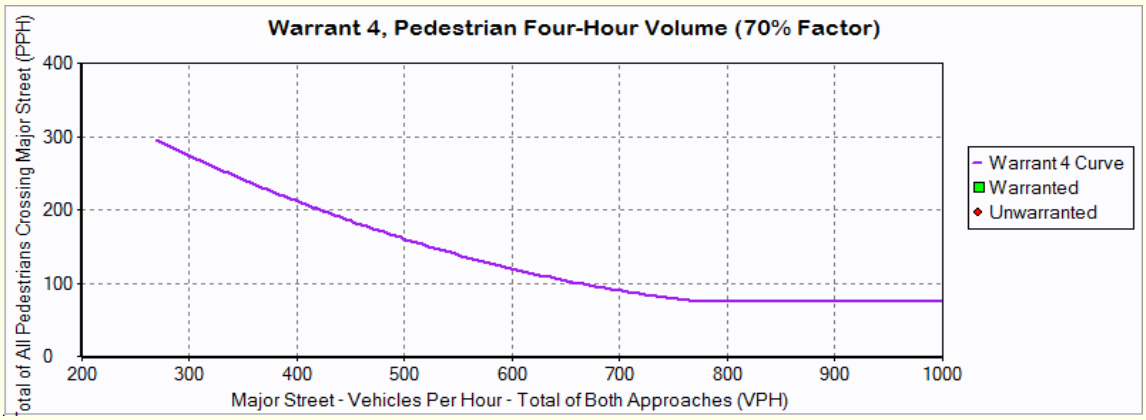
Intersection Information

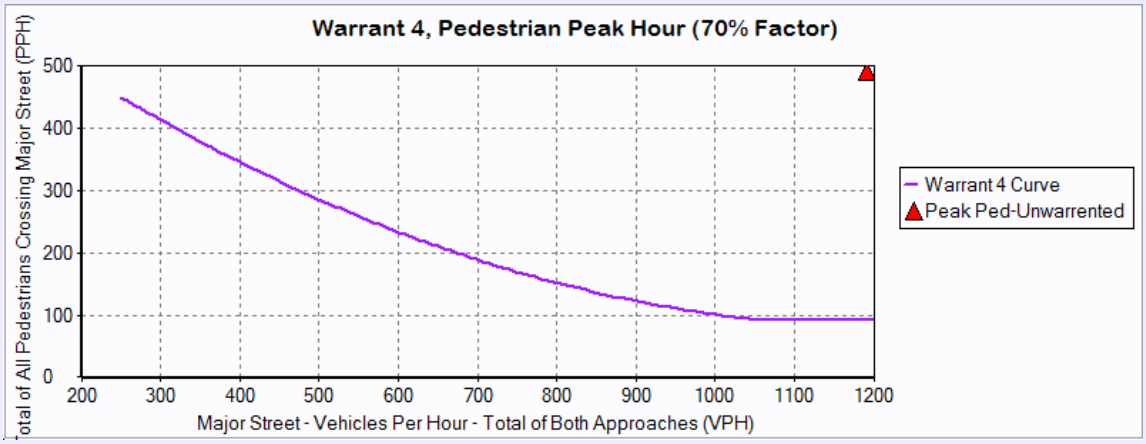
	Major Street	Minor Street
Street Name	RM 150	Silverado
Direction	NB/SB	WB
Number of Lanes	1	2
Approch Speed	55	30

WARRANT 4 MET ? **No**

Details

Pedestrian Four Hour Volume Warrant Met?	No		
Pedestrian Peak Hour Warrant Met?	No	Notes	0 Hours met (4 required)
Speed Limit or 85th Percentile Speed on Major Street > 35mph, or Intersection lies within an Isolated Community with Population < 10,000?			Yes





Warrant 5: School Crossing

1: RM 150 at Silverado

Intersection Information

Major Street Name	RM 150
Major Street Direction	NB/SB

WARRANT 5 MET? **No**

Details:

Time Period Interval for Students Crossing (min)	1
Number of Students Crossing in Time Period	0
Number of Adequate Gaps in Time Period	60
Other Remedial Measures Attempted?	No
Adjacent Signal on NB approach?	Yes
Distance to signal on NB Approach (ft)	5600
Adjacent Signal on SB approach?	Yes
Distance to signal on SB Approach (ft)	3000
Will New Signal Restrict Progressive Traffic?	No

Warrant 6: Coordinated Signal System

1: RM 150 at Silverado

Intersection Information

Major Street Name	RM 150
Major Street Direction	NB/SB

WARRANT 6 MET? **No**

Details:

Approach Direction & Name	Acceptable Platooning?	Adjacent Coordinating Signal?	Adjacent Intersection Distance
SB Approach (RM 150)	Yes	Yes	3,000.00
NB Approach (RM 150)	Yes	Yes	5,600.00
WB Approach (Silverado)	Yes	No	N/A

Unacceptable Platooning? (At least one approach)	Distance to Closest Signal (Must be N/A or > 1000)
No	3,000.00

Warrant 7: Crash Experience

1: RM 150 at Silverado

Intersection Information

Major Street Name	RM 150
Major Street Direction	NB/SB
Minor Street Direction	WB

WARRANT 7 MET? **No**

Details:

Low Population?	No	Traffic Volume Condition Met?	Yes
Major Street Speed Limit	55		15 Hours Met (8 Required)
Major Street 85th-% tile Speed	55.00	Ped Volume Condition Met?	No
			0 Hours Met (8 Required)

Qualifying Crashes **4**

Adequate Alternative Trials? Yes

Hour	Traffic Volumes				Pedestrian Volumes			
	Major Street Vehicles	Minor Street Vehicles	80% Standard Met? A or B		Westbound Ped Volumes			
			Condition A	Condition B	Peds	> 80?	Peds	> 80?
06:00 to 07:00	636	0	No	No	0	No	0	No
06:15 to 07:15	867	0	No	No	0	No	0	No
06:30 to 07:30	1,012	0	No	No	0	No	0	No
06:45 to 07:45	1,111	0	No	No	0	No	0	No
07:00 to 08:00	1,109	0	No	No	0	No	0	No
07:15 to 08:15	943	0	No	No	0	No	0	No
07:30 to 08:30	825	0	No	No	0	No	0	No
07:45 to 08:45	754	0	No	No	0	No	0	No

08:00 to 09:00	674	0	No	No	0	No	0	No
08:15 to 09:15	625	0	No	No	0	No	0	No
08:30 to 09:30	625	0	No	No	0	No	0	No
08:45 to 09:45	598	0	No	No	0	No	0	No
09:00 to 10:00	547	0	No	No	0	No	0	No
09:15 to 10:15	556	0	No	No	0	No	0	No
09:30 to 10:30	533	0	No	No	0	No	0	No
09:45 to 10:45	541	0	No	No	0	No	0	No
10:00 to 11:00	587	0	No	No	0	No	0	No
10:15 to 11:15	611	0	No	No	0	No	0	No
10:30 to 11:30	622	0	No	No	0	No	0	No
10:45 to 11:45	587	0	No	No	0	No	0	No
11:00 to 12:00	588	0	No	No	0	No	0	No
11:15 to 12:15	592	0	No	No	0	No	0	No
11:30 to 12:30	634	0	No	No	0	No	0	No
11:45 to 12:45	680	0	No	No	0	No	0	No
12:00 to 13:00	704	0	No	No	0	No	0	No
12:15 to 13:15	702	0	No	No	0	No	0	No

12:30 to 13:30	703	0	No	No	0	No	0	No
12:45 to 13:45	664	0	No	No	0	No	0	No
13:00 to 14:00	642	0	No	No	0	No	0	No
13:15 to 14:15	658	0	No	No	0	No	0	No
13:30 to 14:30	677	0	No	No	0	No	0	No
13:45 to 14:45	741	0	No	No	0	No	0	No
14:00 to 15:00	808	0	No	No	0	No	0	No
14:15 to 15:15	889	0	No	No	0	No	0	No
14:30 to 15:30	924	0	No	No	0	No	0	No
14:45 to 15:45	986	0	No	No	0	No	0	No
15:00 to 16:00	1,017	0	No	No	0	No	0	No
15:15 to 16:15	1,019	0	No	No	0	No	0	No
15:30 to 16:30	1,083	0	No	No	0	No	0	No
15:45 to 16:45	1,109	0	No	No	0	No	0	No
16:00 to 17:00	1,174	0	No	No	0	No	0	No
16:15 to 17:15	1,218	0	No	No	0	No	0	No
16:30 to 17:30	1,266	0	No	No	0	No	0	No
16:45 to 17:45	1,310	0	No	No	0	No	0	No

17:00 to 18:00	1,307	0	No	No	0	No	0	No
17:15 to 18:15	1,299	0	No	No	0	No	0	No
17:30 to 18:30	1,198	0	No	No	0	No	0	No
17:45 to 18:45	1,060	0	No	No	0	No	0	No
18:00 to 19:00	954	0	No	No	0	No	0	No
18:15 to 19:15	826	0	No	No	0	No	0	No
18:30 to 19:30	739	0	No	No	0	No	0	No
18:45 to 19:45	682	0	No	No	0	No	0	No
19:00 to 20:00	598	0	No	No	0	No	0	No
19:15 to 20:15	573	0	No	No	0	No	0	No
19:30 to 20:30	530	0	No	No	0	No	0	No
19:45 to 20:45	494	0	No	No	0	No	0	No
20:00 to 21:00	442	0	No	No	0	No	0	No
20:15 to 21:15	299	0	No	No	0	No	0	No
20:30 to 21:30	179	0	No	No	0	No	0	No
20:45 to 21:45	69	0	No	No	0	No	0	No

Warrant 8: Roadway Network

1: RM 150 at Silverado

Intersection Information

Major Street Name	RM 150
Major Street Direction	NB/SB
Minor Street Direction	WB

WARRANT 8 MET? (A or B) No

Details:

Growth Rates % (per year)

	NB	SB	WB
L	0.00	0.00	0.00
T	0.00	0.00	
R	0.00	0.00	0.00

Condition A, Total Entering Volume

Existing Peak Hour	1,581
Years	20.00
Future Peak Hour	2,349
Warrant 1 in 5 Years?	No
Warrant 2 in 5 Years?	No
Warrant 3 in 5 Years?	No

Condition B, Non-normal Business Day

	Existing	Future
Highest Hour	0	0
Second Highest Hour	0	0
Third Highest Hour	0	0
Fourth Highest Hour	0	0
Fifth Highest Hour	0	0
Yearly Growth Rate (%)	2.00	
Years	20.00	

Condition A Met? No **Condition B Met?** No

Warrant 9: Intersection Near a Grade Crossing

1: RM 150 at Silverado

Intersection Information

	Major Street	Minor Street
Street Name	RM 150	Silverado
Direction	NB/SB	WB
Number of Lanes	1	2
Approch Speed	55	30

WARRANT 9 MET ? **No**

Details

Note **No approach with a railroad grade crossing**

Minor street approach having a grade crossing

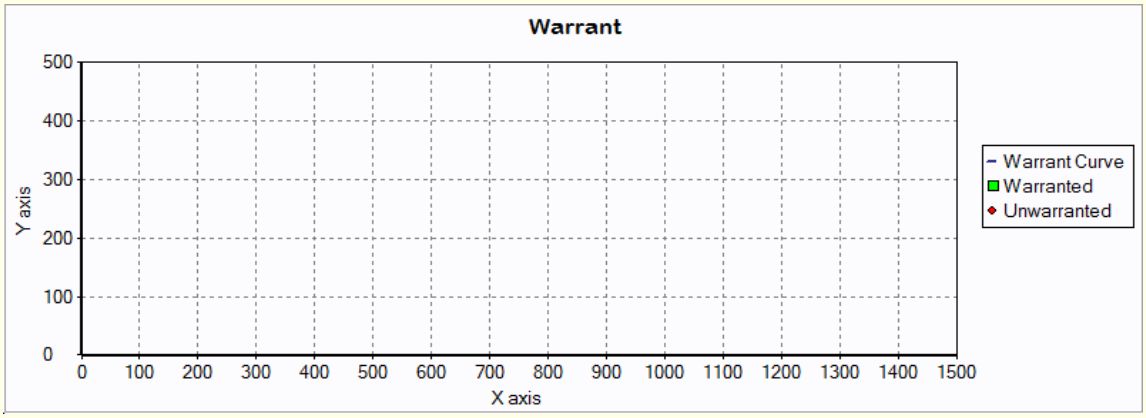
Distance from the center of the track to the stop or yield line — Interpolated

Number of occurences of rail traffic per day — Adjustment Factor

Percentage of high-occupancy buses crossing the track (%) — Adjustment Factor

Percentage of tractor-trailer trucks crossing the track (%) — Adjustment Factor

The rail traffic arrival times are uknown, the highest traffic volume hour of the day is used



Hour	Major Street Total of Both Approaches (vph)	Minor Street Adjusted Volume Crossing Tracks (vph)

All-Way Stop Control Warrant: Multiway Stop Applications

1: RM 150 at Silverado

Intersection Information

Major Street Name:	RM 150
Major Street Direction:	NB/SB
Minor Street Direction:	WB

AWSC WARRANT MET? **Yes**

Details:

Condition A Met?	Yes	Qualifying Crashes	4
Condition B Met?	No	Major Street 85th %-tile Speed	55.00
Condition C Met?	No	Major Street Speed Limit	55

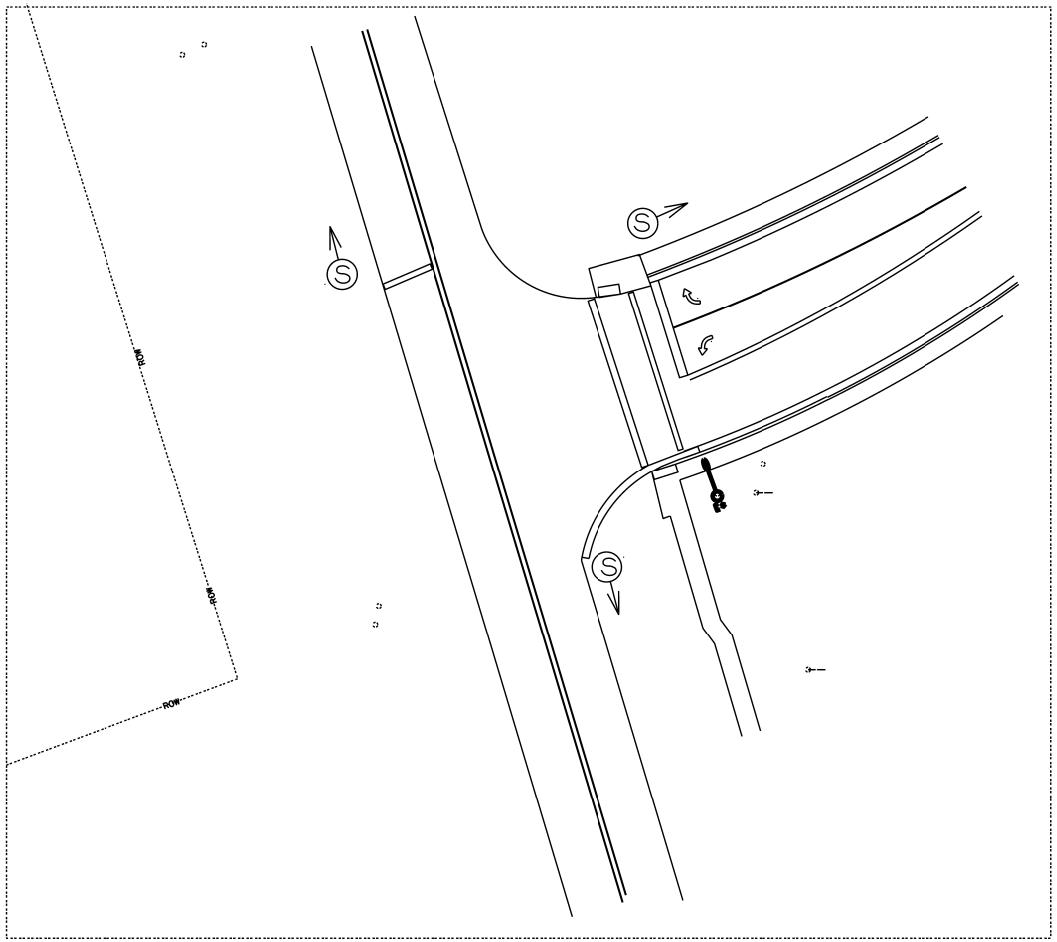
Notes: Delay for highest hour < 30 sec/veh

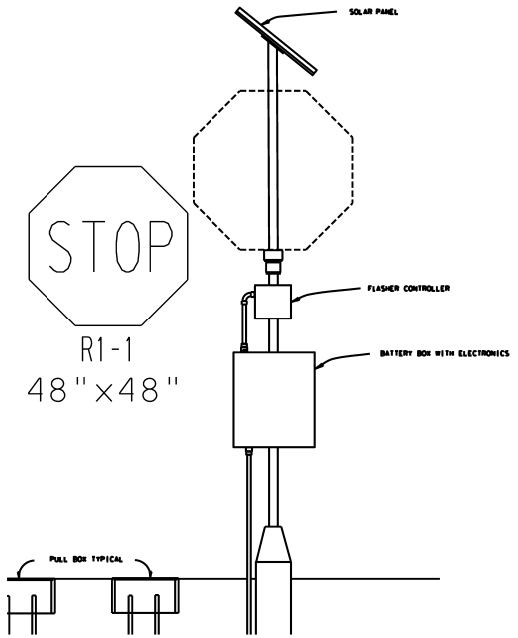
Hour	Traffic Volumes		Bicycle Volumes		Ped Volumes		Condition C		
	Major Street	Minor Street	North Bound Bicycle Volumes	West Bound Bicycle Volumes	North Bound Ped Volumes	West Bound Ped Volumes	Major Street	Minor Street	
							Veh Vol > 210	Avg(Veh + Ped + Bicycle) > 200	Delay > 30
06:45 to 07:45	1,111	223	0	0	0	0	False	No	No
11:30 to 12:30	634	208	0	0	0	0	False	No	No
12:45 to 13:45	664	220	0	0	0	0	False	No	No
13:45 to 14:45	741	373	0	0	0	0	False	No	No
14:45 to 15:45	986	370	0	0	0	0	False	No	No
15:45 to 16:45	1,109	379	0	0	0	0	False	No	No
16:45 to 17:45	1,310	250	0	0	0	0	False	No	No
17:45 to 18:45	1,060	241	0	0	0	0	False	No	No

DRAFT

SCALE: 1" = ,

UTILITIES SHOWN ON THIS DRAWING ARE APPROXIMATE.





DRAFT

Item # 22

CITY OF KYLE, TEXAS

Burleson Road Engineering - Roundabout

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: Amendment to the Burleson Street engineering contract to consider a roundabout at Burleson Street and Spring Branch Drive. ~ *Leon Barba, P.E., City Engineer*

Other Information:

Legal Notes:

Budget Information:

ATTACHMENTS:

Description
RNDBT_Exhibit 01

ROUNDABOUT CONCEPT

SPRING BRANCH DR & BURLESON ST

AUGUST 1ST, 2018

EXHIBIT A

SPRING BRANCH DR

BURLESON ST

BELLAIR DR

RODRIGUEZ ST

RAMON ROMO
AND JOSIE CAMACHO ROMO
VOL. 2808, PG. 492
O.P.R.H.C.
(LOT 1-A, BLOCK C)
(SPRING BRANCH, SECTION 1-A)
(BK. 6, PGS. 193-194)
P.R.H.C.

100 SPRING BRANCH DR.
KYLE, TX 78640

R72024

ROSENDO H. DE LEON
VOL. 3848, PG. 737
O.P.R.H.C.
(LOT 22-A, BLOCK B)
(SPRING BRANCH, SECTION 1-A)
(BK. 6, PGS. 193-194)
P.R.H.C.

101 SPRING BRANCH DR.
KYLE, TX 78640

R72023

CESAIN MACEDO
AND MARICELA LAZO
VOL. 3282, PG. 580
O.P.R.H.C.
(LOT 1-A, BLOCK B)
(SPRING BRANCH, SECTION 1-A)
(BK. 6, PGS. 193-194)
P.R.H.C.

100 BELLAIR DR.
KYLE, TX 78640

R72002

MARIA ESTELLA DELGADO
VOL. 1133, PG. 378
O.P.R.H.C.
(LOT 8, BLOCK 5)
(JOSE ADDITION)
(VOL. 181, PG. 22, D.R.H.C.)

108 RODRIGUEZ ST.
KYLE, TX 78640

R32976

MARIA L. MOLINA
VOL. 1328, PG. 745
O.P.R.H.C.

(LOT 9, BLOCK 5)
(JOSE ADDITION)
(VOL. 181, PG. 22, D.R.H.C.)

111 RODRIGUEZ ST.
KYLE, TX 78640

R32965

WILLIE CISNEROS
VOL. 2801, PG. 200
DESCRIBED IN
VOL. 236, PG. 77
D.R.H.C.

R14752

RING BRANCH
SECTION I-A
BK. 6, PG. 193
P.R.H.C.

JOSE ADDITION
BK. 181, PG. 22
P.R.H.C.

LOT 1-A
LOT 21-A
LOT 22-A
LOT 2-A
BLOCK B
LOT 5
LOT 4
6

25' B.L. BK. 6, PG. 194 P.R.H.C.
7.5' P.U.E. BK. 6, PG. 194 P.R.H.C.
X5' P.U.E. BK. 6, PG. 194 P.R.H.C.
5' P.U.E. BK. 181, PG. 22 P.R.H.C.
10' UTILITY & DRAINAGE ESMT. BK. 181, PG. 22 P.R.H.C.

N

0 20 40
SCALE IN FEET

PRELIMINARY-FOR INFORMATION ONLY

THIS DOCUMENT IS RELEASED FOR THE PURPOSE OF INTERIM REVIEW AND IS NOT TO BE USED FOR CONSTRUCTION, BIDDING, OR PERMITTING PURPOSES.

Supervised By: RICARDO J. ZAMARRIPA

P.E. Serial No. 92818

Date: 08/01/2018

CITY OF KYLE
ESTABLISHED 1880

AMERICAN STRUCTUREPOINT INC.
TBPE FIRM NO. F-10069
1717 W. SIXTH STREET, SUITE 375
AUSTIN, TX 78703
TEL 512.494.6037 FAX 317.543.0270
www.structurepoint.com

CITY OF KYLE, TEXAS

Land Use Entitlement

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: Discuss and direct staff on a course of action to affect a proposed rezoning at 112 Austin Street; specifically related to the need for a Comprehensive Plan text amendment to permit single-family residential zoning in the city's 'old town community'. ~ *Howard J. Koontz, Director of Planning and Community Development*

Other Information:

Legal Notes:

Budget Information:

ATTACHMENTS:

Description

- Staff report - 112 Austin St. Council Comp Plan Amendment memo

CITY OF KYLE

Community Development Department

MEMORANDUM

TO: **City of Kyle Mayor & City Council**

FROM: **Howard J. Koontz, AICP – Director, Planning & Community Development**

DATE: **April 16, 2019**

SUBJECT: **Land use entitlement at 112 Austin St. (NE corner of Austin & North Main Streets)**

REQUEST

112 Austin Street is a vacant, 5,600-square foot lot located at the northeast corner of Austin and North Main Streets. The property was zoned R-1 until it was purchased by Mr. Farris Badii and subsequently rezoned R-1-T (Residential Townhouse district) in 2014. It is an important distinction to note the rezoning was not assigned by the city, but was initiated and received by the applicant. Ordinance No. 809 was passed on July 1st, 2014, officially approving the R-1-T zoning for this parcel. At the time of receiving the zoning change from R-1 to R-1-T, 112 Austin Street was only able to meet a maximum dwelling density (10 dwelling units to the acre) requirement for one (1) dwelling unit. Therefore, the applicant's successful effort to rezone the property rendered the parcel unbuildable, due to lot area constraints as they relate to buildable acre densities, and the singular allowable use in R-1-T districts --which is townhouse products.

Irrespective of allowable density, following his 2014 zoning assignment, Mr. Badii intended to construct three (3) attached residential dwelling units on the lot. He delayed beginning the project until early 2019. When informed by staff about his code conflict, he reduced the scope of his project to two dwelling units (a duplex), and sought two variances from the Board of Appeals:

1) A variance to build a 2-unit "townhome" structure, to overcome the minimum number of four (4) units required (Sec. 53-140) in the R-1-T district. This constitutes a reduction in the minimum requirement by 50%; and

2) A variance to increase dwelling density from 10 dwelling units per buildable acre to 15.56 dwelling units per buildable acre (Sec. 53-140). This constitutes an increase in the maximum allowed dwelling unit density of 55.6%.

The Kyle Board of Appeals denied both requests by a vote of 4-1. In light of the owner's inability to build anything on the property, staff made a verbal agreement with Mr. Badii to initiate the process to re-apply single-family detached zoning to the lot.

Unfortunately, the city's Comprehensive Plan makes no mention of this land use district having a provision to recommend, either conditionally or not, the only conforming district application for small lot development: R-1-3. Only the City Council or the City Manager can initiate a Comprehensive Plan text amendment, and for that reason staff has brought this issue forward for Council direction.

CITY OF KYLE, TEXAS

Compensation Committee Presentation

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: Recommendation of the Compensation Committee of the City Council. ~ *Trista Fugate, Committee Member*

Other Information:

Legal Notes:

Budget Information:

ATTACHMENTS:

	Description
🗋	Presentation

City Council Compensation Committee

Trista Fugate, Chair
Pete Oppel, Vice Chair
Julian Hernandez
Christine Keefe
Michael Tobias
Chris Torrey

November 2018 Charter amendment

- Each member of Council shall receive as compensation for their services the salary established by ordinance adopted after two public hearings and approved in the budget.
- Changes to Council salary shall only be considered once every three years and shall be considered only after a recommendation is made by a Council-appointed committee. Meetings of said committee shall be held in compliance with the Open Meetings Act.
- A salary adjustment approved in accordance with this section shall be included in the proposed budget for the subsequent fiscal year, and the effective date of the Council salary adjustment shall be the first day of the fiscal year for the budget in which the salary adjustment is included. Council is prohibited from amending a budget to adjust Council salary.
- A member of the council that is absent from one or more meetings in a calendar month shall forfeit an amount for each absence that is proportionate to the number of council meetings held in that month.
- Members of the Council shall continue to receive the salary established in accordance with the prior version of this section until their compensation is changed in accordance with this section.
- Members of the City Council shall also be entitled to reimbursement for all necessary and approved expenses incurred in the performance of their official duties. There shall be provided in each annual city budget an amount for the expenses of the mayor and for each council member. The city council by ordinance shall provide a method for determining what expenses are reimbursable and what requirements must be met to receive reimbursement.
- No staff or assistant shall be provided for any member of the city council.

Timeline

- March 26: City Council Compensation Committee appointed by Council
- April 2: Committee's first meeting
- April 8: Committee's second meeting
- April 12: Committee's third and final meeting
- April 16: Committee makes recommendation to Kyle City Council meeting

Cities contacted

- Allen
- Cedar Park
- Frisco
- Georgetown
- Hutto
- New Braunfels
- Pflugerville
- Plano
- Round Rock
- San Marcos
- Seguin
- Southlake

Recommendation

- Mayor: $1,300/month
- Council: $1,000/month
- Health insurance offered and covered at the same level as City of Kyle employees

Expenses that are currently included in the city's Approved Budget would continue to be considered on an annual basis during budget discussions.

Thank you

CITY OF KYLE, TEXAS

Public Hearing - Council Compensation

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: Public Hearing on Council Compensation Committee Recommendation. ~ *Travis Mitchell, Mayor*

Other Information:

Legal Notes:

Budget Information:

ATTACHMENTS:

Description

No Attachments Available

CITY OF KYLE, TEXAS

Council Discussion - Council Compensation Cmte

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: Discussion regarding Council Compensation Committee Recommendation. ~ *Travis Mitchell, Mayor*

Other Information:

Legal Notes:

Budget Information:

ATTACHMENTS:

Description

No Attachments Available

CITY OF KYLE, TEXAS

First Year On Us

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: Discussion and Possible Action to change the First Year On Us Program. *~ Daphne Tenorio, Council Member*

Other Information:

Legal Notes:

Budget Information:

ATTACHMENTS:

Description

No Attachments Available

CITY OF KYLE, TEXAS

Old Town District Vision and Zoning

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: Discussion and possible setting of dates for public input on the vision and zoning of the Historic Core Area and Old Town District. ~ *Daphne Tenorio, Council Member*

Other Information:

Legal Notes: N/A

Budget Information: N/A

ATTACHMENTS:

Description

- Old Town District May 2017
- Historic Core Area Transition District May 2017

Old Town District

CHARACTER

Development within the Old Town District follows the historic and regular street grid, which should be preserved while also encouraging appropriate infill development and redevelopment. Primary uses within this District are civic and institutional, specialty commercial, and residential. Of note, there are few sizeable employers located in or near the Old Town District. Significant features include easy access to both north and southbound I-35, the railroad, City Hall and Police Headquarters, and the landmark City Square. The Old Town District embodies the characteristics of a Rural Town Center through consistent community form, continuity, and scale. The scale of reference is a uniform Old Town block, reinforced by the regular street grid. In order to ensure smooth transitions and maintain this fabric, building height should not vary by more than two stories from the average height within any one block.

INTENT

As the historic core of Kyle, the Old Town District must be re-established as the central community activity center for the City, reversing the shift of that concentration to the retail hub located one exit north along I-35. Specialized commercial activity, appropriate to the function of this historic area, should be encouraged. The form of the District should also be preserved and promoted, especially the street grid and historic building stock. To capture this emerging sub-market of local, downtown shopping and recreation, while being mindful of the existing built forms in the Old Town District, development should encompass a true model of multiple uses within the same structure to permit greater potential to operate in the same land area available today. Once a greater number and variety of service and product providers assembles in Kyle's Old Town District, store owners should be able to solicit patronage from not only the residential immediately adjacent, but from the considerable number of residences to the north and northwest. Overall, this District should offer both local service commercial activities and residential uses in order to create a lively and livable area. In order for the Old Town District to truly function as the center of Kyle, clear access must also be provided to communities, landscapes, and nodes in order to knit the City together in a legible system. Additionally, new development in the Old Town District should span I-35, creating greater east-west connections. Uses in the Old Town District are addressed in greater detail in the Downtown Revitalization Plan element of this Comprehensive Plan document.

JURISDICTION

Kyle's Old Town District contains the historic commercial and residential core of Kyle, which grew up around the railroad station stop. This District is generally bounded by Live Oak Street to the north and Allen Street to the south, and runs along Center Street to the west and crosses I-35 to the east. Figure 8 indicates the location of the Old Town District.

Historic Core Area Transition District

CHARACTER

The Historic Core Area Transition serves as a transition between the regular gridded development pattern that characterizes Downtown and the more rural patterns to the south and west, as well as newer development to the north. Significant features of this District include the intersection of Old Stagecoach Road and Center Street, the Gregg Clarke Park, Wallace Middle School, and the emerging commercial corridor along Rebel Road north from Center Street. This District is a "middle landscape" of historic residential forms that transition to more rural residential forms. The District should embody the historic character of existing uses while anticipating appropriate expansion of Old Town. Development in the Historic Core Area Transition District has historically been on a small, lot-by-lot basis, rather than on a larger, project-by-project basis. Because of this, the street serves as the organizing feature of the District. Therefore, as new development extends into the District from the Old Town District, care should be taken to ensure that the historic street pattern is preserved, as called for in 'Kyle Connected', the city's Transportation Master Plan.

INTENT

The purpose of the Historic Core Area Transition District is to accommodate the growth of residential and neighborhood commercial uses around the Old Town District, while preserving the historic rural fabric. The core of Kyle should be allowed to expand into this area as population growth increases in order to strengthen the core of the City. Land use transitions are critical in this District, as are architectural style transitions from traditional Rural Town Center/Old Town Block to curvilinear, rural residential, ensuring the shift from township to rural landscape should be maintained. This can be accomplished by transition in the built form and function from commercial uses to residential uses and finally to rural agricultural residential uses and by establishing transitions in density, decreasing outwardly from the Old Town District. Public spaces in this District should be used to preserve the character of ranch heritage, where appropriate.

JURISDICTION

The Historic Core Area Transition District wraps around the Old Town District to the north, west, and south, and includes mostly residential uses. Figure 10 indicates the location of the Historic Core Area Transition District.

CITY OF KYLE, TEXAS

City Manager Review Criteria

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: Discussion on the review of City Manager. ~ *Daphne Tenorio, Council Member*

- Creation of a City Manager review matrix
  Examples will be provided at the meeting and will be given to the City Secretary for posting on the City Website for transparency.
- Creation of 360 employee review
  - Division/Departmental Managers/ All employee review of City Manager
  - Employee Review of Division/Departmental Review Managers
- Discussion of possible company to gather the data and present to Council

Other Information:

Legal Notes:

Budget Information:

ATTACHMENTS:

Description

No Attachments Available

CITY OF KYLE, TEXAS

CAPCOG Air Quality Program Funding FY 2020

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: CAPCOG Air Quality Program FY 2020 Local Funding Resolution. ~ *Dex Ellison, Council Member*

Other Information: The "near-nonattainment" grant program was created in 1995 as a rider to TCEQ's budget which was reauthorized by the legislature every session up through the 2017 session. For many years, CAPCOG received just over $1 million per biennium for the program, but funding for the rider was cut in half during the 2011 legislative session. CAPCOG helped mitigate the impact of this budget cut by raising funds from members of the Clean Air Coalition to help directly fund parts of the program, such as monitoring and emissions inventory projects. The legislature partially reinstated funding in 2013, which resulted in CAPCOG receiving about $700,000 per biennium. In 2015, funding was fully reinstated to pre-2011 levels, and a new funding formula was created, which resulted in CAPCOG receiving $1.27 million for the 2016-2017 biennium. At that point, CAPCOG stopped soliciting funds from Clean Air Coalition members since funding was more than adequate to cover the costs of the program. However, despite no legislator ever objecting to this budget rider during the 2017 legislative session, the Governor decided to line-item veto it, thereby cancelling the program for the 2018-2019 biennium. The Governor's veto message cited some specific uses of the funding for outreach and education and commuter programs that he found objectionable, and emphasized that funds should be prioritized for nonattainment areas, rather than "near-nonattainment" areas, despite the long-standing consensus among legislators that it is better to prevent a nonattainment designation in the first place than have to deal with a nonattainment designation once it's happened. As a result, in July 2017, CAPCOG requested funding from all 22 city and county governments in the CAC to carry out a scaled-back program at a funding level of approximately $437,000 per year, with each jurisdiction asked to contribute a pro-rata share based on its population and whether it was a city or county government. All 22 governments provided the requested funding. CAPCOG requested funding again in 2018 for the 2019 fiscal year, and again, all 22 local governments provided the requested funding. CAPCOG is now requesting $430,000 from the CAC jurisdictions, which now includes Kyle and the City of Lago Vista in addition to the existing local governments in the CAC, based on the same formula, in order to carry out its work during FY 2020. The outcome of the legislative session is unknown at this time, but CAPCOG needs to start its own budgeting process (and while it is possible this request will later be reduced due to partial reinstatement of state funding) CAPCOG is asking local governments in the CAC to consider making a "pledge" by the end of April to indicate their willingness (or unwillingness) to contribute as part of this request so that CAPCOG can move forward with their budgeting.

Legal Notes: N/A

Budget Information: A Fiscal Note is attached.

ATTACHMENTS:

Description

- City of Kyle Resolution for Funding FY2020
- Attachment A - Scope of Work for 2019-2023 Plan
- Attachment B - CAPCOG Air Quality Local Funding Request for FY 2020

RESOLUTION NO.: _____

A RESOLUTION OF THE CITY KYLE, TEXAS FOR FINANCIAL SUPPORT FOR THE CAPITAL AREA COUNCIL OF GOVERNMENTS (CAPCOG) AIR QUALITY PROGRAM IN FISCAL YEAR 2020; NECESSARY FOR CAPCOG TO IMPLEMENT THE SCOPE OF WORK APPROVED BY THE CLEAN AIR COALITION TO SUPPORT THE 2019-2023 REGIONAL AIR QUALITY PLAN.

WHEREAS, compliance with federal air quality standards is critical to protecting public health, the environment, economic growth, and flexibility in transportation planning in Texas; and

WHEREAS, the Capital Area Council of Governments (CAPCOG) has estimated that violating federal air quality standards could cause Central Texas to lose $24 - $42 billion in economic growth over the next three decades; and

WHEREAS, the Austin-Round Rock-Georgetown metro area continues to face challenges with compliance with federal air quality standards, particularly for ground-level ozone (O_3); and

WHEREAS, Kyle is a member of the Central Texas Clean Air Coalition of CAPCOG, an association of local governments and other organizations dedicated to maintaining compliance with federal air quality standards and improving air quality in Bastrop, Caldwell, Hays, Travis, and Williamson Counties; and

WHEREAS, the Clean Air Coalition has adopted a voluntary regional air quality plan for 2019-2023 to help keep the region in compliance with federal air quality standards and otherwise help minimize public health and environmental impacts of regional air pollution; and

WHEREAS, the jurisdictions participating in the Clean Air Coalition have provided financial support for CAPCOG's regional air quality program for fiscal years 2018 and 2019, as a result in the loss of state funding for the program; and

WHEREAS, financial support from Kyle for CAPCOG's air quality program in fiscal year 2020 is necessary for CAPCOG to implement the scope of work approved by the Clean Air Coalition to support the 2019-2023 regional air quality plan;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KYLE, TEXAS, Kyle expresses its intent to include up to $6,970.00 in its FY 2020 budget to support CAPCOG's Air Quality Program, subject to final approval of Kyle's fiscal year 2020 budget later this year.

That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place, and purpose of said meeting was given as required by law.

PASSED AND ADOPTED this _____ day of April, 2019.

THE CITY OF KYLE, TEXAS

_____
Travis Mitchell, Mayor

ATTEST:

_____
Jennifer A. Vetrano, City Secretary

Capital Area Council of Governments Scope of Work for Support of the 2019-2023 Austin-Round Rock-Georgetown MSA Regional Air Quality Plan

Approved by the Clean Air Coalition on February 13, 2019

This scope of work (SoW) identifies the tasks that the Capital Area Council of Governments (CAPCOG) intends to carry out in support of the 2019-2023 Austin-Round Rock-Georgetown Metropolitan Statistical Area (MSA) Regional Air Quality Plan adopted by the Central Texas Clean Air Coalition (CAC). Tasks in this SoW relate to specific roles that the Plan anticipates for CAPCOG throughout the term of the Plan, and are described in a general manner in order to broadly describe these activities in any given year. In the fall of each year, after the level of resources that will be available for the fiscal year is confirmed, CAPCOG will prepare a more specific work plan for the following year for approval by the CAC. CAPCOG will provide annual reports to the CAC on the use of local air quality funding by CAPCOG's Air Quality Program.

Task 1: Clean Air Coalition Support

This task involves ongoing CAPCOG support for the CAC and the CAC Advisory Committee (CACAC). The CAC is the region's umbrella organization for regional air quality planning among cities, counties, and other regional stakeholders, including private industry. The CACAC provides technical and policy advice to the CAC on air quality issues. This support includes:

- Preparation of agendas and supporting materials for CAC and CACAC meetings;
- Presenting information at CAC and CACAC meetings;
- Researching issues at the request of the CAC and CACAC;
- Providing periodic updates on air quality issues to the CAC and CACAC through newsletters and other communications;
- Logistical support for CAC and CACAC meetings, including recording meeting minutes and maintaining committee records;
- Coordinating appointments to the CAC and CACAC;
- Briefing new members of the CAC and CACAC on air quality issues;
- Participation in air quality-related work groups on behalf of the region; and
- Preparation and submission of comment letters, resolutions, and other documents related to policy advocacy undertaken by the CAC and CACAC.

Expected outputs include:

- Monthly air quality newsletters;
- At least four regularly scheduled CAC meetings each year;

- At least four regularly scheduled CACAC meetings each year; and
- An annual work plan to be approved by the CAC by December 31 of the prior year.

Task 2: Technical Assistance to CAC Members to Implement Emission Reduction Measures

Under this task, CAPCOG will provide technical assistance to CAC members to implement emission reductions identified in the region's 2019-2023 air quality plan. This includes identifying best practices for implementing emission reduction commitments that an organization has made, analyzing operational data provided by an organization, identifying opportunities to maximize emission reductions, and assisting organizations with securing the funding and training needing to implement emission reduction measures.

Expected outputs include, at a minimum:

- Periodic workshops;
- Grant application assistance;
- Coordination of regional grant applications; and
- Templates and other resources for implementation of emission reduction measures.

Task 3: Outreach and Education Activities

This task involves air quality outreach and education activities carried out by CAPCOG. This includes:

- Maintaining the AirCentralTexas.org website;
- Maintaining AirCentralTexas.org social media accounts;
- Staffing at air quality outreach events;
- Institutional outreach and recruitment of new Clean Air Coalition supporting members;
- Outreach to the media and meteorologists;
- Air quality advertising; and
- In-kind support for the Commute Solutions program, if necessary.

CAPCOG staff will provide periodic reports on its outreach activities as requested by the CAC.

Task 4: Annual Air Quality Report

This task involves preparing CAPCOG's annual air quality report, which summarizes the region's air quality data from the previous year, the status of the implementation of the emission reductions within the region, and other information relevant to tracking the region's progress in implementing the regional air quality plan. This report provides an important tool for documenting the region's efforts to EPA and TCEQ, and to provide accountability among CAC members on implementation of commitments.

Expected outputs include:

- Annual air quality reports covering calendar years 2019, 2020, 2021, and 2022

Task 5: Ozone Monitoring

Under this task, CAPCOG will conduct ozone and meteorological monitoring at eight continuous air monitoring stations (CAMS) throughout the region in accordance with the 2019-2023 monitoring plan approved by the CAC in May 2018. Activities funded under this task will include:

- Relocation of any monitoring equipment if recommended in the 2019-2023 monitoring plan;
- Preventative maintenance activities;
- Regular equipment calibrations;
- Equipment rental or replacement;
- Incidental equipment repair costs and supply costs;
- Provision of utilities to each station;
- Licenses to use TCEQ's LEADS data system to host and display monitoring data;
- Reporting data to TCEQ's LEADS system and EPA's AirNow system;
- Data validation activities;
- Monthly reports on from CAPCOG's contractor; and
- An annual report summarizing monitoring activities and comparison of performance to data quality objectives in CAPCOG's Quality Assurance Project Plan (QAPP).

CAPCOG's primary data objectives are based on EPA's most recent ambient air monitoring guidance for ozone monitoring:

- Collection and validation of at least 75% of all possible hourly ozone, wind speed, wind direction, temperature, and humidity measurements each month from March 1 through November 15 each year;
- Ozone measurements to remain within 7% of reference measurements during monthly calibrations. These performance goals are consistent with EPA's most recent ambient air monitoring guidance for ozone monitoring.

Expected outputs include:

- Hourly, quality-assured ozone, wind speed, wind direction, temperature, and relative humidity data reported to TCEQ's LEADS system and EPA's AirNow system from eight CAPCOG monitoring stations; and
- An annual monitoring report documenting monitoring activities completed that year and a comparison of performance to data quality objectives.

Task 6: Monitoring Data Analysis

Under this task, CAPCOG will perform an annual data analysis of the air pollution and meteorological data collected in the previous year and compare these data to data collected in previous years. This will help identify the conditions that were most likely to lead to high air pollution levels, whether these conditions were more or less likely to occur in 2018 compared to prior years, and whether there were any specific emissions-related or meteorological-related explanations for any deviations from what has been typical for the previous several years. This analysis will help provide a better understanding of the extent to which local emission reduction efforts impacted ambient air pollution concentrations.

Expected outputs include:

- An annual air monitoring data analysis report;
- Accompanying spreadsheets.

Task 7: Emissions, Control Strategy, and Air Quality Modeling Analysis

Under this task, CAPCOG will analyze emissions and air quality modeling data relevant to ongoing regional air quality planning. This includes:

- Reviewing point source emissions inventory data reported by the facilities;
- Review mobile source emissions inventory data prepared by EPA, TCEQ, or others;
- Review studies and technical reports related to emissions and control strategies;
- Review of air quality modeling analyses conducted by EPA, TCEQ, and others;
- Refinement of emissions estimates for key sources, where appropriate;
- Analyzing trends in changes in emissions over time;
- Assessing the level of control current emission reduction measures are achieving;
- Estimating the ambient air quality impact of various emissions control and growth scenarios; and
- Estimation of costs and benefits of implementing various control strategies.

Expected outputs include:

- Memos summarizing emissions, control strategy, and modeling analyses completed;
- Reports documenting any emissions inventory refinement, control strategy assessments, or impact assessments completed.

Task 8: Other Studies and Planning Activities

This task involves other research and planning activities as directed by the CAC. Examples projects in this category include:

- Preparation of an annual work plan for approval by the CAC that provides further definition to activities that will be carried out by CAPCOG in the following year;
- Analysis of the health, environmental, and social impacts of regional air pollution;
- Analysis of the potential economic and regulatory impacts of non-compliance with air quality standards; and
- Development of air quality plans.

Resources

This scope of work is being carried out during FY 2019 with approximately $437,000, with contributions from 22 different local governments providing the necessary funding. CAPCOG will prepare an updated estimate of the annual funding needed to carry out this scope of work during the first quarter of each year ahead of funding requests submitted to local governments for the following year, based on any changes in costs of goods and services.

Attachment B: CAPCOG Air Quality Local Funding Request for FY 2020

CAPCOG's FY 2020 air quality program funding request is based on a continuation of the local funding requests that CAPCOG made for FY 2018 and FY 2019 to each Clean Air Coalition jurisdiction.

- CAPCOG calculated the total funding needed to maintain the level of services provided in FY 2018 and FY 2019 to be $430,000, $7,000 less than the FY 2019 request. While certain costs will increase due to inflation, the monitoring contract for 2019-2021 came in lower than anticipated.
- CAPCOG updated the population basis for the funding requests to be the same as it uses for its dues formula – the most recent population data from the Texas State Demographic Center. It was previously based on July 1, 2016, Census bureau estimates obtained in summer 2017.
- Similar to CAPCOG's dues formula, the per-capita rate for cities ($0.1625) is twice the rate for counties ($0.0813) to reflect differences in funding available to each type of local government.

Jurisdiction	January 1, 2018, Population	FY 2019 Funding Request	Change FY 2019 – FY 2020	FY 2020 Funding Request
Bastrop County	89,072	$7,197	$42	***$7,239***
Caldwell County	42,453	$3,580	($130)	***$3,450***
Hays County	218,889	$17,786	$3	***$17,789***
Travis County	1,244,156	$104,326	($3,215)	***$101,111***
Williamson County	562,407	$45,992	($286)	***$45,706***
City of Austin	958,698	$164,909	($9,085)	***$155,824***
City of Bastrop	8,954	$1,482	($27)	***$1,455***
City of Bee Cave	6,389	$1,137	($99)	***$1,038***
City of Buda	14,178	$2,614	($310)	***$2,304***
Cedar Park	67,836	$11,990	($964)	***$11,026***
City of Elgin	10,048	$1,622	$11	***$1,633***
City of Georgetown	69,597	$11,681	($369)	***$11,312***
City of Hutto	24,719	$4,146	($128)	***$4,018***
City of Kyle	42,889	n/a	$6,970	***$6,970***
City of Lago Vista	6,587	n/a	$1,070	***$1,070***
City of Lakeway	15,283	$2,547	($63)	***$2,484***
City of Leander	52,425	$7,439	$1,082	***$8,521***
City of Lockhart	13,951	$2,353	($85)	***$2,268***
City of Luling	13,951	$1,023	($48)	***$975***
City of Pflugerville	64,870	$10,307	$237	***$10,544***
City of Round Rock	124,738	$21,032	($757)	***$20,275***
City of San Marcos	61,486	$10,783	($789)	***$9,994***
City of Sunset Valley	731	$121	($2)	***$119***
City of Taylor	17,687	$2,933	($58)	***$2,875***
MSA TOTAL	**2,156,977**	**$437,000**	**($7,000)**	***$430,000***

DRAFT

CITY OF KYLE, TEXAS

National Sign Plazas

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: National Sign Plazas home builder signs. ~ *Tracy Scheel, Council Member*

Other Information:

Legal Notes:

Budget Information:

ATTACHMENTS:

Description

No Attachments Available

CITY OF KYLE, TEXAS

City Manager's Report

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: Update on various capital improvement projects, road projects, building program, and/or general operational activities where no action is required. ~ *J. Scott Sellers, City Manager*

- Pawsitive Outcomes Survey

Other Information:

Legal Notes:

Budget Information:

ATTACHMENTS:

Description

No Attachments Available

CITY OF KYLE, TEXAS

Executive Session

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: Pursuant to Chapter 551, Texas Government Code, the City Council reserves the right to convene into Executive Session(s) from time to time as deemed necessary during this meeting. The City Council may convene into Executive Session pursuant to any lawful exception contained in Chapter 551 of the Texas Government Code including any or all of the following topics.

1. Pending or contemplated litigation or to seek the advice of the City Attorney pursuant to Section 551.071.
    - Notice of claim related to the Sunset Ridge Manufactured Home Park Vested rights claim
2. Possible purchase, exchange, lease, or value of real estate pursuant to Section 551.072.
3. Personnel matters pursuant to Section 551.074.
4. Convene into executive session pursuant to Section 551.087, Texas Government Code, to deliberate regarding the offer of economic incentives to one or more business prospects that the City seeks to have locate, stay, or expand in or near the City.
    - Project Wolverine

Other Information:

Legal Notes:

Budget Information:

ATTACHMENTS:

Description

No Attachments Available

CITY OF KYLE, TEXAS

Reconvene

Meeting Date: 4/16/2019
Date time:6:00 PM

Subject/Recommendation: Take action on items discussed in Executive Session.

Other Information:

Legal Notes:

Budget Information:

ATTACHMENTS:

Description

No Attachments Available