

-FINAL DRAFT COPY-

June 3, 2011

CITY OF PFLUGERVILLE

TAX REINVESTMENT ZONE NO. ONE

FINAL PROJECT PLAN

AND REINVESTMENT ZONE FINANCING PLAN

June 3, 2011

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INTRODUCTION

Falcon Pointe is an ongoing master planned community with a variety of residential and non-residential uses within the City of Pflugerville (the "City") located in the vicinity of Tollway 130 and Pfluger Parkway. By partnering with Terrabrook Falcon Pointe, LP, the developer of Falcon Pointe, the City can implement significant improvements consistent with its long-term goals for the undeveloped areas of the City within and around Falcon Pointe.

Currently, the property is limited by several impediments which have rendered the property undeveloped or underdeveloped, and hindered the ability of property owners and the City to realize its highest and best use. The proposed tax increment reinvestment zone described in these plans (the "Zone") provides a mechanism to overcome these impediments and create a quality and cohesive addition to the City and its residents in a financially sound manner. But for the Zone financing, these improvements would not be financially viable in the foreseeable future for either the developer or the City.

The following Project Plan and Financing Plan describe the purposes and funding sources of the Zone; statutory references in the Plans are to the applicable provisions of the Texas Tax Code relating to the required contents of the Plans. **Development standards within Falcon Pointe shall continue to be dictated by the Falcon Pointe Alternative Land Use Regulation Two South agreement, executed May 2009 and subsequently adopted in Ordinance number 999-09-04-28 of the City of Pflugerville.**

PROJECT PLAN

1. Existing Property Uses/Proposed Improvements/Proposed Property Uses (311.011(b)(1))

a. Existing uses and conditions of real property in the zone

The property within the Zone is currently undeveloped, open, and vacant. The current uses of the Zone are depicted on **Exhibit A**. The metes and bounds description of the Zone boundary is in **Exhibit B**.

b. Proposed Improvements to the property

Improvements proposed for the property in the Zone include (**Exhibit D**):

- Colorado Sands Boulevard (North/South Retail Collector)
 - Segment "A" (Phase One):
[including; paving, water, sewer, drainage, landscaping/amenities, lighting, sidewalks]
 - Segment "A" (Phase Two):

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[including; paving, water, sewer, drainage, landscaping/amenities, lighting, sidewalks]

- o **Segment "B" (Phase One):**

[including; "High School" connection to SH130, right-of-way acquisition over "Bohl's Tract, paving, surface street drainage (phase one section consists of full ROW width, raised median, single inside travel lane each direction and water main)]

Colorado Sands Boulevard (North/South Retail Collector) design standard; four-lane divided Modified Minor Arterial. Modified Minor Arterial defined as; four-lane divided roadway section; 90-foot ROW, ultimate section; 4-travel lanes, 64-foot pavement width, 12-foot raised median width, 465-foot max. curve radius, 35 mph design speed. **Specific design elements related to median cuts, street lighting and ROW landscaping to be coordinated during the final engineering and landscape design phase.**

- South Tract Lift Station:
(i.e. wastewater lift station, gravity and force main facilities)
- Falcon Pointe Boulevard/Lonestar Blvd:
(i.e. complete loop from existing terminus's and connection from FP Blvd. to Colorado Sands; water, sewer, drainage, paving, landscaping/amenities, lighting, sidewalks)
- South Tract Regional Pond and Amenitization:

(i.e. detention/drainage, landscaping, trails, recreation improvements)
- Executive Housing Amenitization:
(i.e. landscaping, entry monumentation/gate, masonry walls)

c. Proposed property uses

The proposed uses for the property are shown in **Table 1** and depicted on **Exhibit C**.

2. Proposed Changes of Municipal Ordinances (311.011(b)(2))

There are no contemplated changes to ordinances or codes of the City.

3. Estimated Non-Project Costs (311.011(b)(3))

The estimated non-project costs are the development costs to be funded by the developer for which there is no proposed Zone reimbursement. The estimated non-project costs are shown in **Table 2**. Not included in the listed non-project costs is the significant additional private investment associated with land acquisition, taxes, and marketing.

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4. Method of Relocation (311.011(b)(4))

There are no existing residents that will be displaced by the project.

REINVESTMENT ZONE FINANCING PLAN

1. Estimated Project Costs of the Zone (311.011(c)(1))

The project costs are estimated to be **\$10,215,000**, and include public improvements and the associated costs for designing, acquiring and constructing the improvements. Additional project costs include financing costs, as well as the costs of creating and administering the Zone. Land costs for eligible public improvements, are eligible Zone costs. Project costs are presented in 2010 dollars; an appropriate construction price index will be applied to account for increased costs over the life of the project. Project costs are shown in **Table 3**.

2. Proposed Public Works and Improvements (311.011(c)(2))

The eligible public works and improvements for the zone are shown on **Exhibit D** and include roadways and drainage, wastewater collection, storm water detention facilities, amenity lakes, and parks, trails, landscaping, and recreation facilities. The land cost for eligible public works and improvement projects is an eligible project cost.

3. Economic Feasibility Study (311.011(c)(3))

A market study prepared by **Metrostudy**, supports the absorption projections used in the Plan and is included in **Exhibit E**.

4. Estimate of Bonded Indebtedness (311.011(c)(4))

Bonds secured by tax increment revenues may be issued for or on behalf of the Zone to pay Zone project costs, including financing costs such as capital costs, interest, and credit enhancement, as well as administration costs. The bonds may be issued in one or more series at the earliest time that the Zone's tax increment revenues are sufficient to pay principal and interest on such bonds. The estimated amount of bonds to be issued is **\$13,670,000**, which funds reimbursements of approximately **\$10,215,000** and costs of issuance of approximately **\$1,367,000**. In addition, the bonds will fund capitalized interest and reserve fund of approximately **\$2,088,000**, which will both be used to pay debt service. The Zone may supplement bonded reimbursements with reimbursements paid directly from tax increment proceeds as they become available. Project costs in **Table 3** are expressed in 2010 dollars.

5. Estimate of time when costs and monetary obligations are incurred (311.01(c)(5))

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The Zone will incur costs and monetary obligations at the inception of the Zone and at such time as projects are constructed by or on behalf of the Zone.

6. Method of Financing (311.011(c)(6))

Project costs will be advance funded by the developer or by the City, or incurred directly by or on behalf of the Zone. It is expected that the Zone will finance projects directly, or reimburse the developer or the City by a combination of tax-exempt bonds and cash reimbursements. Increment created within the portion of the Zone designated "A" on the Exhibit "D" will be used to reimburse the developer or to service the debt used to reimburse the developer with respect to "Developer" Zone "A" Improvements. Increment created within the portion of the Zone designated "B" on the Exhibit "D" will be used to reimburse the City or to service the debt used to reimburse the City with respect to "City" Zone "B" Improvements.

The City of Pflugerville is the initial participant in the Zone. Additional participants may include Travis County Emergency Services District No. 2. The City property tax participation is 100 percent, **subject to City Administration fee (5%) along with an annual City Service Payment to the City.** Travis County Emergency Services District No. 2 may participate at a rate of up to 100 percent of its tax rate.

The City may retain the estimated costs of providing municipal services in the Zone. The cost of service payment to the City is based on the following schedule:

ZONE YEAR	CITY SERVICE PAYMENT
1-30	\$250/year per residential unit

For cost of service purposes, town homes and multi-family units are counted as 70 percent of a residential unit.

The projected net Zone revenues available, after applying the City's costs of service for reimbursements, are shown in Table 4.

7. Current Appraised Value of Real Property in the Zone (311.011(c)(7))

The total taxable value for the Zone, based on available 2010 certified values, is \$5,599,469. The taxable value for the Zone "A" is \$2,365,469 and taxable value for the Zone "B" is \$3,234,00. The certified 2010 value, when certified, will be the actual Base Year Value.

8. Estimated Captured Appraised Value (311.011(c)(8))

The captured appraised property value within the Zone is projected to be approximately \$314,898,556 at the end of the life of the Zone. The projected increment and captured appraised value by year is shown in **Table 5.**

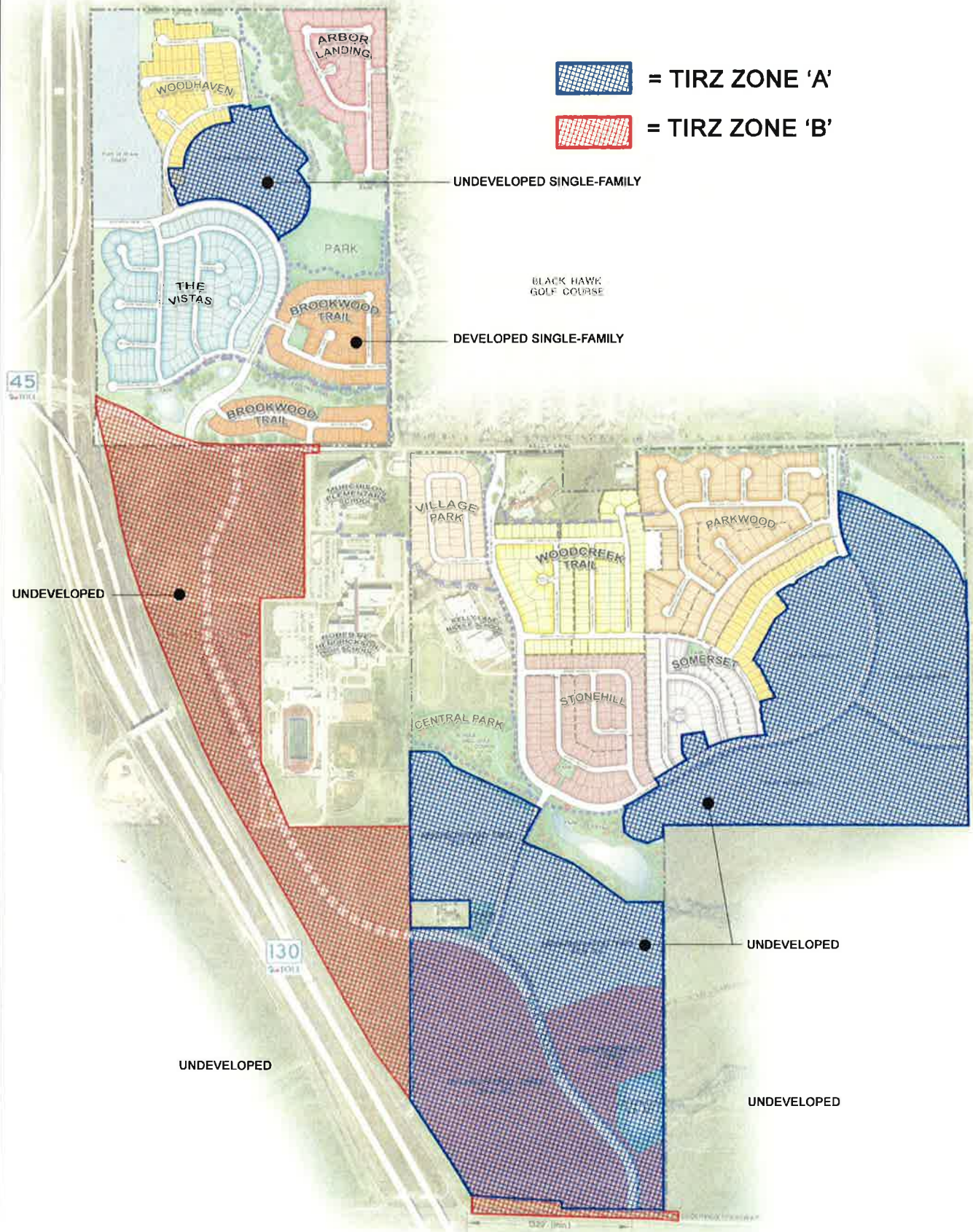
9. Duration of the Zone (311.011(c)(9))

The duration of the Zone is 30 years.

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Exhibit A. Existing Conditions

EXISTING CONDITIONS



 = TIRZ ZONE 'A'
 = TIRZ ZONE 'B'

UNDEVELOPED SINGLE-FAMILY

BLACK HAWK GOLF COURSE

DEVELOPED SINGLE-FAMILY

UNDEVELOPED

UNDEVELOPED

UNDEVELOPED

UNDEVELOPED



The information shown is based on the best available and is subject to change without notice.



by Newland COMMUNITIES

TIRZ ONE - EXHIBIT A

February 17, 2011

The developer has reserved the right, without notice, to make changes to this map and other aspects of the development to comply with governmental requirements and to fulfill its marketing objectives.

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Exhibit B. Metes and Bounds Description

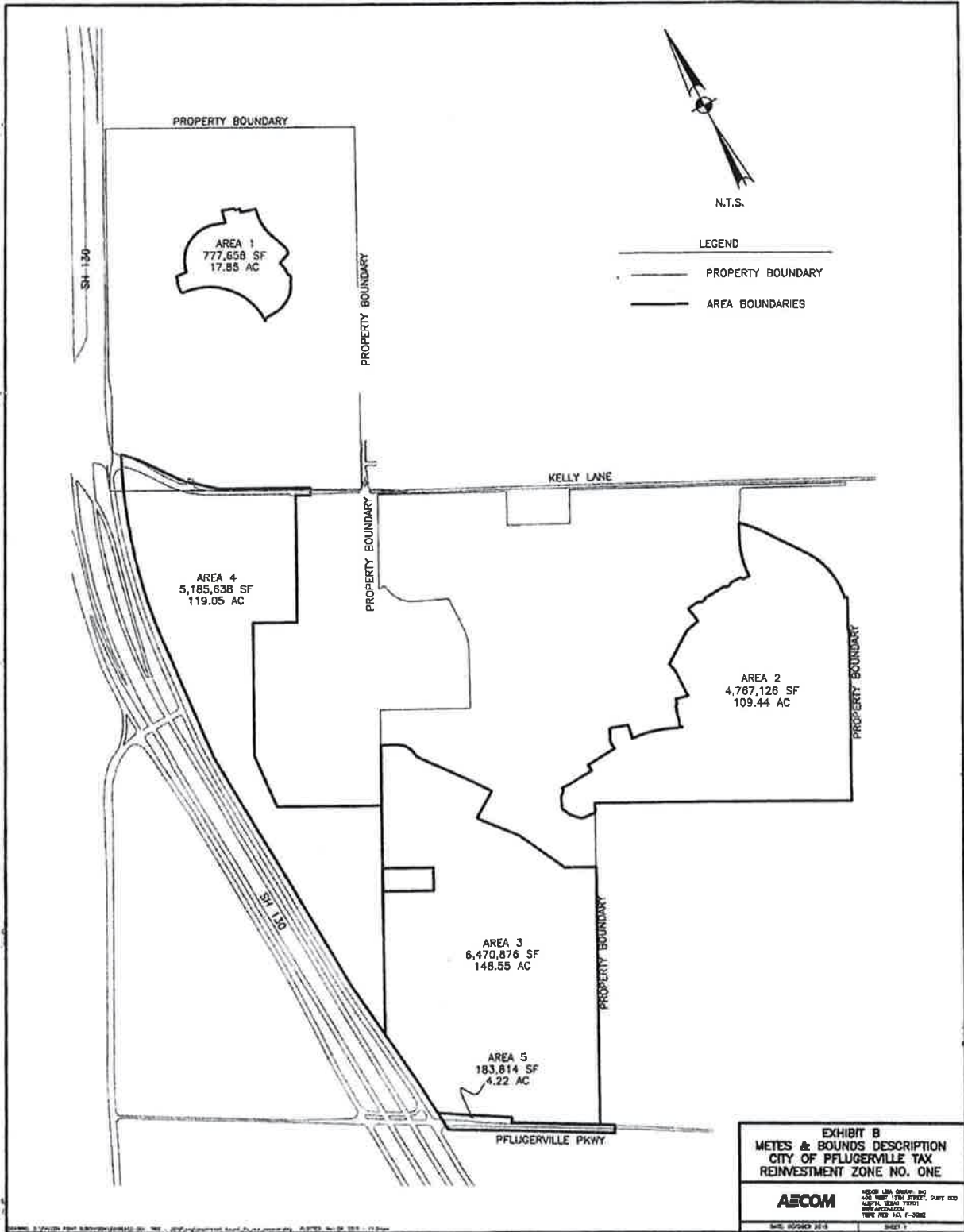


EXHIBIT B
METES & BOUNDS DESCRIPTION
CITY OF PFLUGERVILLE TAX
REINVESTMENT ZONE NO. ONE

AECOM

AECOM USA GROUP, INC.
 440 WEST 13TH STREET, SUITE 100
 AUSTIN, TEXAS 78701
 WWW.AECOM.COM
 TEL: 512.424.1300

DATE: 03/06/2018

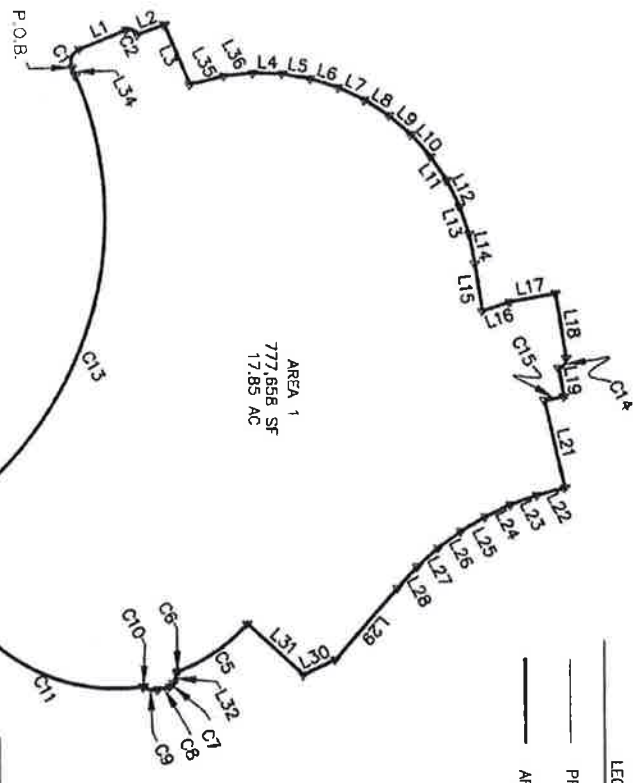
SHEET 1

PROPERTY BOUNDARY

LINE	BEARING	DISTANCE
L1	N 05°17'19" E	87.83'
L2	N 07°10'11" E	50.03'
L3	S 84°42'11" E	114.09'
L4	N 30°15'04" E	50.28'
L5	N 37°58'50" E	50.29'
L6	N 45°42'37" E	50.29'
L7	N 53°26'24" E	50.28'
L8	N 61°09'31" E	50.28'
L9	N 68°34'01" E	50.29'
L10	N 76°37'11" E	50.28'
L11	N 84°21'44" E	50.28'
L12	S 87°55'06" E	50.28'
L13	S 80°11'14" E	50.26'
L14	S 72°37'33" E	51.45'
L15	S 70°26'22" E	84.79'
L16	N 09°00'55" E	50.95'
L17	N 16°48'17" E	80.11'
L18	S 70°26'47" E	115.14'

LINE	BEARING	DISTANCE
L19	S 71°41'49" E	50.00'
L20	S 74°35'50" E	155.00'
L21	S 12°41'07" W	49.31'
L22	S 07°15'01" W	49.31'
L23	S 01°48'55" W	49.31'
L24	S 03°37'11" E	49.31'
L25	S 08°03'18" E	49.31'
L26	S 14°29'24" E	49.31'
L27	S 19°34'14" E	51.46'
L28	S 20°33'49" E	165.00'
L29	S 03°20'03" W	61.85'
L30	S 70°21'38" W	130.00'
L31	S 43°05'48" E	17.73'
L32	S 88°22'09" W	113.96'
L33	N 84°43'29" W	16.26'
L34	N 13°53'53" E	61.82'
L35	N 22°31'21" E	50.29'
L36	N 22°31'21" E	50.29'

CURVE	LENGTH	RADIUS	DELTA	CHORD BEARING	LENGTH
C1	39.27	25.00	90°00'39"	N 39°43'01" W	35.36
C2	23.56	15.00	90°00'00"	N 50°17'19" W	21.21
C3	146.92	310.00	27°09'13"	S 06°03'46" E	145.54
C4	4.42	5.00	50°36'38"	S 17°47'29" E	4.27
C5	9.55	10.00	54°42'15"	S 15°44'40" E	9.19
C6	21.32	330.00	3°42'06"	S 13°27'31" W	21.32
C7	25.52	30.00	48°44'52"	S 39°41'00" W	24.76
C8	1.55	2.00	44°27'47"	S 41°49'32" W	1.51
C9	372.94	320.00	66°46'30"	S 52°58'54" W	352.19
C10	36.83	25.00	84°24'35"	S 44°09'51" W	33.59
C11	951.19	630.00	86°30'25"	N 41°28'08" W	863.39
C12	23.23	15.00	88°44'59"	S 26°04'18" E	20.98
C13	34.17	675.00	2°54'01"	S 16°51'11" W	34.17



LEGEND
 ——— PROPERTY BOUNDARY
 ——— AREA BOUNDARIES

PROPERTY BOUNDARY

1" = 200'



EXHIBIT B
METES & BOUNDS DESCRIPTION
CITY OF PULVERVILLE TAX
REINVESTMENT ZONE NO. ONE

AECOM



400 WEST 15TH STREET, SUITE 300
 NEWARK, MO 64501
 TEL: 866.866.7362

DATE: OCTOBER 2010

KELLY LANE

PROPERTY BOUNDARY

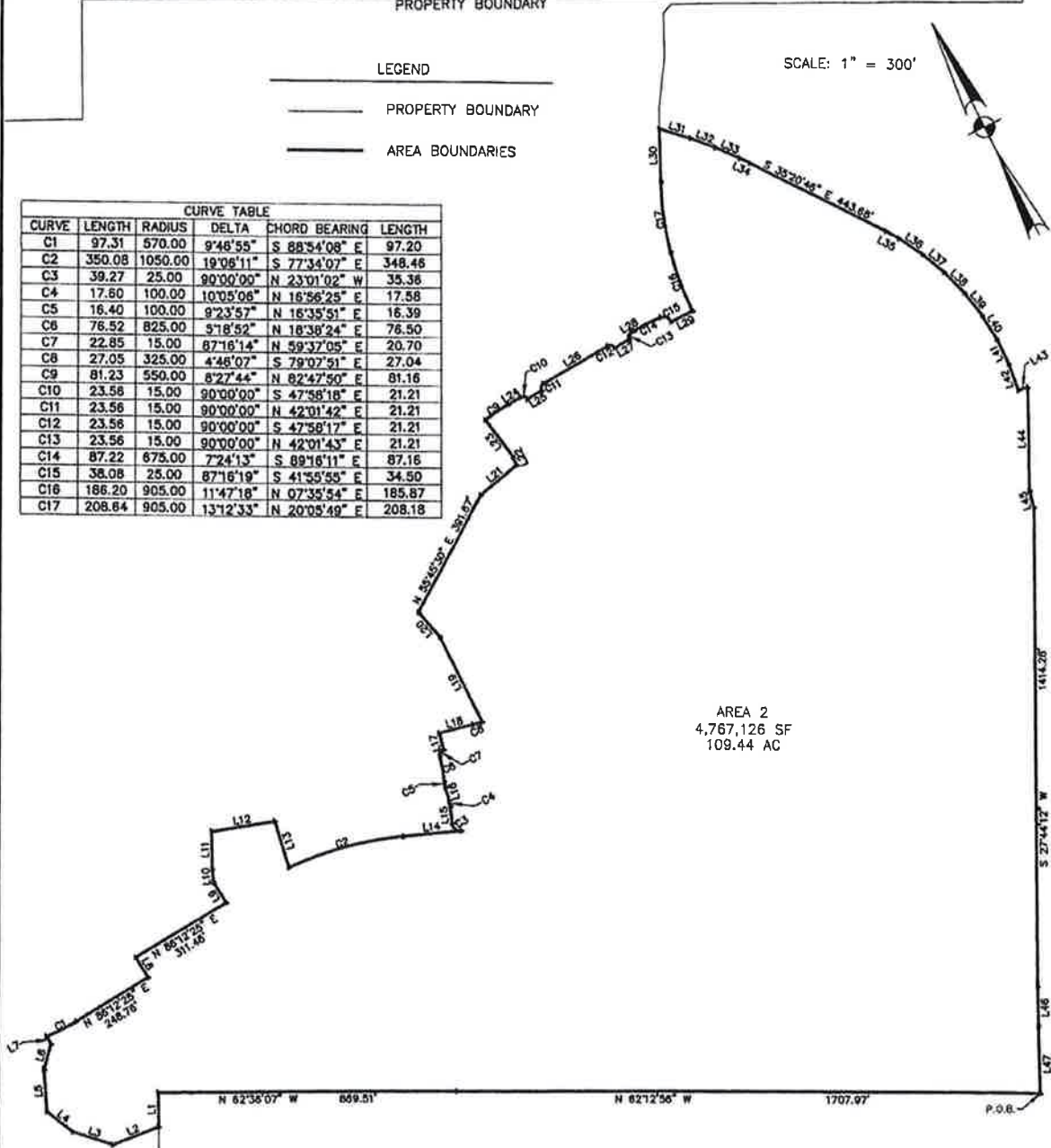
LEGEND

-  PROPERTY BOUNDARY
-  AREA BOUNDARIES

SCALE: 1" = 300'



CURVE TABLE					
CURVE	LENGTH	RADIUS	DELTA	CHORD BEARING	LENGTH
C1	97.31	570.00	9°48'55"	S 88°54'08" E	97.20
C2	350.08	1050.00	19°06'11"	S 77°34'07" E	348.46
C3	39.27	25.00	90°00'00"	N 23°01'02" W	35.38
C4	17.60	100.00	10°05'06"	N 16°56'25" E	17.58
C5	16.40	100.00	9°23'57"	N 16°35'51" E	16.39
C6	76.52	825.00	5°18'52"	N 18°38'24" E	76.50
C7	22.85	15.00	87°16'14"	N 59°37'05" E	20.70
C8	27.05	325.00	4°48'07"	S 79°07'51" E	27.04
C9	81.23	550.00	8°27'44"	N 82°47'50" E	81.16
C10	23.56	15.00	90°00'00"	S 47°58'18" E	21.21
C11	23.56	15.00	90°00'00"	N 42°01'42" E	21.21
C12	23.56	15.00	90°00'00"	S 47°58'17" E	21.21
C13	23.56	15.00	90°00'00"	N 42°01'43" E	21.21
C14	87.22	675.00	7°24'13"	S 89°16'11" E	87.16
C15	38.08	25.00	87°16'19"	S 41°55'59" E	34.50
C16	186.20	905.00	11°47'18"	N 07°35'54" E	185.87
C17	208.84	905.00	13°12'33"	N 20°05'49" E	208.18



AREA 2
4,767,126 SF
109.44 AC

LINE TABLE		
LINE	BEARING	DISTANCE
L1	S 27°35'36" W	101.47'
L2	N 84°28'54" W	144.88'
L3	N 44°12'07" W	123.80'
L4	N 24°17'11" W	98.34'
L5	N 24°01'10" E	124.10'
L6	N 43°39'26" E	76.93'
L7	N 01°42'04" W	25.59'
L8	N 03°47'42" W	70.00'
L9	N 03°10'15" W	70.02'
L10	N 22°16'02" E	39.10'
L11	N 27°04'50" E	110.00'
L12	S 71°24'09" E	185.21'
L13	S 11°04'05" W	140.83'
L14	S 68°01'01" E	169.46'
L15	N 21°58'58" E	49.52'
L16	N 11°53'52" E	39.84'
L17	N 13°15'12" E	50.00'
L18	S 76°44'48" E	103.44'
L19	N 01°37'57" E	278.03'
L20	N 12°41'22" W	95.56'
L21	N 77°45'51" E	138.73'
L22	N 03°25'08" E	28.85'
L23	N 08°53'58" W	132.18'

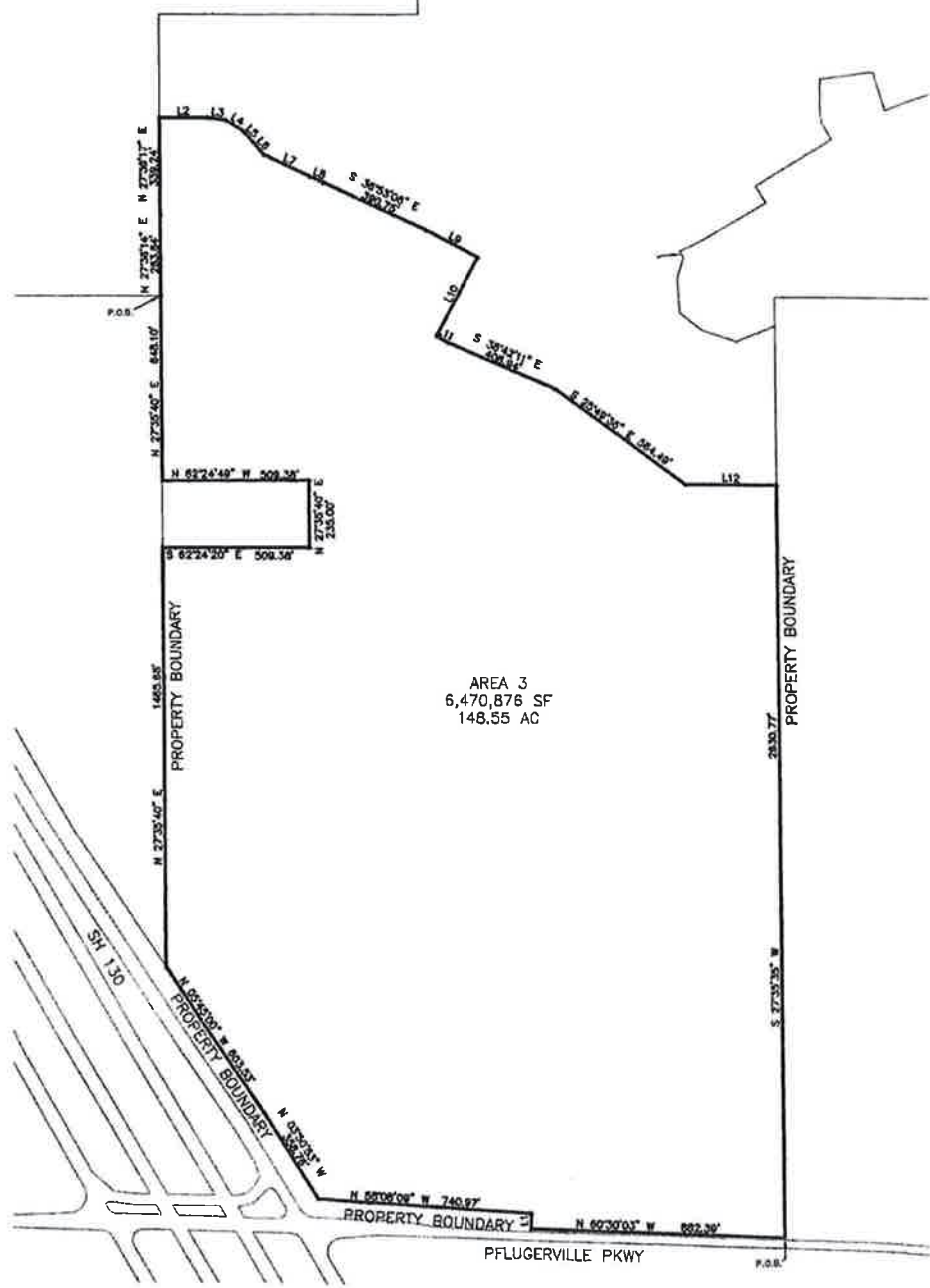
LINE TABLE		
LINE	BEARING	DISTANCE
L24	N 87°01'43" E	43.14'
L25	N 87°01'43" E	50.00'
L26	N 87°01'43" E	220.00'
L27	N 87°01'43" E	50.00'
L28	N 87°01'43" E	10.72'
L29	S 88°17'45" E	70.00'
L30	N 26°42'08" E	158.32'
L31	S 45°12'03" E	96.72'
L32	S 41°39'34" E	77.43'
L33	S 38°22'44" E	77.49'
L34	S 36°10'57" E	33.11'
L35	S 33°41'33" E	43.86'
L36	S 28°53'17" E	82.13'
L37	S 22°38'59" E	81.06'
L38	S 18°25'22" E	83.24'
L39	S 10°15'59" E	82.18'
L40	S 03°55'18" E	82.16'
L41	S 02°18'47" W	82.06'
L42	S 08°33'06" W	82.14'
L43	S 78°25'07" E	29.10'
L44	S 27°18'51" W	306.54'
L45	S 12°30'49" W	50.06'
L46	S 26°55'22" W	116.34'
L47	S 26°34'29" W	196.28'

EXHIBIT B
METES & BOUNDS DESCRIPTION
CITY OF PFLUGERVILLE TAX
REINVESTMENT ZONE NO. ONE

AECOM
AECOM USA GROUP, INC.
400 WEST 15TH STREET, SUITE 500
AUSTIN, TEXAS 78701
WWW.AECOM.COM
NBP REG. NO. F-3082



SCALE: 1" = 400'



AREA 3
6,470,876 SF
148.55 AC

LINE TABLE		
LINE	BEARING	DISTANCE
L1	N 29°44'00" E	53.43'
L2	S 62°13'10" E	188.90'
L3	S 54°11'23" E	64.22'
L4	S 31°11'02" E	66.74'
L5	S 15°37'20" E	49.52'
L6	S 12°37'59" E	60.41'
L7	S 37°04'37" E	176.77'
L8	S 38°30'05" E	52.47'
L9	S 34°07'49" E	206.78'
L10	S 55°52'11" W	312.89'
L11	S 32°20'14" E	46.32'
L12	S 62°16'43" E	314.82'

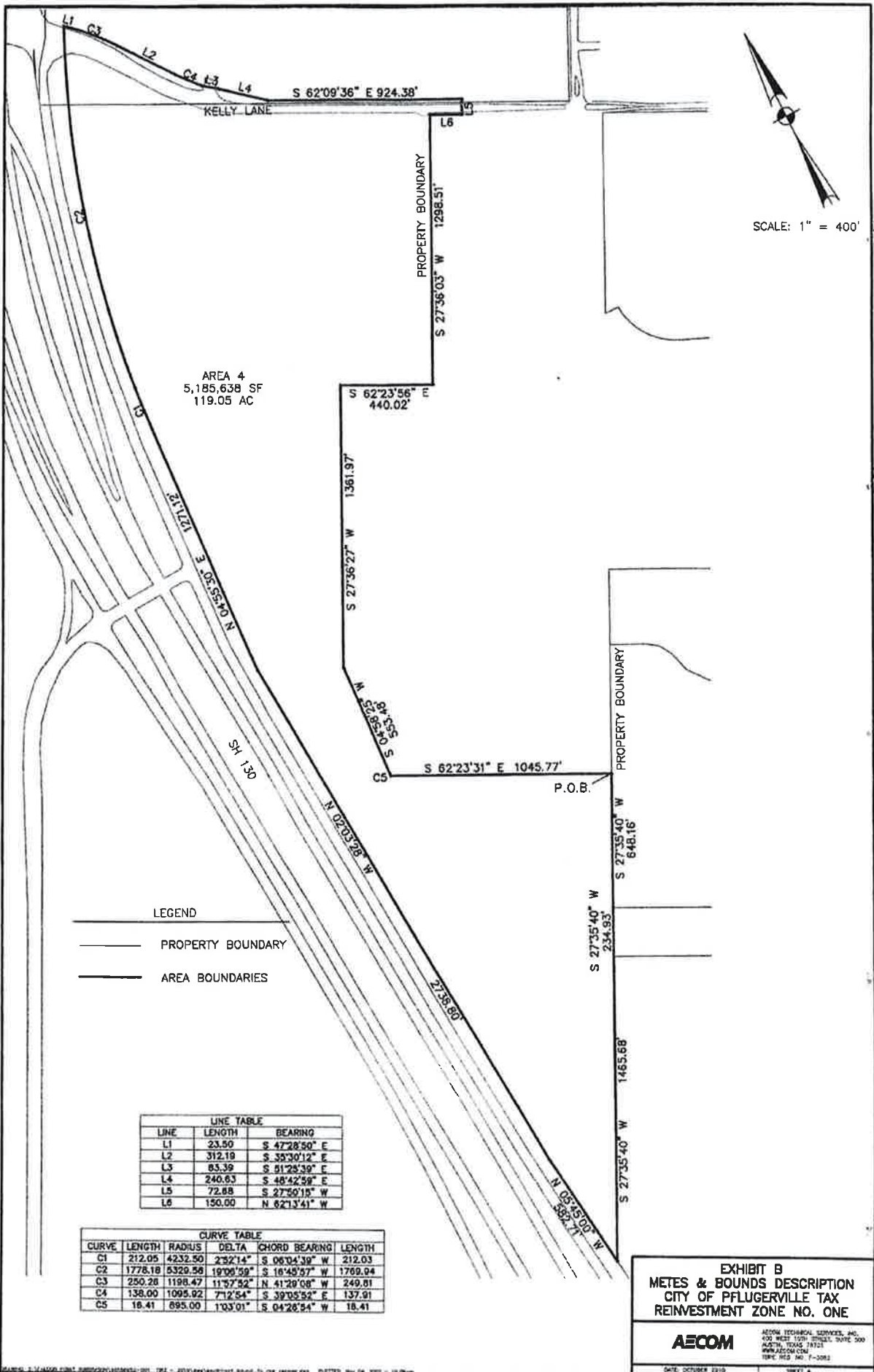
LEGEND

- PROPERTY BOUNDARY
- - - AREA BOUNDARIES

EXHIBIT B
METES & BOUNDS DESCRIPTION
CITY OF PFLUGERVILLE TAX
REINVESTMENT ZONE NO. ONE

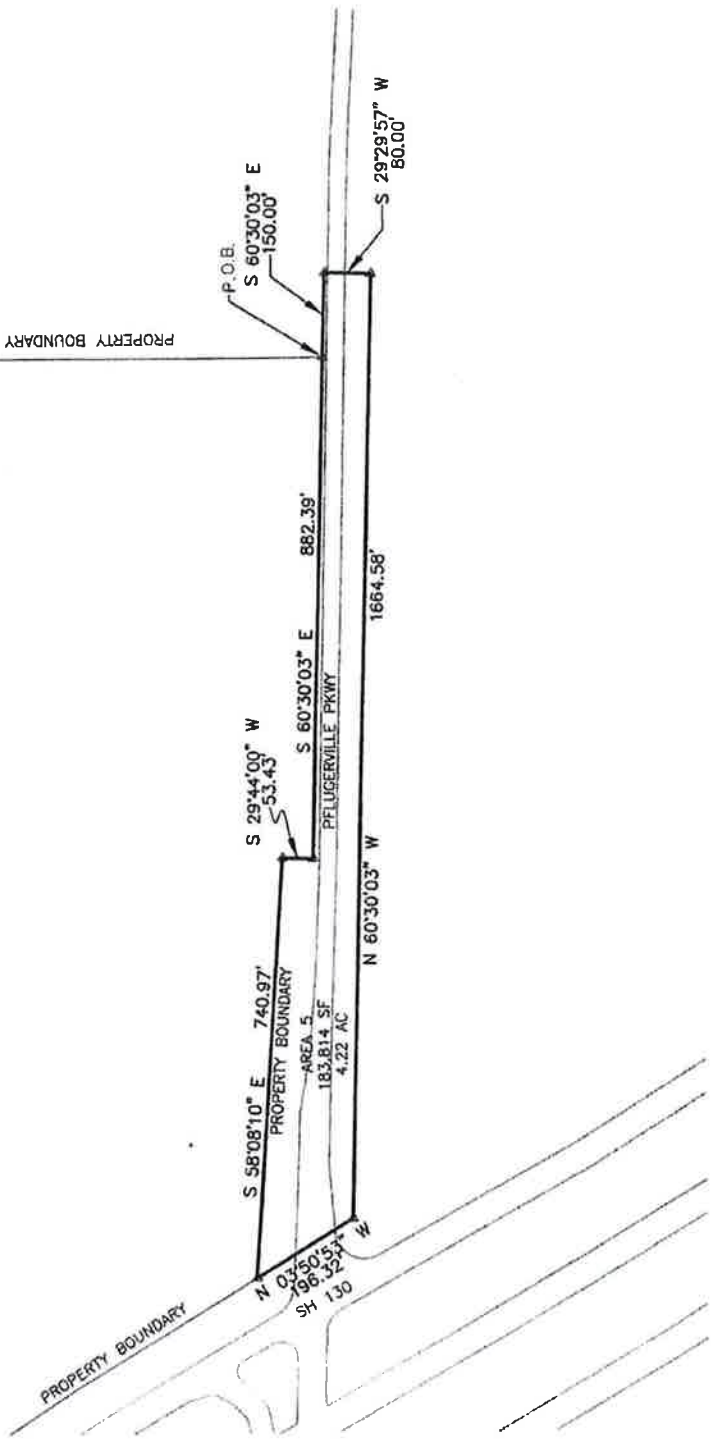
AECOM

AECOM TECHNICAL SERVICES, INC.
400 WEST 137th STREET, SUITE 200
AUSTIN, TEXAS 78718
WWW.AECOM.COM
FORM REV. NO. F-3082





SCALE: 1" = 200'



LEGEND

--- PROPERTY BOUNDARY

--- AREA BOUNDARIES

EXHIBIT B
METES & BOUNDS DESCRIPTION
CITY OF PELUGERVILLE TAX
REINVESTMENT ZONE NO. ONE





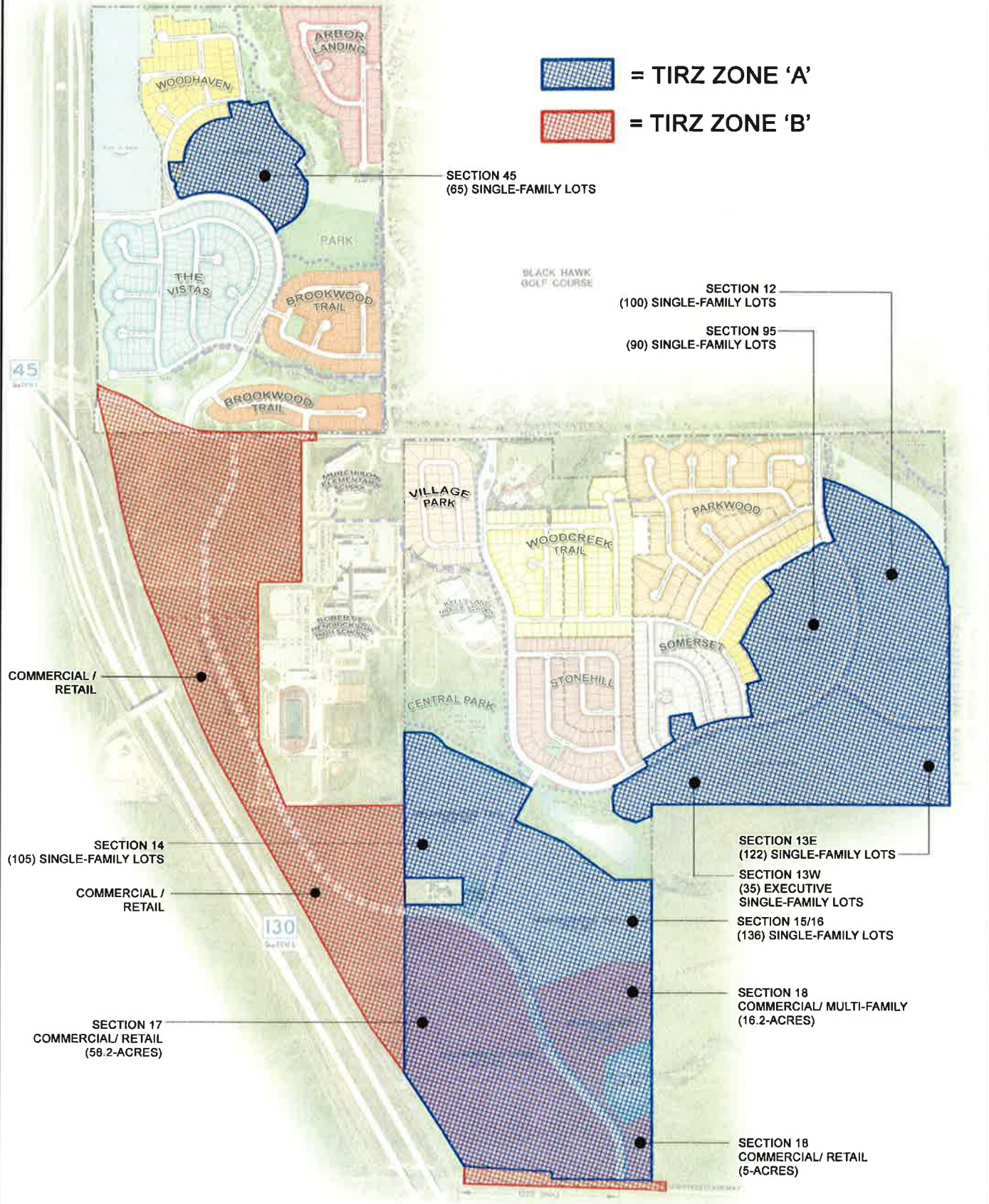
AECOM TECHNICAL SERVICES, INC.
8000 WEST 10TH AVENUE, SUITE 500
DENVER, COLORADO 80202
TEL: 303.555.7000
WWW.AECOM.COM

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Exhibit C. Proposed Land Uses

LAND USE

-  = TIRZ ZONE 'A'
-  = TIRZ ZONE 'B'



SECTION 45
(65) SINGLE-FAMILY LOTS

SECTION 12
(100) SINGLE-FAMILY LOTS

SECTION 95
(90) SINGLE-FAMILY LOTS

COMMERCIAL /
RETAIL

SECTION 14
(105) SINGLE-FAMILY LOTS

COMMERCIAL /
RETAIL

SECTION 17
COMMERCIAL/ RETAIL
(58.2-ACRES)

SECTION 13E
(122) SINGLE-FAMILY LOTS

SECTION 13W
(35) EXECUTIVE
SINGLE-FAMILY LOTS

SECTION 15/16
(136) SINGLE-FAMILY LOTS

SECTION 18
COMMERCIAL/ MULTI-FAMILY
(16.2-ACRES)

SECTION 18
COMMERCIAL/ RETAIL
(5-ACRES)



North



The information shown is based on the best available data and is subject to change without notice.



by
Newland COMMUNITIES

TIRZ ONE - EXHIBIT C



February 17, 2011

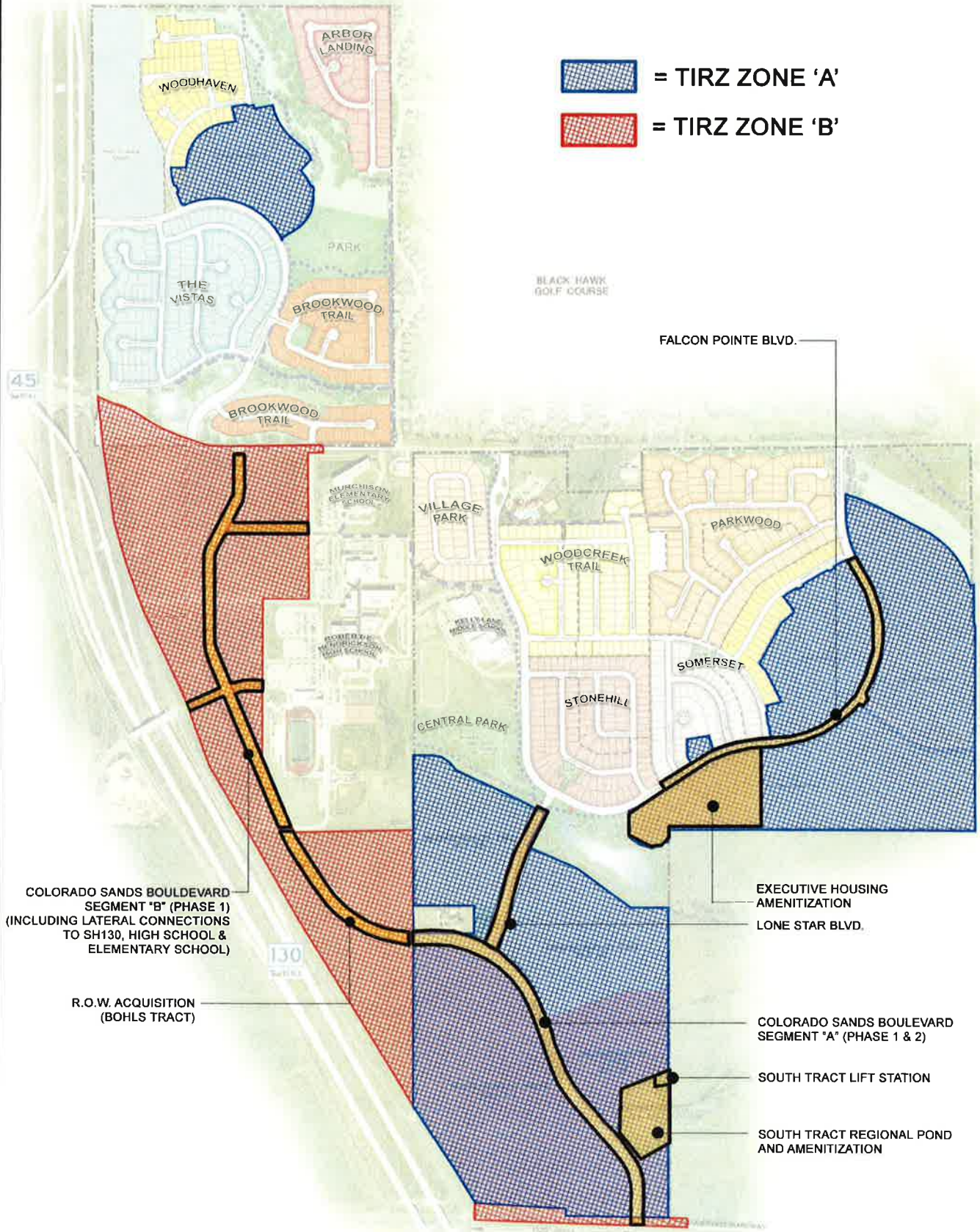
The developer has reserved the right, without notice, to make changes to the map and other aspects of the development to comply with governmental requirements and to fulfill its marketing objectives.

-FINAL DRAFT COPY-

Exhibit D. Proposed Public Improvements

PUBLIC IMPROVEMENTS

-  = TIRZ ZONE 'A'
-  = TIRZ ZONE 'B'



COLORADO SANDS BOULEVARD
SEGMENT 'B' (PHASE 1)
(INCLUDING LATERAL CONNECTIONS
TO SH130, HIGH SCHOOL &
ELEMENTARY SCHOOL)

R.O.W. ACQUISITION
(BOHLS TRACT)

EXECUTIVE HOUSING
AMENITIZATION
LONE STAR BLVD.

COLORADO SANDS BOULEVARD
SEGMENT 'A' (PHASE 1 & 2)

SOUTH TRACT LIFT STATION

SOUTH TRACT REGIONAL POND
AND AMENITIZATION



The information shown is based on the best available data and is subject to change without notice.



by
Newland COMMUNITIES

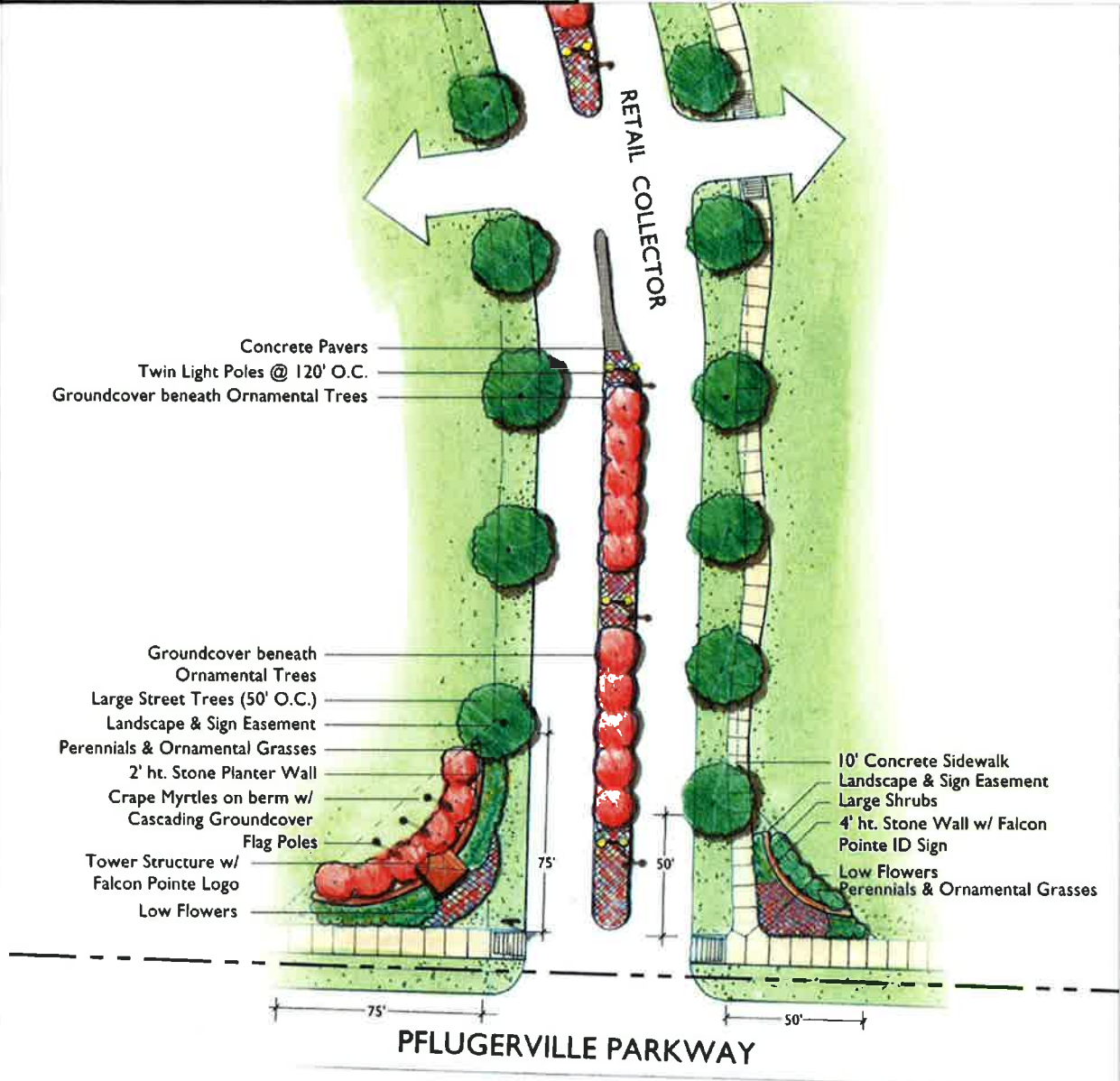
TIRZ - EXHIBIT D

February 17, 2011

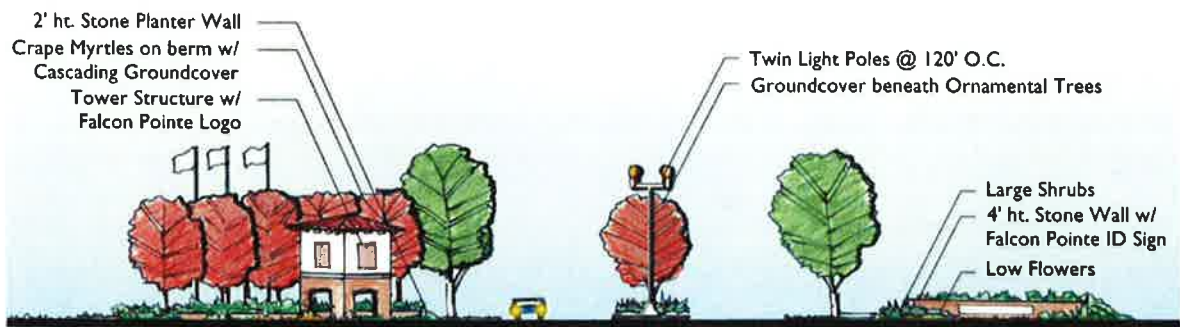
The developer has reserved the right, without notice, to make changes to this map and other aspects of the development to comply with governmental requirements, and to fulfill its marketing objectives.

All information furnished regarding this property is from sources deemed reliable. However, RVI has not made an independent investigation of these sources and no warranty or representation is made by RVI as to the accuracy thereof and same is submitted subject to errors, omissions, land plan changes, or other conditions. This land plan is conceptual in nature and does not represent any regulatory approval. Land plan is subject to change. The developer has reserved the right, without notice, to make changes to this map and other aspects of the development to comply with governmental requirements and to fulfill its marketing objective.

File: I:\202345\Concepts\Proposed TIRZ\040209 A\UR Exhibit B-2.dwg



SAMPLE PLAN AREA



SOUTHERN ENTRY ELEVATION

Falcon Pointe
Pflugerville, Texas

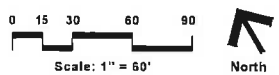
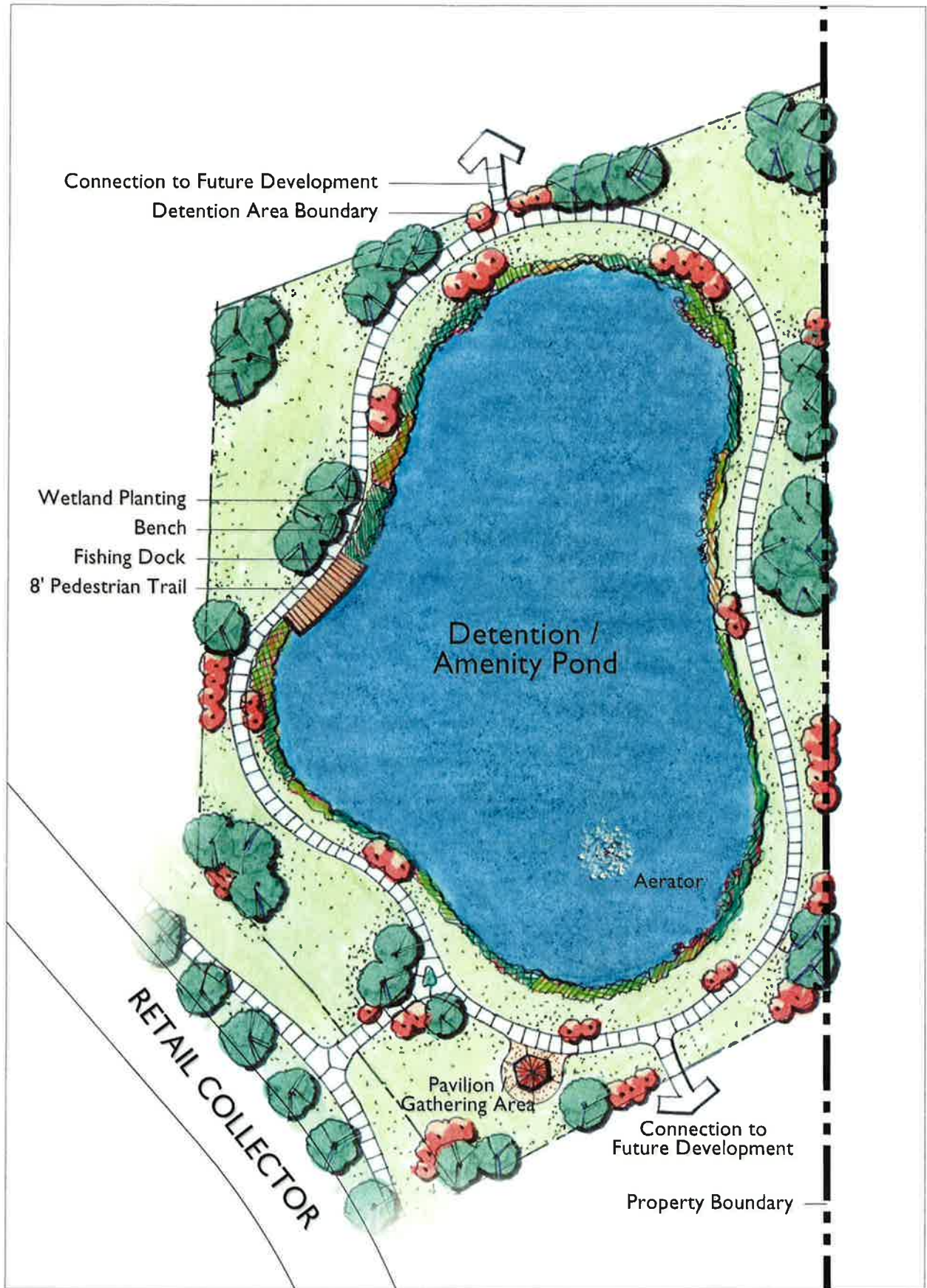
PROPOSED TIRZ EXHIBIT (TYP. LANDSCAPE SECTION)

D1

SCALE : 1" = 40'
0 20 40 80



DATE: 07-21-2009 NORTH



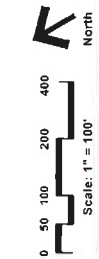
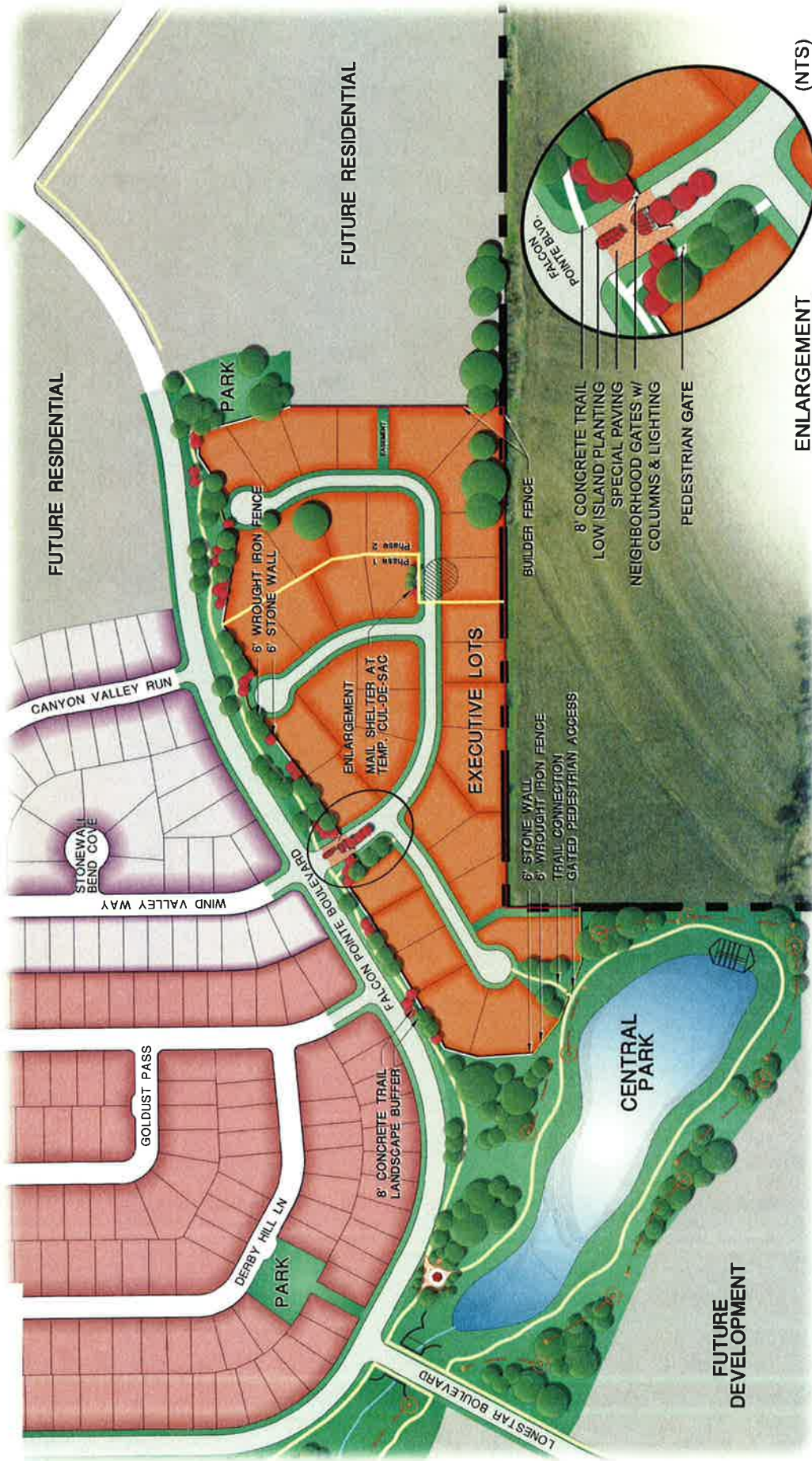
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by
 Newland COMMUNITIES

D2
**South Tract - Detention/
 Amenity Pond Concept**

July 29, 2009

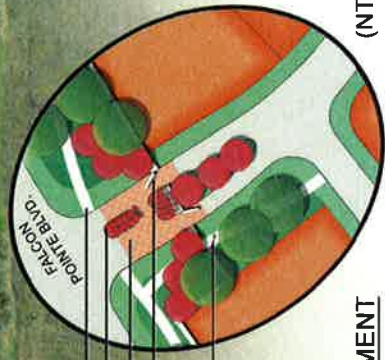


by Newland COMMUNITIES

D3
Executive Lots Study
July 29, 2009

ENLARGEMENT

(NTS)



8' STONE WALL
8' WROUGHT IRON FENCE
TRAIL CONNECTION
GATED PEDESTRIAN ACCESS

BUILDER FENCE

FUTURE RESIDENTIAL

FUTURE RESIDENTIAL

FUTURE DEVELOPMENT

EXECUTIVE LOTS

ENLARGEMENT

MAIL SHELTER AT TEMP. CUL-DE-SAC

PARK

PARK

STONEWALL BEND COVE

WIND VALLEY WAY

GOLDUST PASS

DERBY HILL LN

CANYON VALLEY RUN

FALCON POINTE BOULEVARD

LONESTAR BOULEVARD

FALCON POINTE BLD.

8' CONCRETE TRAIL LOW ISLAND PLANTING
SPECIAL PAVING
NEIGHBORHOOD GATES W/ COLUMNS & LIGHTING
PEDESTRIAN GATE

BUILDER FENCE

8' STONE WALL
8' WROUGHT IRON FENCE
TRAIL CONNECTION
GATED PEDESTRIAN ACCESS

ENLARGEMENT

MAIL SHELTER AT TEMP. CUL-DE-SAC

PARK

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PARK

PARK

STONEWALL BEND COVE

WIND VALLEY WAY

GOLDUST PASS

DERBY HILL LN

CANYON VALLEY RUN

FALCON POINTE BOULEVARD

LONESTAR BOULEVARD

FALCON POINTE BLD.

-FINAL DRAFT COPY-

Exhibit E. Market Study

***MARKET
DEMAND ANALYSIS***



*Falcon Pointe Tax Increment Reinvestment
Zone No. 1*

Pflugerville, Texas

Prepared for:

Falcon Pointe TIRZ

November 2010

metrostudy

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November 2, 2010

Falcon Pointe TIRZ
c/o Rainer Ficken, AICP
Newland Communities
13809 Research Blvd., Suite 475
Austin, Texas 78750

RE: Falcon Pointe TIRZ Creation Report

Dear Mr. Ficken:

Metrostudy has evaluated the market potential related to the Falcon Pointe TIRZ, as part of the planning process for its creation with the City of Pflugerville and assembled the following report.

Please call us at your convenience with any comments or questions regarding this report or any other matter relevant to your real estate market research needs.

Sincerely,

Brad Colliander
Senior Market Analyst
Metrostudy, Texas Consulting

Eldon Rude
Director
Metrostudy, Austin Market

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Introduction

Purpose and Methodology

This study has been prepared exclusively for the creation of the Falcon Pointe Tax Increment Reinvestment Zone, also referred to as the "TIRZ". It is our understanding that the creation of the Falcon Pointe TIRZ will facilitate the construction of various improvements on the 289.4 acre property (the portion of the TIRZ property controlled by Terrabrook Falcon Pointe, LP) with the goal of facilitating and enhancing the utility of the various property types planned for the acreage included in the TIRZ. The proposed improvements include roadways, drainage, wastewater collection, storm water detention facilities, amenity lakes, parks, trails, landscaping, and recreation facilities.

The purpose of this market study is to evaluate the utility of the proposed land uses within the TIRZ upon completion of the improvements. As the larger component to the TIRZ property is currently being developed as the Falcon Pointe residential community, and population and household growth within Falcon Pointe and the other residential communities in the area will play a significant part in determining the utility of the TIRZ property after the proposed improvements, the primary focus of this study will be a forecast of future housing starts in Falcon Pointe and the larger geographic competitive area Metrostudy refers to as the Target Market Area (TMA). Metrostudy's projection of future housing starts will then be used to develop a forecast of population and households in the TMA.

As the TIRZ property will also include commercial and multi-family components, as part of our analysis we will also present market information on these property types. Incorporating third party market data with our market research and analysis into the supply/demand characteristics for these property types, we will offer observations and conclusions on the utility of these components to the TIRZ property.

In preparing this study, Metrostudy first evaluated the Austin MSA, and the economic issues that support or limit the ability of the market to generate demand for various real estate land uses. We then directed our attention toward the characteristics of the specific TMA in which the TIRZ's residential development is located, with an emphasis on the factors that will impact the demand for single-family housing. Incorporating our forecast of household



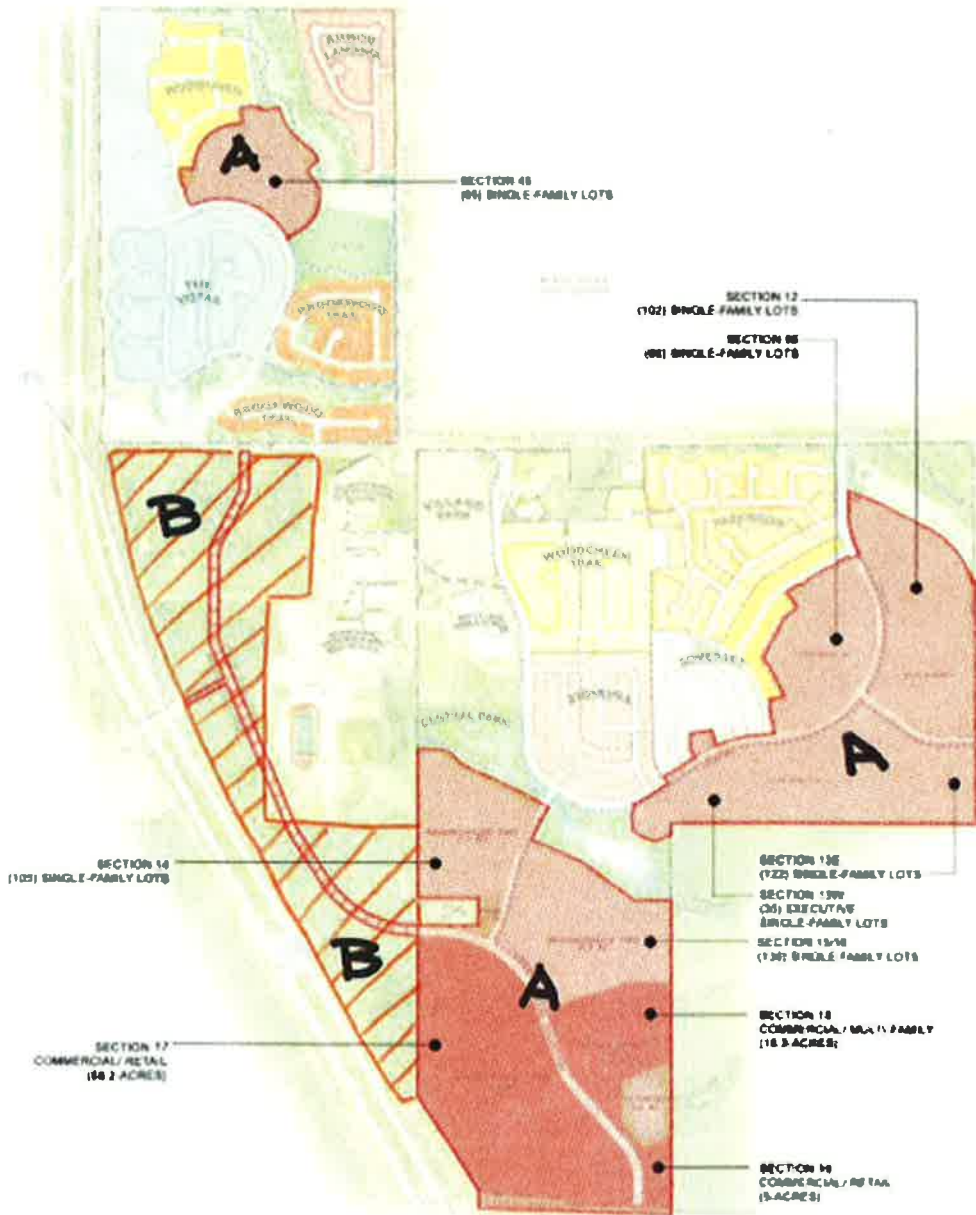
and population growth within the trade area for the TIRZ, we then developed market based observations and conclusions with respect to the health of the TIRZ's land uses.

TIRZ Location and Characteristics

Falcon Pointe is an ongoing master-planned community with a variety of complementary land uses within the City of Pflugerville. It is located near the vicinity of State Highway 45 and State Highway 130, approximately 13-miles north-north east of downtown Austin.

The current land plan indicates that when the TIRZ is fully developed it will include a variety of housing options on a mixture of lot sizes and product types. There is also non-residential land uses associated with the TIRZ, such as recreation, roads, commercial and multi-family land uses. The following map and tables show the current land use for the TIRZ.

LAND USE



**Falcon Pointe TIRZ
Proposed Land Use**

Land Uses	Total Acreage (+/-)	% of TIRZ Acreage
Single-Family Residential	175.0	42.9%
Multi-Family Residential	16.2	4.0%
Commercial	182.2	44.6%
Recreational	7.0	1.7%
Roads	28.0	6.9%
Total	408.4	100%

Source: Table 1 of Falcon Pointe TIRZ Document

It is our understanding that the purpose of creating the TIRZ is to provide a mechanism for Terrabrook Falcon Pointe, LP (the developer of Falcon Pointe) and the City of Pflugerville to utilize the included acreage to its highest and best use. These improvements will help enhance the utility, and ultimately the marketability, of the commercial and multi-family land uses within the TIRZ. The following table illustrates the proposed single family lot development by section within the TIRZ.

**Falcon Pointe TIRZ
Proposed Single-Family Development**

Section	Type of Development	Lot Size	No. of Lots
Falcon Pointe - Section 4S	Single Family Residential	55'	65
Falcon Pointe - Section 9S	Single Family Residential	55'	90
Falcon Pointe - Section 12	Single Family Residential	65'	100
Falcon Pointe - Section 13	Single Family Residential	55'	105
Falcon Pointe - Section 13W	Single Family Residential	65'	52
Falcon Pointe - Section 14	Single Family Residential	45'	105
Falcon Pointe - Section 15/16	Single Family Residential	45'	86
Falcon Pointe - Section 15/16	Single Family Residential	65'	50
Total			653

Source: Developer

The remainder of this section addresses the Austin economy, the residential housing market, Austin’s commercial and multi-family sectors, as well as the single-family new home market in the Target Market Area. Metrostudy’s conclusions, including new home start projections and population and household growth forecasts, are included in the final part of this section, beginning on page 9.

Executive Summary

National Economic Overview

- Statistically, the national economy emerged out of recession in the 4th quarter of 2009 with a staggering GDP growth figure of 5.6%. The second quarter of 2010 has come in at a 1.7%, which was a bit better than analyst's expectations.
- As of the end of September 2010, the 30-year mortgage interest rates remain under 4.5%. Interest rates will continue to be a pivotal factor for the overall economy. And with the Federal Reserves continuation of quantitative easing provisions, they are expected to remain low in the near future.
- In an attempt to stabilize the national economy, the Federal Reserve has taken decisive actions to leave the Fed Funds Rate at 0.25%. It is unclear how long the Fed will keep rates at this historic low. While not directly tied to the Fed Funds rate, mortgage rates tend to follow similar long-term trends.
- The Bureau of Labor Statistics of the U.S. Department of Labor employment numbers indicate that the U.S. labor economy has added 613,000 jobs in 2010, year-to-date. But, despite the positive news in job creation, the national unemployment rate remains elevated.
- As of October 2010, national consumer confidence was at a level of 50.2, which is up from September's figure of 49.2. Even though consumer confidence seems to be trending upward, readings below 60 indicate recessionary-level confidence. The economy is considered to be in a state of growth when consumer confidence reads above a level of 80.
- In 2009, the National Association of Homebuilders reported there were 442,000 single-family starts in the US. Projections for 2010 and 2011 indicate positive growth in starts to 479,000 and 655,000, respectively.

Austin MSA Economic Overview

- Recent job figures released by the Texas Workforce Commission (TWC) indicate that the Austin MSA gained 17,300 jobs in the 12-months ending in September 2010. This equates to a 2.29% increase in jobs over the past year, which is much improved from the 3.07% loss experienced in September a year ago.
- The Leisure and Hospitality and Government sectors lead the Austin Market in terms of job growth with a gain of 10,100 and 3,000 jobs respectively in the past year. Local economist estimate that job growth will grow at rate of 1%-2% over the next few years.

Austin MSA Housing Market Overview

- Metrostudy's 3Q10 new home survey indicates that within the past 12-months there were 6,174 housing starts throughout Austin, which equates to slight decrease (5%) from 3Q09. Through the first two quarters of 2010, Austin's housing activity showed significant signs of improvement with the assistance of the federal tax credit. Now that the government stimulus has expired, Metrostudy anticipates new housing construction will moderate slightly through the remainder of 2010.
- Currently, many developers are finding it difficult to deliver new lots to the market through more traditional methods. Most banks are not making lot development loans and those that are require additional equity to bring the lots to market. As a result, many developers are struggling with obtaining sufficient capital to bring new lots to the market.
- While demand for housing remains somewhat soft, developers remain cautious not to further oversupply the market. However, given the slow down in housing starts and the quantity of lots currently in the platting process, this task is becoming increasingly more difficult. Although, the current 39-month level of vacant developed lots is above the 20 to 24-months of supply that Metrostudy considers equilibrium, the trend is heading towards equilibrium.

- Due to the lack of new apartment development coming online, Austin's multi-family market is experiencing positive trends in overall occupancy rates and effective rental rates. As of 3Q10, Austin's overall occupancy rates and effective rental rates are 93.6% and \$0.98 per square foot, respectively.

Austin Office Market

- All of Austin's commercial real estate sectors have experienced falling occupancy and rents over the last several years as a result of the slowing national and local economy. Oxford Commercial reports that as of Third Quarter 2010 the overall occupancy level for office space in the region is 80%, and average rents are \$27.61 per square foot per year on a gross basis.

Austin Industrial Market

- Oxford Commercial reports that as of Third Quarter 2010 the overall occupancy level for industrial space in the region is 81%, and average rents are \$8.16 and \$4.68 per square foot per year for R&D and Manufacturing space, respectively.

Austin Retail Market

- Of the commercial sectors, Austin's retail market has been the most resilient during the most recent economic cycle with respect to occupancy and rent levels. With the recession not impacting consumers in Austin as significantly as other parts of the U.S., spending in the region has held up fairly well in recent years. As of Third Quarter 2010, Costar reports that the overall occupancy rate for retail in Austin is 93%, and average rents are \$18.88 per square foot per year.

Austin Apartment Market

- Due to the lack of new apartment development coming online, Austin's multi-family market is experiencing positive trends in overall occupancy rates and effective rental rates. As of 3Q10, Austin Investor Interest's reports that Austin's overall occupancy rates and effective rental rates are 93.6% and \$0.98 per square foot, respectively.

Target Market Area (TMA) Analysis Summary

- The Target Market Area (TMA) encompasses the area defined by the Pflugerville ISD boundaries. A map of the TMA and location of the Falcon Pointe TIRZ is shown on page 41.
- The population and household estimates (by Claritas) indicate that the TMA is a growing region. As of 2009, there were an estimated 100,143 people in 34,965 households. There were 11,454 more households than at the 2000 Census, representing total growth of 49%.
- Households in the TMA are concentrated in the income ranges from \$35,000-\$100,000. Overall, 42% of the TMA households earn between \$35,000 and \$50,000, and 37% earn in between \$50,000 and \$100,000 per year.
- Accounting for 8.6% of the Austin market, the number of TMA annual housing starts is currently 528. The TMA peaked in 3Q06 at 1,440 annual starts. Although the pace of annual starts is declining in the TMA, the market share captured in the TMA remains in the 8.5% to 8.7% range.
- Annual starts on homes priced in the \$150K-\$200K range represent 238 annual starts, or 45% of all starts in the TMA. Annual starts in the \$200K-\$250K account for an additional 38% of the TMA's annual starts, the second highest segment of housing starts.
- Annual starts on homes with lots measuring from 55'-59' represent 32% of all starts in the TMA, which is the largest share of starts given to any of the ranges listed on page 39. Annual starts for lots in 65'-69' and 50'-54' width segments account for 18% and 16% of annual starts, respectively, and represent the next largest segments of the market.
- The top 20 subdivisions, covering a variety of home price ranges, all started at least 3 homes in the past 12-months and account for 99% of total annual starts in the TMA. The top 20 subdivisions also have a 29-month supply of vacant developed lots, which is well below the 39-months below the Austin Market.



Significant Findings and Conclusions

The purpose of this market study is to evaluate the utility of the proposed land uses within the TIRZ upon completion of the improvements. In our opinion the utility of the land uses proposed within the TIRZ will be a function of the level of economic activity and household growth within the defined TMA over time, as well as the number and type of competing projects during the life of the development. Considering these factors, Metrostudy evaluated a number of variables in the process of developing conclusions with respect to the anticipated impact of the TIRZ improvements on the underlying land. The following pages will highlight the significant findings of our research.

Household and Population Forecast for the TMA

The condition of the economy and housing market in the immediate area will prove to be important in order to ensure the success of residential developments, such as Falcon Pointe. In order to assess the local housing base for the TIRZ, Metrostudy analyzed the Target Market Area (TMA) in which the TIRZ will compete for potential buyers. (A Map of this TMA can be found on page 41).

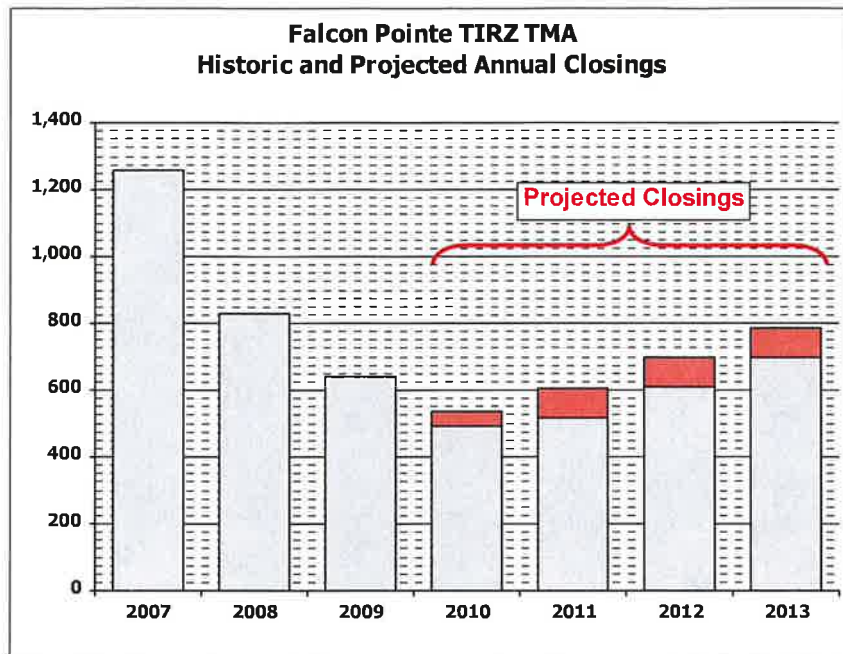
The Population and Household Estimates presented on the following pages indicate that by year-end 2009 there were over 100,000 people in approximately 35,000 households within the TMA. This population and household forecast is based on a combination of Claritas Demographics and Metrostudy's quarterly single-family housing survey; multi-family housing developments within the TMA were not included in the projections.



Population and Households Estimates and Projections Falcon Pointe TIRZ TMA		
Time Period	Population	Households
1990 Census	28,849	10,751
2000 Census	65,469	23,211
2009 Estimate	100,143	34,965
2010 Projection	101,600 - 101,730	35,460 - 35,500
2011 Projection	103,130 - 103,520	35,980 - 36,110
2012 Projection	104,930 - 105,570	36,590 - 36,800
2013 Projection	106,990 - 107,890	37,290 - 37,590

Sources: Metrostudy, Census and Claritas

Over the next 4-years, Metrostudy estimates the TMA will add 500 to 700 new households per year. This equates to a population increase of approximately 7,250 new residents to the area. Several factors will influence the household growth over the next few years including; job growth, potential interest rate hikes, new lending standards, higher construction costs, and the status of local and national economies. The state of these factors will determine the pace at which households are absorbed within the Austin MSA and the TMA. Therefore, the quicker these conditions improve the sooner absorption rates will begin to rise leading to support for additional development. The following chart illustrates the annual projected household growth potential for the TMA over the next several years.



Single-Family Residential Conclusions

Similar to much of the Nation, the Austin MSA experienced significant housing growth from 2000 to 2006. Over this period, Austin’s single-family housing starts increased from an annual rate of approximately 11,500 to 16,500. A strong economic environment and easy access to credit supported and fueled new housing construction during this period. More recently, the state of the housing industry has shifted and triggered a market correction.

Until the past few years Austin’s growth was supported by sound fundamentals, job growth, moderate appreciation rates, a low cost of living, and an increase in immigration and in-migration. Austin has actually experienced strong employment gains over the past year with an increase of 17,300 jobs. Although many of these jobs are government and leisure and hospitality related, it bodes well for Austin’s recovery and could be the leading catalyst for consumer demand for new single-family housing for the foreseeable future.

As the local housing market softened from 2007 through 2009, the Falcon Pointe TIRZ TMA, which is defined by the boundaries of Pflugerville ISD, followed suit. Although market conditions have improved in the past two years, overall annual starts for the Austin market are still off 53% from 3Q07.

Similarly, the Falcon Pointe TIRZ TMA is down 52% from 1,108 annual starts in 3Q07 to 528 annual starts in 3Q10. The following table displays the trends in housing starts over the past three years for Austin and the TMA.

Market Comparison		
Quarter	Austin Market	Falcon Point TIRZ TMA
	Ann Starts	Ann Starts
3Q07	13,150	1,108
4Q07	12,433	1,077
1Q08	11,544	931
2Q08	10,398	855
3Q08	9,319	755
4Q08	8,018	689
1Q09	7,311	617
2Q09	6,603	602
3Q09	6,533	594
4Q09	6,509	536
1Q10	6,951	606
2Q10	6,979	593
3Q10	6,174	528

53% Decline 52% Decline

Source: Metrostudy 3Q10 Quarterly Survey

During the recent market correction, purchasing a new home within a master-planned community is preferred when compared to a stand alone subdivision. Qualified buyers have shown a tendency to purchase within developments like Falcon Pointe because it offers the amenities and neighborhood design that protect consumer’s investment in a new home. As a result, Falcon Pointe has become one of the Top Selling projects in the Austin MSA. The following table shows Austin’s top performing projects, of which Falcon Pointe is ranked No. 11. During the 12-months ending in September 2010, Falcon Pointe started 92 homes and closed 76 homes.

Austin Top 15 Community List

Rank	Community	Active Lot Sizes	Annual	
			Starts	Closings
1	Sun City	36'-100'	210	204
2	Steiner Ranch	50'-200'	185	200
3	Teravista	45'-105'	158	170
4	Ranch at Brushy Creek	50'-100'	137	128
5	Falconhead	60'-200'	112	121
6	Crystal Falls	53'-70'	100	93
7	Paloma Lake	60'-90'	95	87
8	Waterleaf	55'-80'	92	76
9	McKinney Heights	50'-100'	83	83
10	Belterra	40'-50'	60	79
11	Falcon Pointe	55'-80'	92	76
12	Highland Horizon	50'-200'	185	200
13	Blackhawk	45'-105'	158	170
14	Meridian	50'-100'	137	128
15	Red Oaks	60'-200'	112	121

Source: Metrostudy 3Q10 Survey

Other factors that contribute to Falcon Pointe’s success are the developer builders, and location. Newland Communities is a prestigious developer that has a successful track record in Austin and the rest of the Nation. Throughout the downturn they have continued to provide the lots to facilitate the orderly and timely development of their communities. This dependability and success as allowed Falcon Point to attract top level builders in the Austin Market. Quality reputable builders such as Centerra, Lennar, Meritage, and DR Horton have built in the community. As the development matures, Falcon Pointe will continue to attract these types of builders. Location and proximity to State Highway 130 and State Highway 45 contributes to the popularity with homebuyers because these roadways provide mobility throughout Austin.

Presently, Falcon Pointe offers homes in multiple sections with lot sizes ranging from 55’ to 80’ in width. In an effort to measure/illustrate the potential housing demand for the TIRZ, Metrostudy evaluated the TMA’s top

performing subdivisions by lot size. The table that follows summarizes the top active programs and their representative developments.

Currently, there is no activity on 45' lots in the TMA, as DR Horton has essentially completed their current lot inventory within Highland Park South. Given that Highland Park South has over 1,000 future lots planned for the community, it is likely that additional 45' lots will be developed in the community. Although there has been no activity in the past twelve months as of 3Q10, Metrostudy believes that offering a 45' lot program will allow Falcon Pointe to expand its product offerings. Falcon Pointe's 55' product has out performed the balance of the TMA, with 56 and 43 annual starts and closings, respectively. Fortunately, Falcon Pointe has available lot inventory to continue development of the 55' lot programs. Conversely, Falcon Pointe's 65' program is in transition which has resulted in a declining starts and closings rate. The competition of the 60' lots in the community, the emergence of new builders on 65' lots, and the overall economy have hampered sales for this lot size in Falcon Pointe. Currently, builders in Blackhawk and Avalon are outperforming Meritage and Centerra on the 65' lots in Falcon Pointe. But Metrostudy expects that as the 60' program begins to build out and the new builders are established on the 65' lots, the absorption pace will increase.

**Falcon Point TIRZ TMA
Top Performing Subdivisions by Builder**

Subdivision	Builder	Lot Size	Annual Starts	Annual Closings	VDL Inv.
45' Lots					
Highland Park South	DR Horton	45x110	0	0	2
55' Lots					
Falcon Pointe/Somerset & Stonehill	Lennar	55x125	44	24	7
Reserve @ Westcreek	Main Street	55x120	32	45	44
Commons at Rowe Lane	Gehan	55x120	23	22	14
Reserve @ Westcreek	Meritage	55x120	21	3	29
Avalon	Standard Pacific	55x125	13	21	51
Blackhawk/Park VI (Retreat)	Centex	55x120	8	3	50
Commons at Rowe Lane	Wilshire	55x120	6	15	12
Falcon Pointe/Somerset & Stonehill	Meritage	55x125	6	4	6
Falcon Pointe/Woodhaven	DR Horton	55x125	5	15	40
Avalon	Scott Felder	55x125	5	1	36
Blackhawk/ Park II (Trails)	Meritage	55x125	1	0	11
Falcon Pointe/Somerset & Stonehill	Centerra	55x125	1	0	0
Falcon Pointe/Somerset & Stonehill	Undefined	55x125	0	0	43
65' Lots					
Blackhawk/Park VI (Retreat)	Centex	65x130	23	22	19
Blackhawk/ Park II (Trails)	Ryland	65x120	20	18	34
Avalon	Standard Pacific	65x120	18	19	10
Avalon	Grand Haven	65x125	8	5	22
Falcon Pointe/Brookwood Trail & Village Park	Centerra	65x125	7	2	5
Commons at Rowe Lane	Highland	65x120	6	4	8
Blackhawk/ Meadows	Gehan	65x120	5	10	2
Commons at Rowe Lane	Highland	65x120	2	3	2
Falcon Pointe/Woodcreek Trail	Centerra	65x125	2	1	4
Commons at Rowe Lane	Gehan	65x120	1	1	6
Falcon Pointe/Parkwood	Meritage	65x140	0	0	3
Falcon Pointe/Village Park	Undefined	65x125	0	0	3
Falcon Pointe/Woodcreek Trail	Undefined	65x125	0	0	6

Source: Metrostudy

Approximately, 96% of the TMA's housing starts over the past 12-months were priced less than \$250,000. The \$150,000 to \$200,000 price range accounted for 45% of the total starts in the TMA illustrating the appeal to first-time and move-up homebuyers.

**Target Market Area
Price Range Distribution of
3Q10 Annual Starts & Vacant Developed Lots**

Price Range	Annual Starts	Percent Distribution	Vacant Dev. Lots	Months of Supply
\$0-\$150K	70	13%	274	47
\$150K-\$200K	238	45%	628	32
\$200K-\$250K	201	38%	363	22
\$250K-\$300K	18	3%	52	35
\$300K-\$400K	1	0%	0	0
\$400K-\$500K	0	0%	0	N/A
\$500K-\$750K	0	0%	0	N/A
Above \$750K	0	0%	0	N/A
TOTAL	528	100%	1,317	30

Source: Metrostudy

One reason the area appeals to first-time and move-up buyers is the quality school district and access to City amenities. Students residing in the TIRZ will attend the following schools, which are located adjacent to Falcon Pointe. Each School's 2010 accountability rating is also shown:

- Murchison Elementary (Exemplary)
- Kelly Lane Middle School (Exemplary)
- Hendrickson High School (Recognized)

Being zoned to "Exemplary" and "Recognized" schools, which are adjacent to your community, provides a distinct selling advantage for Falcon Pointe, especially for consumers with school aged children. In addition, both the City of Pflugerville and Falcon Pointe's amenities are planned in/around the development and provide added value to residents.

When the TIRZ is created, the associated improvements to the property will allow orderly, efficient, and uninterrupted development to occur within Falcon Pointe, which will facilitate additional single family lot supply in the project, as well as

enhanced access to Falcon Pointe and the new lots developed. Based on historic housing activity, along with the current and anticipated economic environment in Austin and the TMA, it is Metrostudy's opinion that demand exists to support additional development within the TMA and Falcon Pointe. Therefore, the proposed development associated with the creation of the TIRZ is appropriate as it relates to the project's single family housing component.

Because a portion of the TIRZ is comprised of the remaining portion of one of the top performing communities in Austin, and the developer continues to bring lots to the market, it is Metrostudy's contention that demand for housing within the project will continue. Metrostudy forecasts that Falcon Pointe will likely start a total between 101 and 118 homes in 2010. Over the next several years, Metrostudy projects that Falcon Pointe could achieve absorption rate between 100 and 125 units per year. This projected absorption rate equates to a 15%-20% market capture rate for Falcon Pointe in the TMA.

Falcon Pointe TIRZ ANNUAL STARTS PROJECTIONS							
	2009	2010 (Proj.)	2011 (Proj.)	2012 (Proj.)	2013 (Proj.)	2014 (Proj.)	
Austin - New Housing Starts	6,509	5,750 - 6,250	6,200 - 7,000	7,000 - 8,000	8,000 - 9,000	8,500 - 10,000	
TMA - New Housing Starts	536	495 - 538	536 - 606	609 - 696	700 - 788	744 - 875	
% Capture of Austin	8.2%	8.6%	8.7%	8.7%	8.8%	8.8%	
Falcon Pointe *	Housing Price						
Lot Size	Range						
45'	\$120,000 - \$175,000	-	N/A - N/A	N/A - N/A	15 - 20	30 - 45	30 - 45
55'	\$146,000 - \$250,000	55	65 - 70	65 - 70	65 - 70	65 - 70	65 - 70
60'	\$150,000 - \$290,000	2	10 - 15	10 - 15	5 - 15	N/A - N/A	N/A - N/A
65'	\$180,000 - \$290,000	0	10 - 15	15 - 20	30 - 40	35 - 45	35 - 45
80'	\$217,000 - \$300,000	8	16 - 18	6 - 8	N/A - N/A	N/A - N/A	N/A - N/A
<i>District Total:</i>		65	101 - 118	96 - 113	100 - 125	100 - 115	100 - 115
% Capture of TMA		12.1%	20.4% - 23.8%	17.9% - 21.1%	16.4% - 20.5%	14.3% - 16.4%	13.4% - 15.5%

Source: Metrostudy

* These projections are for the entire Falcon Pointe Development

Metrostudy's forecasted absorption projections assume that all of the existing builder programs remain active throughout the life of the development. If the number of lot offerings or builder programs changes, the TIRZ's annual absorption projections should be reassessed.

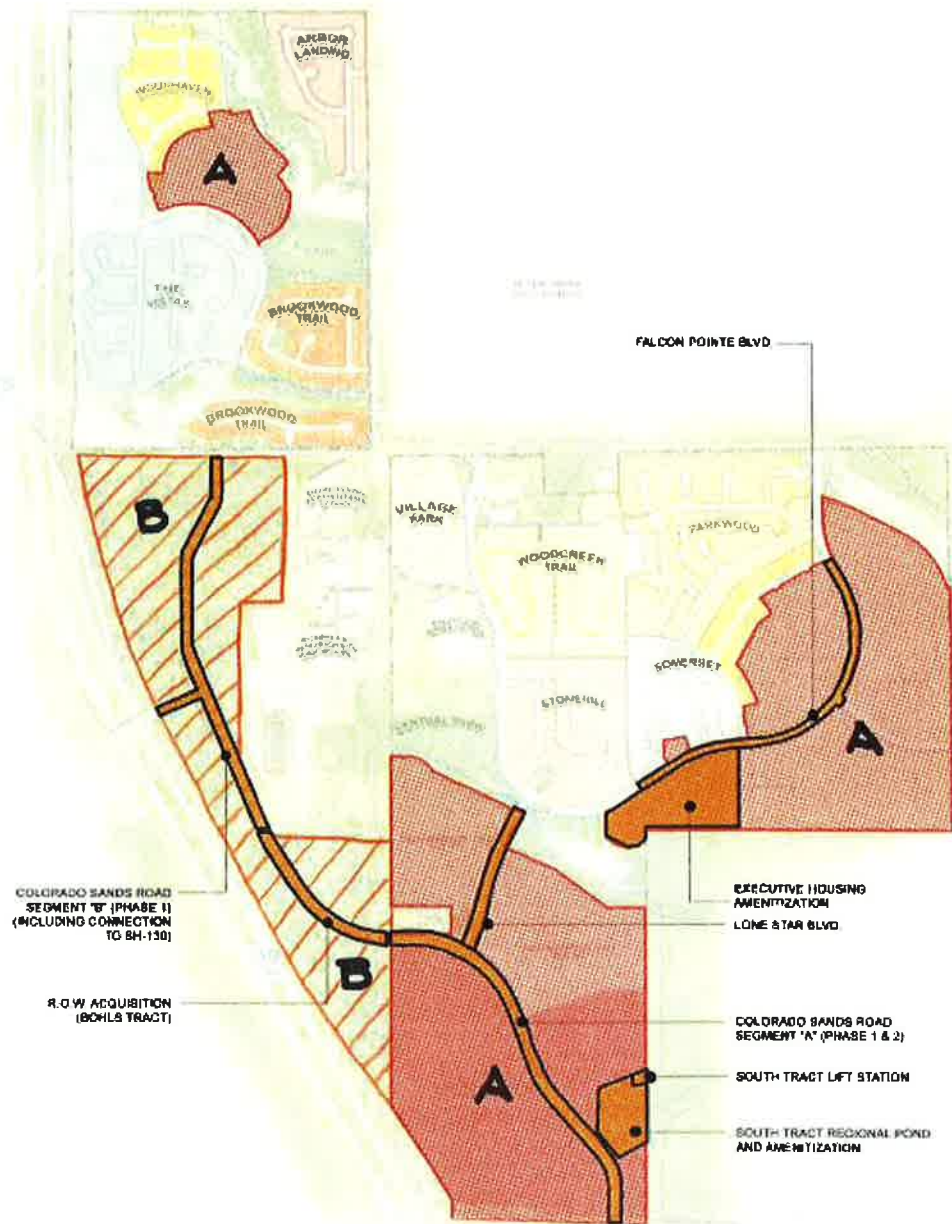
The projections also assume the following:

- Developed lots will be available to accommodate housing starts.
- There will be an appropriate number of builders per lot program.
- The community is marketed in an appropriate manner.
- Home and lot prices will be reasonably competitive with current offering within the TMA.

Other Land Uses

In addition to the single-family residential land uses, the Falcon Pointe TIRZ includes 182.2 acres of land currently planned for future commercial development, as well as a 16.2 acre tract designated for future multi-family use. On the following pages we will present statistical information and observations on the current economic climate, as well as the volume of existing competing properties in the area. Based on the information supplied by the developer on the proposed improvements, it is our observation that the construction of Colorado Sands Road and Lone Star Boulevard (both of which will be facilitated by the TIRZ) will not only provide additional access points for the existing residential sections of the Falcon Pointe community (From the SH 130 access road to the west and Pfluger Lane to the south), but will also significantly enhance the utility and attractiveness of the commercial and multi-family designated properties that are part of the TIRZ. Finally, the previous forecasts of population and household growth both in Falcon Pointe and the larger Target Market Area will serve to enhance the viability of the TIRZ properties.

PUBLIC IMPROVEMENTS



On the following pages we will present and discuss statistical information from other research firms focusing on the retail, office, industrial and multi-family sectors. Each section will include recent information on the overall Austin market, as well as the market area that includes the subject Falcon Pointe TIRZ.

Commercial Retail

The commercial and retail sectors of Austin have remained mostly stable with respect to occupancy and rental rates. The following table references Costar's Third Quarter 2010 retail information for the Austin market, as well as the Northeast market area which includes the Pflugerville area. Vacancy levels in the Northeast market area are presently 7%, which is consistent with the overall market. Being that the Northeast market area is more of a suburban market, rental rates are slightly less than the overall blended average. Moreover, no new space has been delivered year-to-date, and no space is under construction.

Austin 3Q10 Retail Report By Market Area							
Market	Existing Inventory		Vacancy	Year-To-Date		Under-Construction	Quoted Rates
	# Bldgs	Total GLA		Absorption	Deliveries		
Bastrop County	134	2,226,739	3.2%	8,131	5,289	0	\$15.85
Caldwell County	52	302,806	7.1%	-3,500	0	0	\$15.03
CBD	380	4,253,063	4.0%	697	30,957	55,000	\$24.83
Cedar Park	306	6,749,271	8.6%	554	12,830	5,700	\$18.10
Central	605	8,790,624	7.7%	44,862	25,600	0	\$17.46
East	476	3,769,082	3.3%	19,477	5,750	74,100	\$18.36
Far Northwest	209	4,161,856	9.7%	-2,823	0	18,250	\$17.87
North	404	6,465,886	4.7%	79,456	20,227	6,000	\$15.49
Northeast	137	2,684,819	7.0%	-1,247	0	0	\$16.81
Northwest	252	4,516,889	7.1%	-28,738	0	0	\$22.02
Round Rock	548	7,404,284	7.6%	190,645	0	17,000	\$18.49
South	1,032	12,806,059	4.2%	80,616	6,248	5,318	\$20.17
Southeast	231	2,697,135	12.2%	-90,226	15,357	0	\$15.47
Southwest	365	7,617,769	8.0%	-72,051	13,972	19,775	\$253.03
West Central	216	1,424,982	6.5%	-9,489	0	0	\$27.49
Total	5,347	75,871,264	6.6%	216,364	136,230	201,143	\$18.88

Source: Costar 3Q10 Retail Report

Focusing on the area in immediate proximity to the TIRZ, other than single family residential, retail development is the dominant land use. The two major projects in the area, both of which are located near the intersection of SH 130 and SH 45, are Stone Hill Town Center and Pflugger Crossing.

Stone Hill Town Center occupies 198 acres at the southwest corner of SH 130 and SH 45, and at build out will reportedly include 1,000,000 square feet of retail space and includes 36 acres of land designated for multi-family use. Currently the project includes major box users including Super Target, Home Depot, Dicks Sporting Goods, Petco, and Office Max. A 24 Hour Fitness facility and Cinemark movie complex are now under construction in the project. The center also includes several multi-tenant retail buildings. While Stone Hill includes a number of major tenants, the project still has a number

of sites available for box users, as well as land available for additional multi-tenant retail structures.

As of the Third Quarter of 2010, Costar reports that the 181,811 square feet of general retail in Stone Hill Center is 66% leased. The developer indicated that within 120 days they expect to start construction on a St. David's Hospital emergency care facility, as well as a 10,000 square foot medical professional building. In the coming months the developer will also commence construction on two multi-tenant "floater" structures.

Pfluger Crossing is located on the west side of County Road 685 just south of the SH 130/SH 45 intersection, and has additional frontage on Pfluger Lane. Pfluger Crossing's primary tenant is a 203,000 square foot Wal-Mart Store. This project includes several additional free-standing retail users along the property's CR 585 frontage. While the development has been completed for several years, the site can still accommodate at least five additional box users with over 120,000 square feet of additional space.

While Stone Hill Center and Pfluger Crossing represent the dominant retail developments located in proximity to the Falcon Pointe TIRZ, our survey of the area indicates there remains significant acreage available in the immediate area that could accommodate various commercial uses.

COMMERCIAL OFFICE

After absorbing approximately 4 million square feet of office space between 2004 and 2008, the Austin office market experienced negative absorption of nearly 42,000 square feet in 2009. Considering the region lost over 20,000 jobs in 2009, having negative absorption was not surprising, and this minimal level of negative absorption could almost be considered a positive indicator for our market given the upheaval in the larger U.S. economy. Year-to-date absorption through the third quarter of 2010 was over 248,000 square feet in the Austin market, which is a positive trend.

Austin 3Q10 Office Report By Market Area								
Market	Inventory	No. of Bldgs	Overall Vacancy Rate	Direct Vacancy Rate	Under-Construction	YTD Completions	YTD Absorption	Weighted Avg. Class A Rents
CBD	8,811,067	63	16.5%	14.4%	85285	0	38,731	\$37.63
Central	998,679	21	17.7%	17.5%	0	0	49,403	\$31.70
Far Northwest	12,411,043	152	25.2%	23.1%	0	75,509	-57,754	\$25.27
North Central	2,483,687	38	18.3%	17.7%	0	0	44,502	\$24.72
Northeast	1,990,401	24	21.6%	21.3%	0	0	3,271	NA
Northwest	3,948,792	76	17.0%	15.9%	0	0	-47,658	\$26.12
South Central	1,880,136	33	9.9%	7.3%	0	0	-50,849	\$29.09
Southeast	992,420	11	27.5%	26.6%	0	0	53,077	\$19.34
Southwest	8,496,725	117	18.7%	15.6%	0	0	206,834	\$26.16
Round Rock	1,112,135	16	51.5%	50.6%	0	0	8,912	\$25.81
Non-CBD	34,314,018	488	21.8%	19.9%	0	75,509	209,738	\$25.69
Total	43,125,085	551	20.7%	18.8%	85285	75,509	248,469	\$27.61

Source: Oxford Commercial: Office Report

The Northeast market area that includes the Falcon Pointe TIRZ includes less than 2 million square feet of office space (5%), and much of this space is located south and west of Falcon Pointe. Up to this point, the Pflugerville area has experienced minimal office development, except for several smaller projects located closer to IH 35. However, considering the expectation of continued growth in the northeast sector of the Austin region, some of which will be facilitated by the location of SH 130 and SH 45 in the area, we do expect that in the long term there will be office development in area. Initially, the office development that does occur will likely be along and near SH 45 between SH 130 and IH 35.

Commercial Industrial

The industrial sector in the Austin region also experienced strong construction and absorption of space in the early and middle part of the decade, with nearly 6 million square feet of industrial space absorbed between 2004 and 2007. With the slowing economy in recent years, the industrial market has experienced negative absorption of nearly 750,000 square feet since the beginning of 2008.

Austin 3Q10 Industrial Report By Market Area							
Market	Inventory	Overall	Under-	YTD Units	YTD	Weighted Average Rents	
		Vacancy Rate	Construction	Completed	Absorption	R&D/Flex	Manufacturing
CBD	231,731	0.0%	0	0	0	\$0.00	\$0.00
Central	18,900	0.0%	0	0	0	\$0.00	\$0.00
Far Northwest	4,352,119	11.7%	0	0	7,994	\$0.77	\$0.00
North Central	9,508,715	22.4%	0	0	-389,177	\$0.63	\$0.35
Northeast	11,913,056	21.7%	0	0	-165,151	\$0.62	\$0.53
Northwest	4,254,111	8.4%	0	0	1,244	\$0.66	\$0.00
South Central	1,597,649	2.1%	0	0	26,600	\$0.00	\$0.30
Southeast	9,139,687	24.6%	0	0	77,045	\$0.72	\$0.48
Southwest	274,077	7.6%	0	0	1,500	\$1.05	\$0.00
Round Rock	3,226,232	20.1%	0	0	933	\$0.60	\$0.60
Suburban	44,284,546	19.3%	0	0	-439,012	\$0.68	\$0.39
Total	44,516,277	19.2%	0	0	-439,012	\$0.68	\$0.39

Source: Oxford Commercial: Industrial Report

While the table indicates that the Northeast market area includes nearly 12 million square feet of industrial space, the largest concentration in the region, much of this space is located south of the Pflugerville. With fairly large concentrations of Austin industrial space, especially manufacturing and warehouse space, initially dedicated to companies serving the hi-tech manufacturing sector, significant blocks of space have been reentering the market in recent years as Austin's base of this form of manufacturing moves overseas. These factors will likely result in slower absorption of space in the next economic cycle, and the transition of some industrial space into Class B and C office space.

Multi-Family Site

As noted earlier, the Falcon Pointe TIRZ includes a 16.2 acre site designated for apartment development. This site is located along the future Colorado Sands Road north of its intersection with Pfluger Lane. Included in the table below is market information from Austin Investor Interest's Third Quarter 2010 Trend Report. Of the property types, the apartment market has exhibited the strongest rebound in rents and occupancy levels over the last year, with rents increasing \$.05 per square foot in the last year and occupancy rates increasing 4% in the last year. These strong increases are attributable to several factors including population increases resulting from migration to the area, the slowdown in the delivery of new apartment units, current apartment residents not purchasing homes (that normally would) due to mortgage underwriting criteria or lack of confidence, and renters that doubled up during the recession deciding to move into their own units.

**Multi-Family Occupancy and Rental Rate Trends
By Submarket**

Submarket	Occupancy	Ann. Change	Rent ¹	Ann. Change
Bastrop	95.03%	6.16%	\$0.82	4.10%
Central	94.88%	0.47%	\$1.39	86.00%
CBD	95.52%	11.11%	\$2.06	15.19%
Cedar Park/Leander	93.41%	-0.68%	\$0.88	4.02%
Far North	95.17%	4.99%	\$0.93	6.32%
Far Northwest	96.58%	3.48%	\$0.87	4.31%
North	90.13%	3.19%	\$0.84	2.77%
Northeast	89.03%	3.74%	\$0.89	3.04%
Northwest	95.72%	5.46%	\$0.91	5.29%
NWH	95.57%	3.54%	\$1.01	5.65%
Round Rock	92.83%	9.86%	\$0.89	2.59%
South	95.97%	8.74%	\$1.01	6.32%
Southeast	88.14%	1.09%	\$0.87	1.84%
San Marcos	95.77%	3.71%	\$1.01	7.42%
Southwest	94.69%	2.17%	\$1.07	6.65%
Williamson	89.37%	14.72%	\$0.88	-0.57%
Travis	93.39%	3.65%	\$1.00	5.43%
Austin MSA	93.62%	4.46%	\$0.98	5.25%

Source: Austin Investor Interests 3Q10 Trend Report
¹ Rates include Properties under construction with rentable units.

With average rents now approximating \$1.00 per square foot (\$1.09 per square foot for Class A projects), and occupancy levels approaching 95%, experts in the multi-family sector are reporting strong renewed interest in approved apartment sites in the more desirable areas in the region. As the information in the table indicates, average rents in the Northeast market area that includes the Falcon Pointe TIRZ are now \$.93 per square foot, and occupancy rates exceed 95%. Furthermore, the Northeast market area has experienced strong rent and occupancy increases in the last year.

Much of the apartment development that has taken place in the Pflugerville area has been concentrated south of Falcon Pointe and closer to IH 35. Furthermore, the largest concentrations of multi-family development in the nearby Round Rock market have been along SH 45 closer to IH, as well as concentrated around Dell Computer’s corporate headquarters and in the La Frontera development located west of IH 35. The closest new construction of apartments to the Falcon Pointe TIRZ is the 402 unit Mansions at Star Ranch project which is located in the Star Ranch community located on the west side of SH 130 approximately two miles north of Falcon Pointe. The Mansions project was completed this year, and as of the third quarterly has reportedly achieved a 92% occupancy level and average rents of \$1.10 per

square foot. The success of this project along SH 130 suggests the corridor, especially in areas closer to SH 45, will see additional demand for apartment development in the years to come.

SUMMARY CONCLUSIONS FOR TIRZ ANALYSIS

As addressed earlier in this section, the construction of the proposed improvements within the Falcon Pointe TIRZ, especially Colorado Sands and Lone Star Boulevard, will not only provide additional access points for the community, but will also enhance the utility and marketability of the commercial and multi-family sites that are located within the TIRZ. While the proposed improvements will be significant factors with respect to the market viability of the property within the TIRZ, it is our opinion that other variables will also play a role in the ultimate uses of the TIRZ impacted sites.

As discussed earlier, Metrostudy estimates that the Falcon Pointe Target Market Area (area represented by the boundaries of the Pflugerville ISD) has approximately 35,000 households, with the expectation that 500-700 households will be added annually over the next three to four years. On a long term basis, the location of SH 130 and SH 45 in immediate proximity to the Falcon Pointe community, as well as the number of existing residential communities in the TMA and the significant volume of future lots in the TMA, will result in consistent population and household growth in this dynamic area. The location of the commercial and multi-family acreage within the TIRZ just south of the dynamic SH 130 and SH 45 intersection positions these properties strategically for future demand in the area.

In light of the above factors, as well as our earlier analysis of various property types, it is important to recognize that the current economic climate in Austin and many parts of the U.S. renders it unlikely that commercial development will occur within the Falcon Point TIRZ in the short term. Until the local economy again has sustained employment growth, and just as importantly until the financial and related credit markets begin to open up, we do not expect to see a return to significant levels of commercial development in the Austin region, including the Pflugerville area.

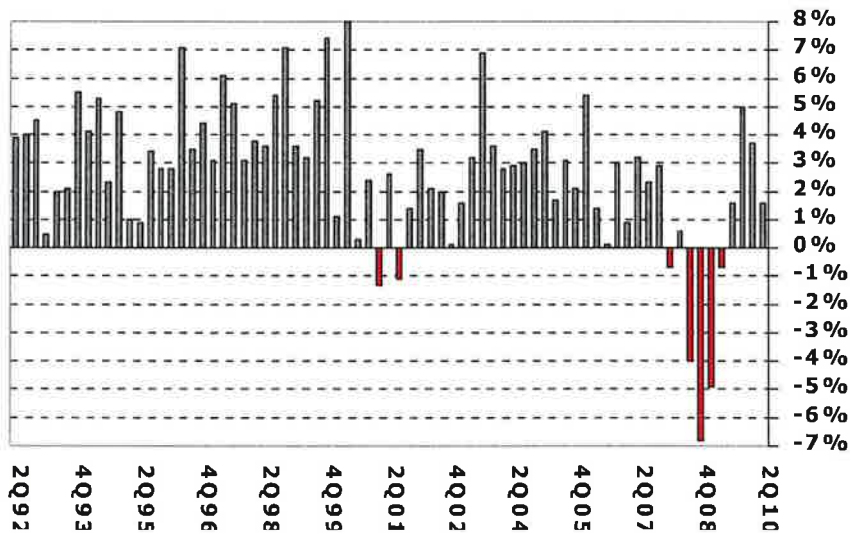


In summary, it is Metrostudy's contention that the construction of the proposed TIRZ improvements will serve to immediately enhance the single family residential components to the Falcon Pointe community. Furthermore, the improvements will serve to increase the utility and marketability of the commercial acreage within the TIRZ. The enhancement to this acreage will, to some extent, be delayed until the U.S. and local economies once again are experiencing strong job growth and companies have access to capital to facilitate investment in real estate facilities.

National Economic Overview

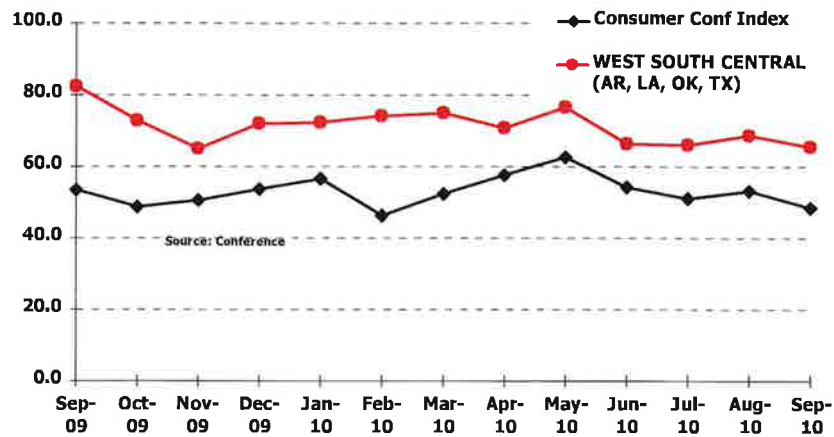
Economic growth slowed in the second quarter of 2010 amidst weak consumer confidence and a hobbling homebuilding industry. Consequently, the revised 1.7% National Gross Domestic Product in the second quarter was slightly above many analysts' projections but lower than the 2.0% expected at this point in the recovery. Although it has become apparent that the nation's growth has slowed significantly, the 2Q10 growth rate of 1.7% is still above the 1.5% benchmark economist were using as an indicator of a looming double dip.

U.S. Gross Domestic Product – 2Q92 to 2Q10



The Consumer Confidence Survey is the leading indicator for the consuming public's propensity to buy goods and services. As of October 2010, national consumer confidence was at a level of 50.2, which is up from September's figure of 49.2. Even though consumer confidence seems to be trending upward, readings below 60 indicate recessionary-level confidence. The economy is considered to be in a state of growth when consumer confidence reads above a level of 80. In comparison to national figures, Texas' consumer confidence is approximately 15 points higher, signaling that local economies are outperforming national trends.

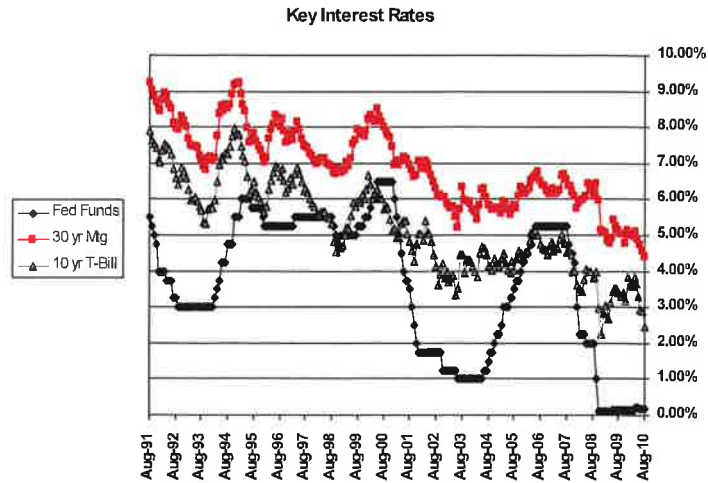
**NATIONAL ECONOMIC OVERVIEW
TEXAS - Consumer Confidence Index**



The Bureau of Labor Statistics of the U.S. Department of Labor employment numbers indicate that the U.S. labor economy has added 613,000 jobs in 2010, year-to-date. This encouraging number is amplified by the fact that the economy has now experienced three consecutive months of employment figures beating the year-over-year comparison.

- July 2009 to 2010: increase of 71,000 Jobs
- August 2009 to 2010: increase of 229,000 Jobs
- September 2009 to 2010: increase 344,000 Jobs

Despite the positive news in job creation, the national unemployment rate remains elevated. Over the past several months, the national unemployment rate has fluctuated around 9.6% due to the number of unemployed persons entering and exiting the labor force. The percentage of underemployed persons in the U.S. is significantly higher at approximately 18%.

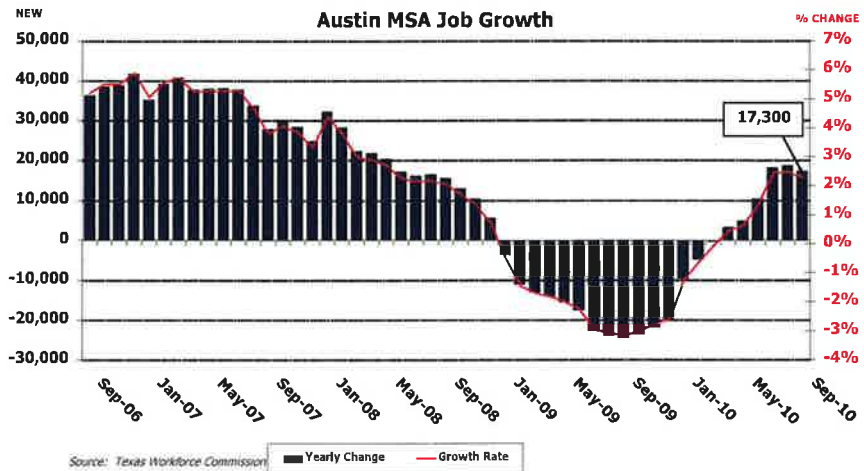


The Federal Reserve Bank has indicated that it will not hesitate to purchase more bonds, or even diversify its portfolio, in an attempt to keep interest rates at levels that best support economic growth. Despite their best efforts, an economic recovery (including the housing industry) will be driven by the creation of jobs. Until companies begin hiring, housing markets around the country are going to remain in a state of flux, regardless of low interest rates. According to Freddie Mac’s Weekly Primary Mortgage Market Survey on September 16, 2010, the average 30-year fixed rate was 4.21%. The current rate is a mere 0.05 points below the lowest recording for 2010, still resting significantly below historical trends. At face value, a 4.37% 30-year fixed rate seems like a boost to the home buying community, but high qualifying standards eliminate much of the remaining home buying population after prime borrowers made their purchases before the expiration of the Tax Credit.

In September, US housing starts rose 0.3% to an annual rate of 452,000 and the National Association of Homebuilders projects that 479,000 starts will occur in 2010. This may be optimistic; given the 4th quarter is typically a cooling period for the home building industry, but look for this seasonal low to be exaggerated by the hangover from the Tax Credit.

Austin Metropolitan Statistical Area Economy

This section addresses economic and new home market trends in the Austin Metropolitan Statistical Area (MSA). The following evaluation of housing starts and closings activity, new home inventory and lot inventory levels will provide a better understanding of local housing supply and demand.



Recent job figures released by the Texas Workforce Commission (TWC) indicate that the Austin MSA gained 17,300 jobs in the 12-months ending in September 2010. This equates to a 2.29% increase in jobs over the past year, which is much improved from the -3.07% loss experienced in September a year ago. Like many state capitals, Austin has benefited from the growth in government related jobs and/or stimulus, adding 3,000 new jobs to Austin in the past 12 months. This is the second highest year-over-year change for any employment sector. Leisure and Hospitality led the market with a 12.2% gain in employment. The following table includes all the major industries in the Austin MSA and their respective statistics.

Employment By Industry				Monthly Change		Annual Change	
	Sep-2010	Aug-2010	Sep-2009	Number	%	Number	%
Total Non-Farm	771,200	769,200	753,900	2,000	0.3%	17,300	2.3%
Mining, Logging, & Construction	39,600	40,300	40,200	-700	-1.7%	-600	-1.5%
Manufacturing	47,700	47,600	47,500	100	0.2%	200	0.4%
Trade, Transp., & Utilities	129,800	130,700	131,800	-900	-0.7%	-2,000	-1.5%
Information	18,800	18,900	19,400	-100	-0.5%	-600	-3.1%
Financial Activities	43,700	44,000	43,500	-300	-0.7%	200	0.5%
Professional & Business Services	107,700	109,000	105,000	-1,300	-1.2%	2,700	2.6%
Education & Health Services	86,900	86,200	83,900	700	0.8%	3,000	3.6%
Leisure & Hospitality	93,200	92,600	83,100	600	0.6%	10,100	12.2%
Other Services	34,300	34,600	33,000	-300	-0.9%	1,300	3.9%
Government	169,500	165,300	166,500	4,200	2.5%	3,000	1.8%

Statistics indicate that the U.S. economy is growing at a slow pace and that the latest recession has technically ended. However it remains unclear how our nation's economic growth will translate into significant local job creation, which will facilitate the beginning of the true housing market recovery. On a positive note, the Austin MSA has experienced lower unemployment, fewer housing foreclosures, and fewer job losses than most major MSAs around the country. Consequently, it is likely that a local housing industry recovery will trend ahead of most markets.

The long-term projections for demographic population growth in Texas are very strong. The Austin MSA region is expected to grow from approximately 1,700,000 to 3,960,000 by 2040. The employment sectors that are likely to benefit the most from this robust growth are Health Care, Government, Education, and Trade.

Metrostudy's forecast of job growth in the Austin MSA over the next five years is as follows:

2010: 7,500 to 15,000 Jobs (1.0% to 2.0%)
2011: 7,500 to 15,000 Jobs (1.0% to 2.0%)
2012: 7,750 to 15,500 Jobs (1.0% to 2.0%)
2013: 12,000 to 16,000 Jobs (1.5% to 2.0%)
2014: 12,000 to 20,000 Jobs (1.5% to 2.5%)

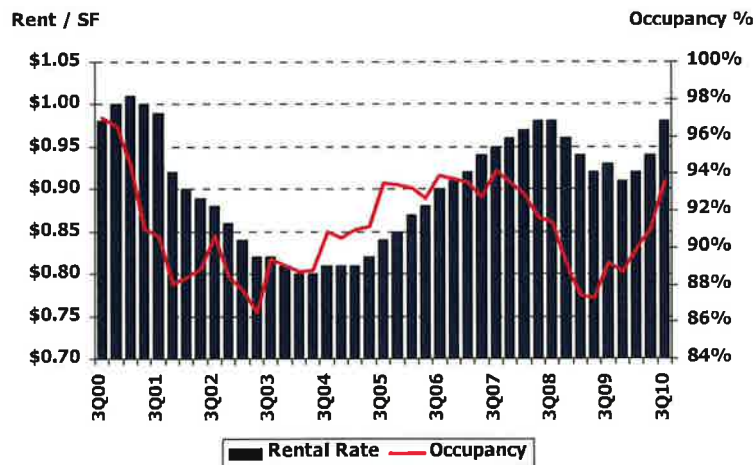
Multi-Family Market

Austin Investor Interests has been tracking the local multi-family market for over ten years and is well respected among the brokerage and consulting communities as a source of reliable multi-family data.

In their latest available report, the Third Quarter 2010 Trend Report, Austin Investor Interests reports that the average overall rental rate for apartments in the Austin MSA was \$0.98/SF, up from \$0.93/SF in 3Q09. The average overall occupancy level was 93.6% as compared to 89.2% in 3Q09. As effective rental rates and overall occupancy levels rise, the value component of home ownership will begin to play a larger part in the decision process of where and how to live.

In the last 12 months, 3,183 apartment units were delivered to the market and only 1,480 units are slated for delivery in the next year. The lack of future supply will only help the single-family housing market in the near term.

The Austin Apartment Market

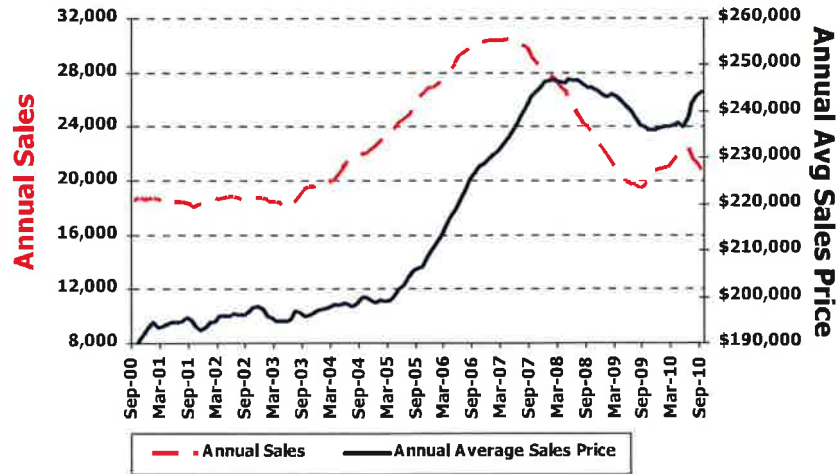


Source: Austin Investor Interests

Resale Market

The latest data from the Texas A&M Real Estate Center indicates there were 20,784 annual sales recorded through MLS during the last 12 months ending September 2010. This figure includes single-family detached homes, townhomes and condominiums. The pace of MLS closings is down from the prior month, but up from 2009 by 6%. As of September 2010, the average sales price is \$246,200. The following chart illustrates the trends in Austin's annual sales pace and average pricing.

Austin Resale Market
Annual Sales & Average Price

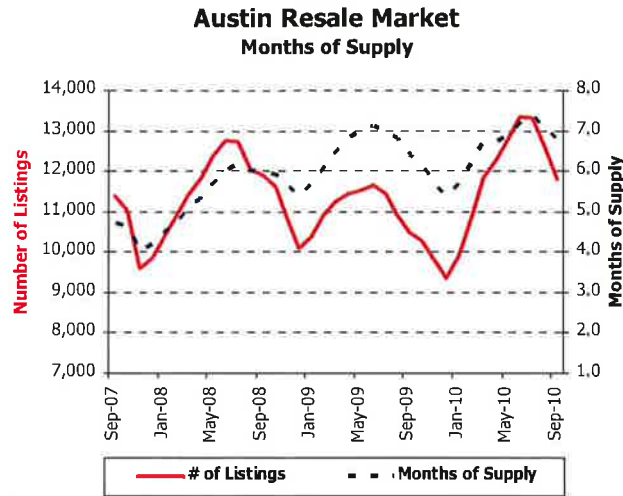


Source: Texas A&M Real Estate Center

The resale market got a boost earlier this year from the federal tax credit which increased the demand for housing, both new and resale, during the spring selling season.

As of September 2010, there were 11,834 active listings in MLS. Based on the current pace of closings, this represents 6.8-months of supply of listings, which is the lowest supply since April 2010. Although the level of inventory is above what Metrostudy considers equilibrium, seasonal trends will likely lessen supply in coming months.

Metrostudy expects the resale market to continue at a moderate pace for the remainder of 2010. A low consumer confidence and tight credit standards likely continue to influence demand for resale homes.



Source: Texas A&M Real Estate Center

New Home Market (Detached Housing)

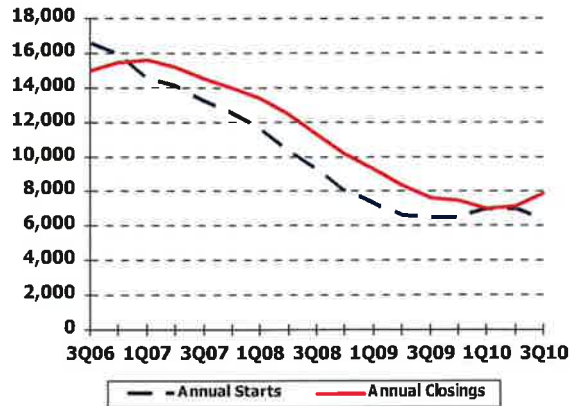
Metrostudy is a full service market research and consulting firm specializing in housing demand analysis and related real estate activities. We conduct a housing survey of the single-family residential market. We gather all single-family plats in the Austin MSA, and our teams of surveyors physically inspect each lot every quarter. Metrostudy’s definitions, biography and methodology are included in the Addenda of this report. The area surveyed by Metrostudy in the Austin MSA includes a total of five counties: Travis, Williamson, Bastrop, Hays and Caldwell.

New Housing Starts

The 3Q10 pace of annual housing starts for the Austin MSA is at 6,174 new homes. Austin’s annual pace of housing production has tapered off from the inflated demand experienced in 2Q10 due to Federal stimulus. The annual pace of home closings remained fairly consistent with prior quarters and currently stands at 7,916. In 3Q10, Austin closed over 1,500 more homes than it started, reducing new home inventory from 8.1 months of supply to 7.1 months of supply. Looking forward, Metrostudy projects that the annual pace of new home starts and closing will fall slightly through the remainder

of 2010. Metrostudy's projection is based on the opinion that the extension of the federal tax credit pushed future housing demand into earlier months, which is likely to lessen demand in the 4th quarter.

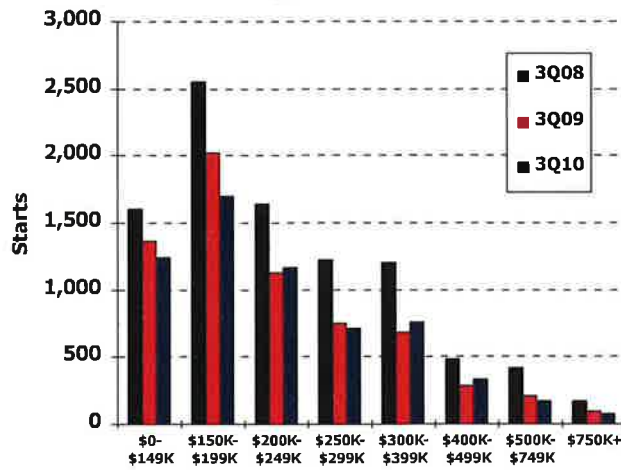
Austin New Home Market
Annual Starts & Annual Closings History
Detached Homes



Source: Metrostudy

While 2Q10 saw high demand for homes priced under \$200K due to the First Time Homebuyer's Tax Credit, such demand declined in 3Q10. However, homes priced in the \$300K-\$399K range saw a 12% increase from 3Q09. Of the various price points illustrated below, the greatest growth occurred in homes priced from \$300K to \$499K. Metrostudy assumes that the decreased activity across more affordable homes was largely a result of the expiration of the government incentive programs for first-time home buyers. As Austin builds its employment base and the overall consumer confidence rises, the demand at all price points will once again begin to increase.

Austin New Home Market
Annual Starts by Price Range
Detached Homes

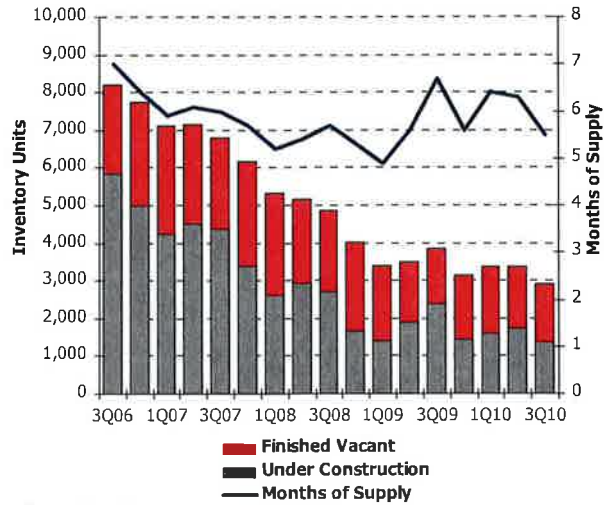


Source: Metrostudy

Housing Inventory

Austin’s new home inventory is down considerably from prior years. Presently, the number of new homes in inventory stands at 3,258. The relative supply for new home inventory is approximately 5.5 months for the MSA, which is below what Metrostudy considers market equilibrium. Metrostudy believes builders will continue to work through their existing inventory for the remainder of the year, keeping the months of supply at or below equilibrium.

**Austin New Home Market
Housing Inventory History
Detached Homes**

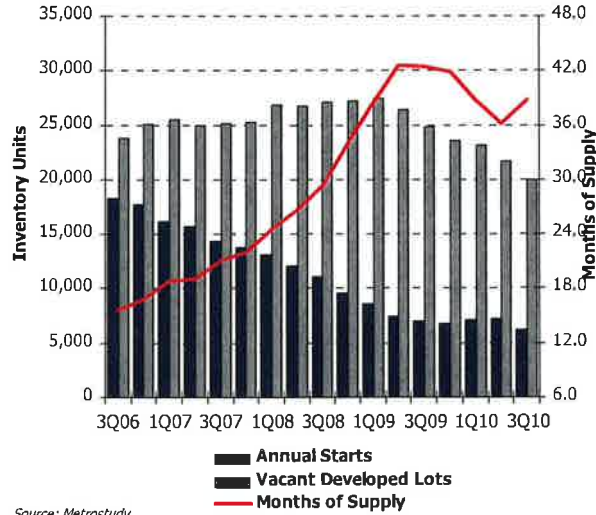


Source: Metrostudy

Vacant Developed Lot Inventory

Similar to the trends in housing inventory, Austin’s monthly supply of vacant developed lots (VDL) is also declining at a rapid pace. The following chart illustrates the historical imbalance in lot supply that occurred in prior years while the pace of new housing starts declined sharply starting in 2006. As Austin’s builders increase their housing production in coming years, the monthly supply of vacant developed lots will trend back towards a more normalized 20 to 24 months.

**Austin New Home Market
Vacant Developed Lot
Months of Supply**



Source: Metrostudy

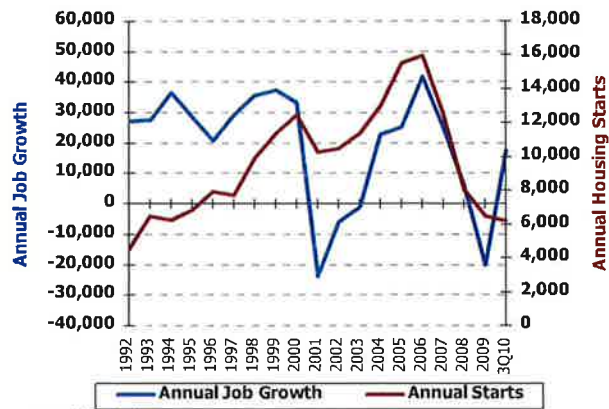
Austin Annual Starts Forecast

In developing a forecast of annual new home starts in the Austin MSA for this study, Metrostudy looked at a number of variables, with particular emphasis on the projected levels of job and population growth anticipated over the forecast period.

The exhibit below summarizes the annual starts rate and annual job growth rate in the Austin region since 1992. It is important to note that historically the annual pace of housing starts tracks with job growth.



**Austin New Home Market
Annual Job Growth
& Annual Housing Starts**



Source: Metrostudy

Metrostudy anticipates the Austin MSA will experience between 5,750 and 6,750 annual starts for 2010. Because national and regional economists continue to forecast uncertain job growth in the near term, Metrostudy expects the pace of annual starts to continue to remain moderate. Several factors will keep builders from making significant increases in building production in the near-term. These factors are as follows:

Public builders are not expected to significantly expand their production capacity until demand and financial issues are resolved on the national level.

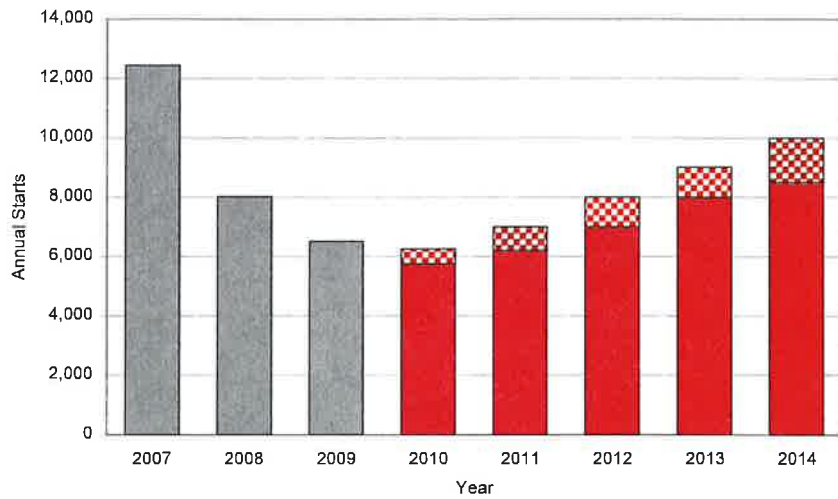
The pace of first-time home buyers will be modest in 2010 and 2011 with the end of the federal home buyer tax credit program and the continuation of strict mortgage lending standards.

Uncertainty in the major international financial markets and major banks will create limited opportunities for many private firms to expand operations in order to increase employment.

Consumer confidence is expected to remain relatively low for the next few quarters, thus limiting the amount of new home buyers entering the market.

Although Metrostudy's near-term projections point to a challenging housing market, Austin's long range forecast is more optimistic. Over the next five years, Metrostudy projects that the Austin MSA will get back to a range of 9,000 to 10,000 new housing starts per year. Metrostudy's projections are as follows:

Austin MSA Annual Starts History and Projections

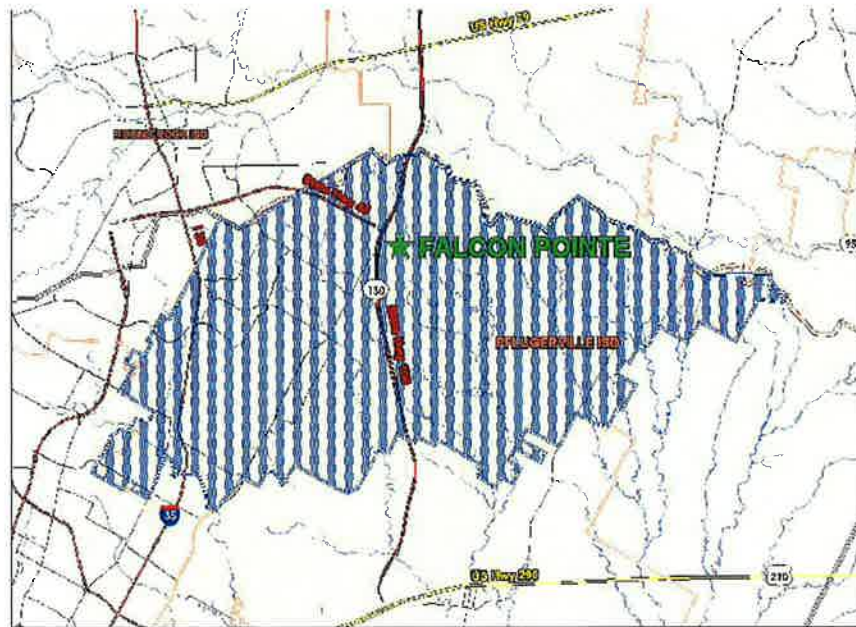


Target Market Area Analysis

This section describes the demographic and new home market trends in the trade area surrounding the TIRZ. An evaluation of housing sales, starts activity, lot inventory levels, and future development plans provide a foundation for understanding the area’s supply and demand, product preference, competition, and potential opportunities.

Definition and Justification

The Target Market Area (TMA) encompasses the area defined by the Pflugerville ISD boundaries. The map below shows the boundaries for the TMA, as well as the location of Falcon Pointe.



The TMA boundaries were established using several market-related considerations. The communities within the TMA boundaries compete for the same buyer traffic along State Highway 45 and State Highway 130. These communities also share the same infrastructure advantages and disadvantages, such as retail and commercial locations, traffic patterns, drive time to and from employment centers, and recreational facility availability. Consequently, new-home trends in the TMA communities are indicative of future demand for particular housing products at the subject site.

Population and Household Trends

Metrostudy uses Claritas data as a basis for the characterization of the area and to establish ongoing trends. Metrostudy acknowledges that Claritas, a national demographic firm, while very accurate when estimating population and households in urbanized areas is less precise estimating demographics in suburban fringe areas whose changes are more difficult to predict.

Falcon Point TIRZ TMA	<i>Population and Household Growth</i>		
	2000 Census	2009 Estimate	2015 Projection
Population	65,469	100,143	125,711
Total Numerical Change	-	34,674	25,568
Total Percent Change	-	53.0%	25.5%
Annual Number Change	-	3,467	5,114
Annual Percent Change	-	4.3%	4.7%
Households	23,211	34,665	43,193
Total Numerical Change	-	11,454	8,528
Total Percent Change	-	49.3%	24.6%
Annual Number Change	-	1,145	1,706
Annual Percent Change	-	4.1%	4.5%
Average Household Size	2.8	2.9	2.9

Source: Metrostudy/Claritas/U.S. Census Bureau

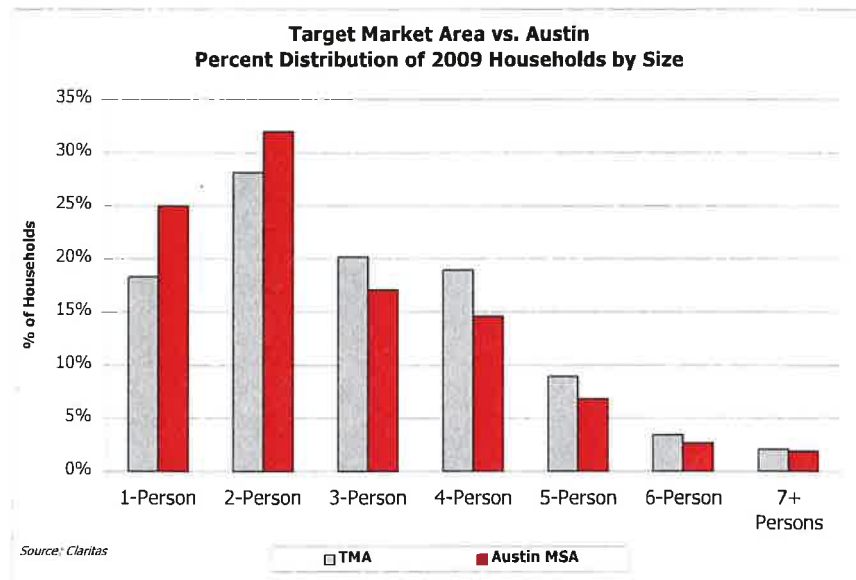
The population and household estimates (by Claritas) indicate that the TMA is a growing region. As of 2009, there were an estimated 100,143 people in 34,665 households. There were 11,454 more households than at the 2000 Census, representing total growth of 49%.

The TMA is considered to be a family-oriented market, given approximately 54% of the household are made of 3 or more people. The following table illustrates the distribution of households by size.

Falcon Pointe TMA		Household Size Profile	
Household Size	2009 Households	% Distribution	
1-Person	6,349	18%	
2-Person	9,745	28%	
3-Person	6,996	20%	
4-Person	6,573	19%	
5-Person	3,103	9%	
6-Person	1,187	3%	
7+ Persons	713	2%	
		34,665	100%
TMA Average HH Size		2.93	
Austin MSA Average HH Size		2.64	

Source: Claritas

The graph below illustrates the high percentage of households larger than 3-persons in the TMA compared to the Austin MSA.



On average, households within the TMA have incomes inline with the Austin average. The TMA's estimated median household income for 2009 was \$68,625, and average household income was \$79,867. The average household income in the Austin MSA is \$76,450.

**Household Income Distribution
Falcon Pointe TIRZ TMA**

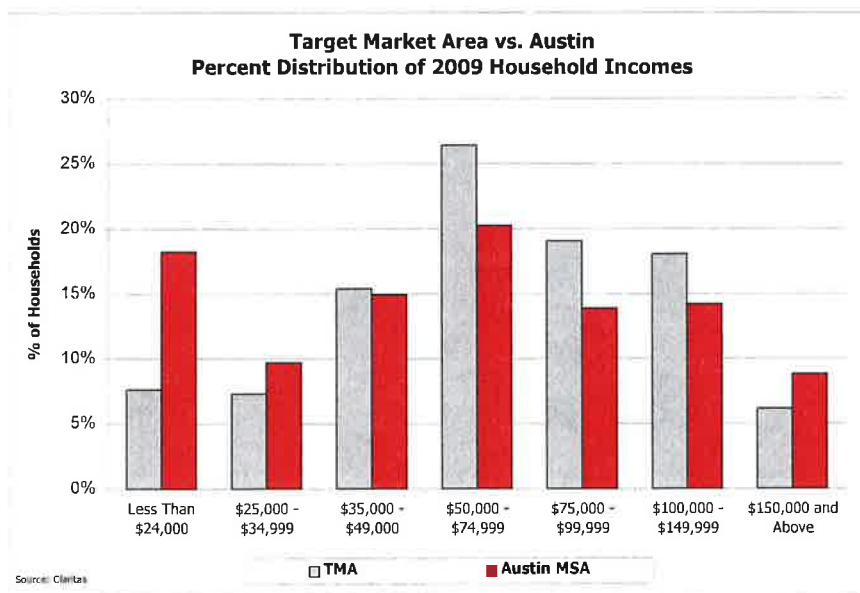
Age Range	2000 Census		2009 Estimate		2015 Projection	
	Number	Percent	Number	Percent	Number	Percent
Less Than \$24,000	2,370	10%	2,645	8%	10,530	24%
\$25,000 - \$34,999	2,386	10%	2,533	7%	4,209	10%
\$35,000 - \$49,000	4,284	18%	5,330	15%	6,047	14%
\$50,000 - \$74,999	6,718	29%	9,161	26%	8,207	19%
\$75,000 - \$99,999	4,069	18%	6,608	19%	5,523	13%
\$100,000 - \$149,999	2,494	11%	6,259	18%	5,462	13%
\$150,000 and Above	891	4%	2,129	6%	3,281	8%
Total	23,211	100%	34,665	100%	43,193	100%

Median Income	\$59,549	\$68,625	\$71,781
Average Income	\$66,673	\$79,867	\$84,631

Source: Claritas

Households in the TMA are concentrated in the income ranges over \$35,000-\$100,000. Overall, 15% of the TMA households earn between \$35,000 and \$50,000, and 45% earn in between \$50,000 and \$100,000 per year. Generally, households with these income ranges are expected to purchase entry-level or first time move up housing products such as offered in Falcon Pointe.

The following chart compares the number of households by income level to Austin as a whole.





Employment Trends

Employment levels are important indicators of an area’s vitality and overall housing demand. Given Falcon Pointe’s location at the intersection of State Highway 45 and State Highway 130, several employment areas are accessible for residents of the TIRZ. Some of the major employers located near Falcon Pointe include:

- Dell Inc. 5-Miles
- SYSCO Food Service 8-Miles
- Dresser Wayne, Inc. 6-Miles
- Applied Materials 6-Miles
- Samsung 9-miles
- Sears Teleserv 4-Miles
- Texas Guaranteed-Student Loan Corp. 6-Miles

In addition to these employers, accessibility to the University of Texas, the State Capital, Austin-Bergstrom International Airport and local retail and service centers are all within an acceptable commute to Falcon Pointe. Therefore, the pool of prospective new homebuyers extends beyond the boundaries of the TMA.

TMA New Detached Single-Family Housing Market

Recent trends in the new single-family housing market are indicative of consumer preference in housing products and lot inventory. This section describes recent quarterly trends in housing starts and vacant developed lots with respect to price, volume, lot sizes and subdivisions.

Detached Housing Starts

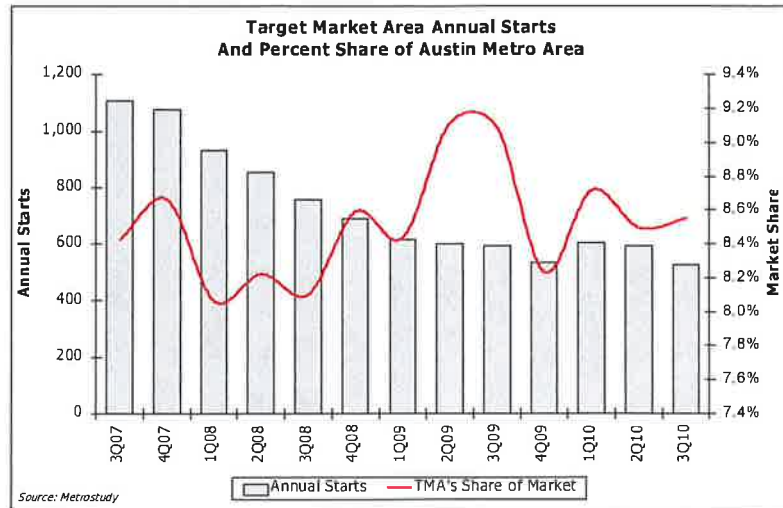
The following table displays the annual rate of new detached housing starts on a quarterly basis from 3Q07 to 3Q10 for both the overall Austin market and the TMA. The percent share of the Austin MSA captured by the TMA is also shown. Accounting for 8.6% of the Austin market, the number of TMA annual housing starts is currently 528. Although the pace of annual starts is declining in the TMA, the market share captured in the TMA remains in the 8.5% to 8.7% range.

**Target Market Area Annual Starts Rate
and Market Share of Total Austin Starts
3Q07 to 3Q10 and Projected**

Qtr/Yr	Ann. Starts Austin	Ann. Starts TMA	TMA Share of Austin
3Q07	13,150	1,108	8.4%
4Q07	12,433	1,077	8.7%
1Q08	11,544	931	8.1%
2Q08	10,398	855	8.2%
3Q08	9,319	755	8.1%
4Q08	8,018	689	8.6%
1Q09	7,311	617	8.4%
2Q09	6,603	602	9.1%
3Q09	6,533	594	9.1%
4Q09	6,509	536	8.2%
1Q10	6,951	606	8.7%
2Q10	6,979	593	8.5%
3Q10	6,174	528	8.6%
<i>Projected</i>			
2010	5,750 to 6,250	495 to 538	8.6%
2011	6,200 to 7,000	536 to 606	8.7%
2012	7,000 to 8,000	609 to 696	8.7%
2013	8,000 to 9,000	700 to 788	8.8%
2014	8,500 to 10,000	744 to 875	8.8%
Avg. '10-'14	7,090 to 8,050	617 to 700	8.7%

Source: Metrostudy

As the market begins to improve, the TMA market share will likely retain its market share over the next few years. The chart on the following page illustrates the historical rate of detached housing starts and the TMA's market share.



Vacant Developed Lots

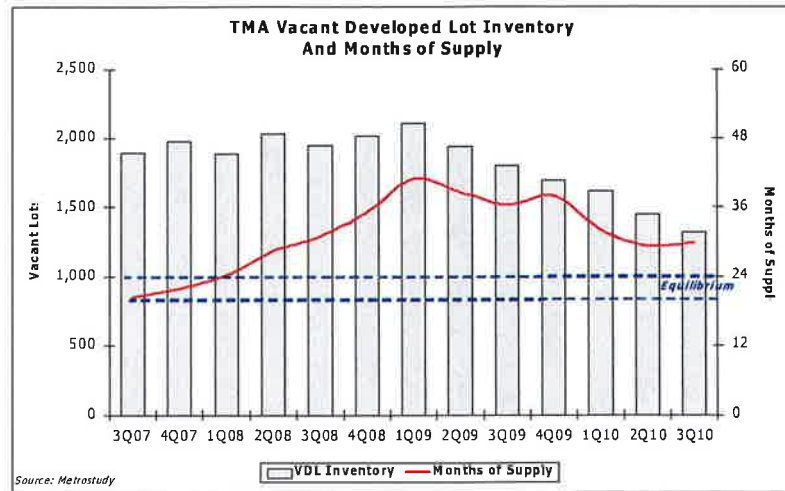
The following table shows recent quarterly lot inventory trends in Austin and the TMA. Since 1Q09, the Vacant Developed Lot (VDL) inventory in Austin has steadily decreased, which caused the VDL supply to decline from its peak of 45-months to the current level of 39-months. Metrostudy considers a 20- to 24-month supply an equilibrium range of VDL.

**Austin and Target Market Area
Vacant Developed Lot Inventory and Months of Supply
3Q07 to 3Q10**

Qtr/Yr	Austin VDL	Months of Supply	TMA VDL	Months of Supply
3Q07	23,984	22	1,893	21
4Q07	23,971	23	1,975	22
1Q08	25,358	26	1,888	24
2Q08	25,378	29	2,031	29
3Q08	25,712	33	1,948	31
4Q08	25,917	39	2,019	35
1Q09	25,958	43	2,108	41
2Q09	24,976	45	1,940	39
3Q09	23,317	43	1,800	36
4Q09	22,258	41	1,696	38
1Q10	21,764	38	1,622	32
2Q10	20,459	35	1,449	29
3Q10	19,977	39	1,317	30

Source: Metrostudy

Similar to Austin, the TMA is working through the existing VDL inventory. Consequently, the VDL supply has declined from a 41-month supply to the current 30-month supply of lots since 1Q09.



Lot Delivery and Absorption

Given the declining starts in the TMA, developers have slowed the development of lots which has allowed builders to reduce the VDL inventory. Currently, many developers are finding it difficult to deliver new lots to the market through more traditional methods. Most banks are not making lot development loans and those that are require additional equity to bring the lots to market. As a result, many developers, of all sizes, are struggling with obtaining sufficient capital to bring new lots to the market.

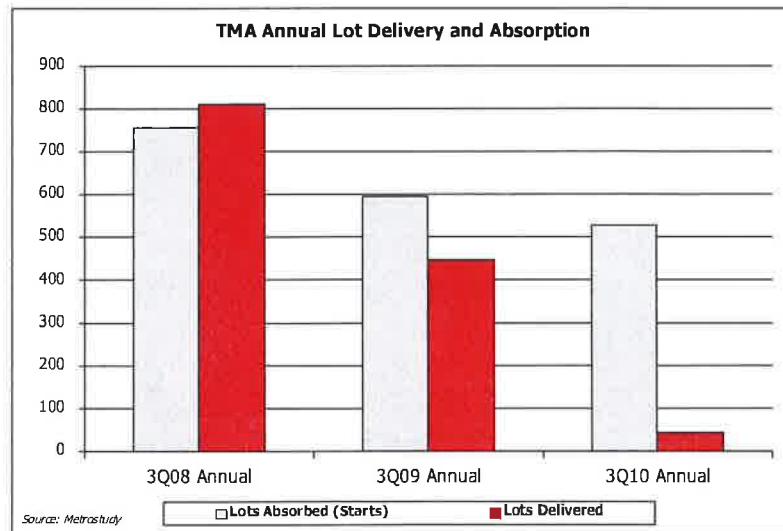
Since 1Q09, builders have absorbed (started) 702 more lots than developers delivered in the TMA. The majority of the lots delivered in the TMA were add-ons to existing communities as previous sections built-out. This trend bodes well for residential developments that are performing well, because it limits future competition. The following table shows historic lot deliveries and absorption rates over the past three-year period.

**Target Market Area
Quarterly Lot Delivery and Lot Absorption
3Q07 to 3Q10**

Yr/Qtr	Lots Absorbed	Lots Delivered	Net Increase or (Decrease)
3Q07	286	463	177
4Q07	204	286	82
1Q08	149	62	(87)
2Q08	216	359	143
3Q08	186	103	(83)
4Q08	138	209	71
1Q09	77	166	89
2Q09	201	33	(168)
3Q09	178	38	(140)
4Q09	80	(24)	(104)
1Q10	147	73	(74)
2Q10	188	15	(173)
3Q10	113	(19)	(132)

Source: Metrostudy

The following graph illustrates annualized lot delivery and absorption rates.



Price Range Distribution of New Home Starts and VDL

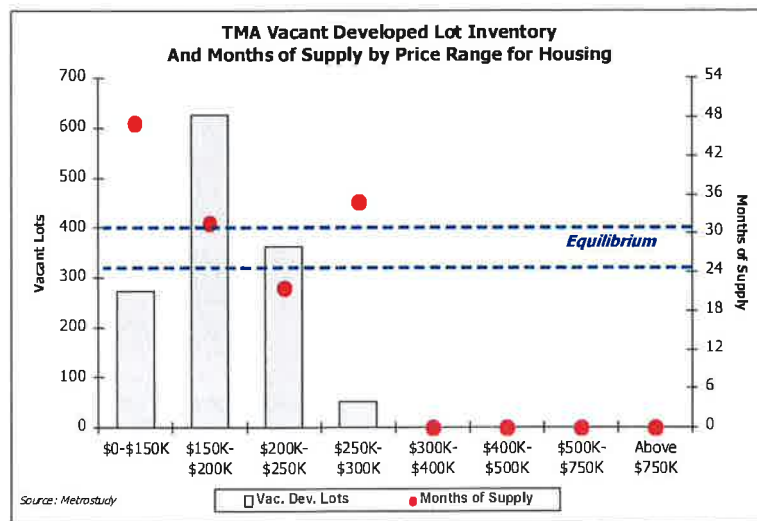
Annual starts on homes priced in the \$150K-\$200K range represent 238 annual starts, or 45% of all starts in the TMA. Annual starts in the \$200K-\$250K account for an additional 38% of the TMA's annual starts, the second highest segment of housing starts.

**Target Market Area
Price Range Distribution of
3Q10 Annual Starts & Vacant Developed Lots**

Price Range	Annual Starts	Percent Distribution	Vacant Dev. Lots	Months of Supply
\$0-\$150K	70	13%	274	47
\$150K-\$200K	238	45%	628	32
\$200K-\$250K	201	38%	363	22
\$250K-\$300K	18	3%	52	35
\$300K-\$400K	1	0%	0	0
\$400K-\$500K	0	0%	0	N/A
\$500K-\$750K	0	0%	0	N/A
Above \$750K	0	0%	0	N/A
TOTAL	528	100%	1,317	30

Source: Metrostudy

In terms of the price ranges with significant start rates, the VDL months of supply is lowest between \$200K and \$250K. The 363 VDL in this price range reflects a 22-month supply of lots, which is within the 20 to 24-month equilibrium.



Source: Metrostudy

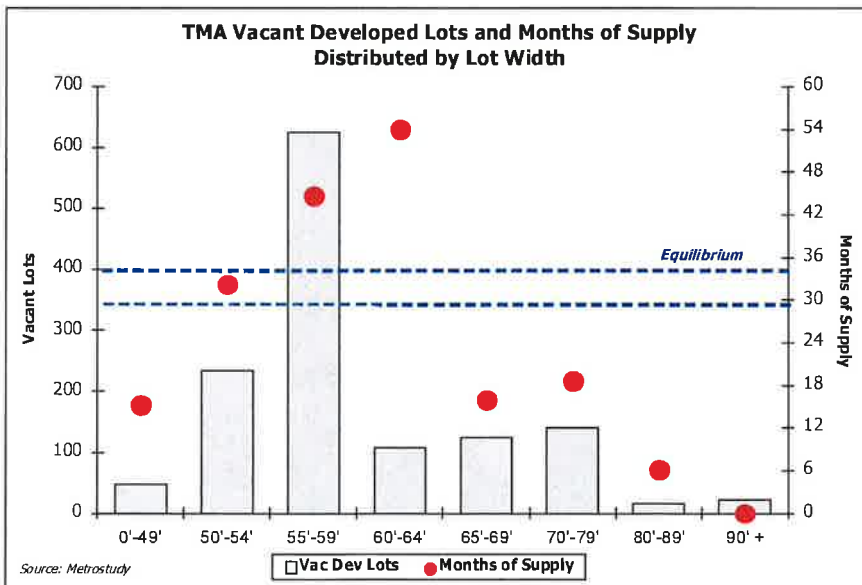
TMA Demand by Lot Size

Annual starts on homes with lots measuring from 55'-59' represent 32% of all starts in the TMA, which is the largest share of starts given to any of the ranges listed in the following table. Annual starts for 65'-69' and 50'-54' in width account for 18% and 16% of annual starts, respectively, and represents the next largest segments of the market.

**Target Market Area
3Q10 Annual Starts & Vacant Developed Lot Inventory
Distributed by Lot Width**

Lot Width	Vacant Dev Lots	Annual Starts	Percent of Total	VDL Months of Supply
Not Known	0	0	0%	-
0'-49'	47	37	7%	15
50'-54'	234	87	16%	32
55'-59'	626	168	32%	45
60'-64'	108	24	5%	54
65'-69'	124	93	18%	16
70'-79'	140	90	17%	19
80'-89'	15	29	5%	6
90' +	23	0	0%	-
TOTAL	1,317	528	100%	30

Source: Metrostudy



TMA Subdivisions Ranked by Annual New Home Starts

The following table shows the top 20 subdivisions in the TMA ranked by the total number of new homes started for the twelve months ending 3Q10. Collectively, Falcon Pointe is the top performing community within the TMA with 92 annual starts and 76 annual closings.

Target Market Area Subdivisions Ranked by 3Q10 Annual Starts							
Rank	Subdivision Name Builders	Price Range	Lot Size	3Q10 Ann Closings	3Q10 Ann Starts	Vac Dev Lots	Months of Supply
1	Lakes at Northtown KB Home	\$148-\$227	50x120	42	54	48	11
2	Reserve @ Westcreek Main Street/ Meritage	\$124-\$189	55x120	48	53	328	74
3	Avalon Grand Haven/ Scott Felder/ Standard Pacific	\$175-\$252	55x120	46	44	135	37
4	Centarra Centex/ Legacy	\$125-\$202	50x120	57	43	92	26
5	Villages of Hidden Lake Buffington/ Lennar	\$133-\$278	50x120	60	38	180	57
6	Commons at Rowe Lane Gehary/ Highland/ Wishire	\$142-\$254	55x120	47	38	42	13
7	Spring Trails KB Home	\$145-\$245	70x130	42	37	54	18
8	Falcon Pointe/Stonehill Centerra/ Lennar/ Meritage	\$152-\$255	55x125	21	34	20	7
9	Blackhawk/Park VI (Retreat) Centex	\$139-\$188	65x130	25	31	69	27
10	Greenridge Lennar/ Pacesetter	\$159-\$260	70x125	31	30	36	14
11	Blackhawk/ Park II (Trails) Meritage/ Kyaland	\$130-\$264	65x120	20	22	45	25
12	Falcon Pointe/Somerset Lennar/ Meritage	\$119-\$252	55x125	21	21	37	21
13	Blackhawk/ Lakeside II Gehary/ Wishire	\$178-\$270	80x160	17	17	32	23
14	Falcon Pointe/Parkwood Meritage	\$221-\$306	65x140	11	16	11	8
15	Blackhawk/ Meadows Gehan	\$140-\$264	60x120	17	13	18	17
16	Highland Park North DR Horton/ Lennar	\$154-\$272	70x130	8	12	20	20
17	Falcon Pointe/Woodcreek Trail Centerra	\$177-\$294	65x125	6	9	36	48
18	Falcon Pointe/Woodhaven DR Horton	\$171-\$187	55x125	15	5	40	96
19	Falcon Pointe/Brookwood Trail Centerra	\$180-\$258	65x125	0	4	5	15
20	Highland Park South UK Horton	\$144-\$233	55x120	38	3	38	152
Top 20 Total				572	524	1,286	29
Balance of TMA				15	4	31	93
TMA Total				587	528	1,317	30
Top 20 Subdivisions Share of TMA				97%	99%	98%	

Source: Metrostudy

The top 20 subdivisions, covering a variety of home price ranges, all started at least 3 homes in the past 12-months and account for 99% of total annual starts in the TMA. The top 20 subdivisions also have a 29-month supply of vacant developed lots. The top 10 subdivisions had a minimum of 30 starts and account for 402 total starts, or 76% of total TMA.

Planned Housing Projects, Future Lot Inventory

A total of 18,165 undeveloped lots have received either preliminary or final approval in the TMA. It is worth noting that just because a plat is approved; it does not mean the lots are under development. Many of these plats are only pre-approved. Delivery of lots will depend on the type of lot, the supply and demand for the lot type, and whether the lots are for brand new communities or “add-ons” to existing communities. The tables that follow detail the future lot inventory by subdivision and section.

**Target Market Area
Future Lot Inventory**

Subdivision	Sec.	Lot Size	Developer	# of Lots
Avalon	Ph 10	50x120	Blake Magee	72
Avalon	Ph 11	50x120	Blake Magee	97
Avalon	Ph 12	50x120	Blake Magee	64
Avalon	Ph 13	55x120	Blake Magee	64
Avalon	Ph 14	60x120	Blake Magee	81
Avalon	Ph 15	50x120	Blake Magee	71
Avalon	Ph 16	50x120	Blake Magee	87
Avalon	Ph 17	55x120	Blake Magee	151
Avalon	Ph 6	55x120	Blake Magee	96
Avalon	Ph 7B	65x120	Blake Magee	25
Avalon	Ph 8	65x120	Blake Magee	100
Avalon	Ph 9 - Balance	55x120	Blake Magee	91
Avalon	Ph. 5	65x120	Blake Magee	92
Blackhawk/ Lakeside II	Lots-Balance	70x120	Robert Tiemann	117
Blackhawk/ Lakeside III	Sec 1	N/A	Robert Tiemann	198
Blackhawk/ Park II (Trails)	Lots-Balance	N/A	RH of Texas/Robert Tiemann	85
Blackhawk/Park VI (Retreat)	Lots-Balance	55x120	Robert Tiemann	305
Bohls North	Concept	N/A	Tejas Viejo Land Co.	657
Cactus	Concept	N/A	Tejas Viejo Land Co.	445
Cantarra	Lots-Balance	50x110	Intermandeco	481
Cantarra	Sec 1B	50x120	Intermandeco	15
Cantarra	Sec 3	N/A	Intermandeco	324
Cantarra	Sec IIA	N/A	Intermandeco	173
Carmel (Wildflower)	Concept	N/A	N/A	3,000
Commons at Rowe Lane	Ph 2 55'	55x120	James Harris Co.	108
Commons at Rowe Lane	Ph 3	65x120	James Harris Co.	90
Commons at Rowe Lane	Ph 4	65x120	James Harris Co.	123
Commons at Rowe Lane	Ph 5	60x120	James Harris Co.	120
Commons at Rowe Lane	Ph 6	60x120	James Harris Co.	133
Creekside(New Cele)	Concept	40x120	Mikran, Ltd	343
Entrada	Concept	45x95	HM Pfluger (J. Hanna)	841
Falcon Pointe	Sec 10B (Vintage)	65x125	Newland Communities	20
Falcon Pointe	Sec 12	60x125	Newland Communities	114
Falcon Pointe	Sec 4N - Ph 1	55x125	Newland Communities	69
Falcon Pointe	Sec 9 South	55x125	Newland Communities	90
Fossil Creek	Concept	40x100	Jay Hanna Compnray	948
Harris Ridge/Garden	Sec. 1	30x90	Momark Development	84
Highland Park South	Lots-Balance	N/A	DR Horton	402
Highland Park South	Ph B, Lots-Balance	N/A	DR Horton	135
Highland Park South	Ph C	N/A	DR Horton	175
Highland Park South	Ph D Lots-Balance	N/A	DR Horton	303
Lake Colony	Concept	N/A	N/A	448
Lakes at Northtown	Lots-Balance	50x120	Blake Magee/KB Home	27
Lakes at Northtown	Sec 4	50x120	Blake Magee/KB Home	68
Lakeside WCID	Concept	N/A	Robert Tiemann	1,440
Meiber Ranch	Balance	150x300	N/A	22

Source: Metrostudy

**Target Market Area
Future Lot Inventory**

Subdivision	Sec.	Lot Size	Developer	# of Lots
Melber Ranch	Section 1-A	165x350	N/A	16
Parkside	Concept	N/A	Robert Tiemann	637
Penley Farms	Sec. 1	70x140	Mile High Capital Group	129
Penley Park	Garden - 40'	40x90	SREI Penley Farm	28
Penley Park	SFR - 70'	70x115	SREI Penley Farm	105
Penley Park	TH lots	28x90	SREI Penley Farm	23
Reserve @ Westcreek	Lots-Balance	55x120	N/A	87
Spring Trails	Lots-Balance	70x130	Ford Development	259
Springs of Walnut Creek, The	Balance	N/A	Avalonpark Texas	86
Springs of Walnut Creek, The	Phase 1	N/A	Avalonpark Texas	29
Villages of Hidden Lake	Lots-Balance	N/A	Buffington Capital/Len-Buf/RMD	154
Villages of Hidden Lake	Ph 6A Undefined	60x125	Buffington Capital/Len-Buf/RMD	90
Villages of New Sweden	Concept	40x110	RMD & Co.	1,640
Villages of New Sweden North	Concept	50x110	RMD & Co.	1,888
Total Future Lots				18,165

Source: Metrostudy

Residential Development Profile & Projections

Methodology

Metrostudy uses the 2000 population and household numbers from the Census Bureau as a base from which we build both our estimates and projections. The current estimate is calculated by adding the number of new single-family homes closed and the number of new apartment units that have entered the market since the 2000 Census. The sum of these two numbers was then added to the number of households in 2000, which resulted in the current estimated number of households. In order to estimate population, we applied an average household size (from Claritas) to the number of households. Projections are based on recent and expected construction trends; current vacant developed lot inventories as well as future lot inventories.

Metrostudy also analyzed the remaining vacant space in the study areas and looked at other similar areas in the Austin MSA in order to arrive at ratios, which were used to project the distribution of residential versus other types of development in the study areas. We examined the timing of long-term transportation projects in the area, which would influence development patterns, such as the development along State Highway 130 and State Highway 45.

The single-family home construction activity is from Metrostudy's proprietary database. The housing market supply of new homes is monitored on a quarterly basis by our single-family housing survey, which accurately determines development activity such as starts, closings, vacant lot inventories, housing inventories, and demand by home price and lot size. This database allows us to closely and accurately monitor housing demand and supply at small levels of geography. This data greatly assists us in formulating our household and forecast projections.

Population Projections

Based on the historical residential development of the TMA and taking into account the current and expected long-term market conditions in the TMA and the Austin MSA, Metrostudy produced detailed population and household projections for the TMA. The table below shows the total number of new homes closed during the past three years. These numbers were used to generate the household and population projects on the subsequent pages.

**Falcon Pointe TIRZ TMA
Single-Family Housing Starts, Closings,
Housing Inventory and Lot Inventory**

Quarter	Annual Starts	Quarterly Starts	Annual Closings	Quarterly Closings	Housing Inv	VDL Inventory	Future Lots
3Q06	1,447	378	1,327	411	773	1,654	14,189
4Q06	1,359	235	1,385	336	672	2,290	18,684
1Q07	1,235	295	1,412	322	645	1,891	18,729
2Q07	1,200	292	1,353	284	653	1,716	18,091
3Q07	1,108	286	1,296	354	585	1,893	18,823
4Q07	1,077	204	1,259	299	490	1,975	18,835
1Q08	931	149	1,162	225	414	1,888	18,094
2Q08	855	216	1,090	212	418	2,031	17,781
3Q08	755	186	945	209	395	1,948	17,728
4Q08	689	138	828	182	351	2,019	17,545
1Q09	617	77	768	165	263	2,108	17,381
2Q09	602	201	710	154	310	1,940	18,150
3Q09	594	178	647	146	342	1,800	18,236
4Q09	536	80	637	172	250	1,696	18,234
1Q10	606	147	575	103	293	1,622	18,215
2Q10	593	188	591	170	311	1,449	18,165
3Q10	528	113	587	142	282	1,317	18,165

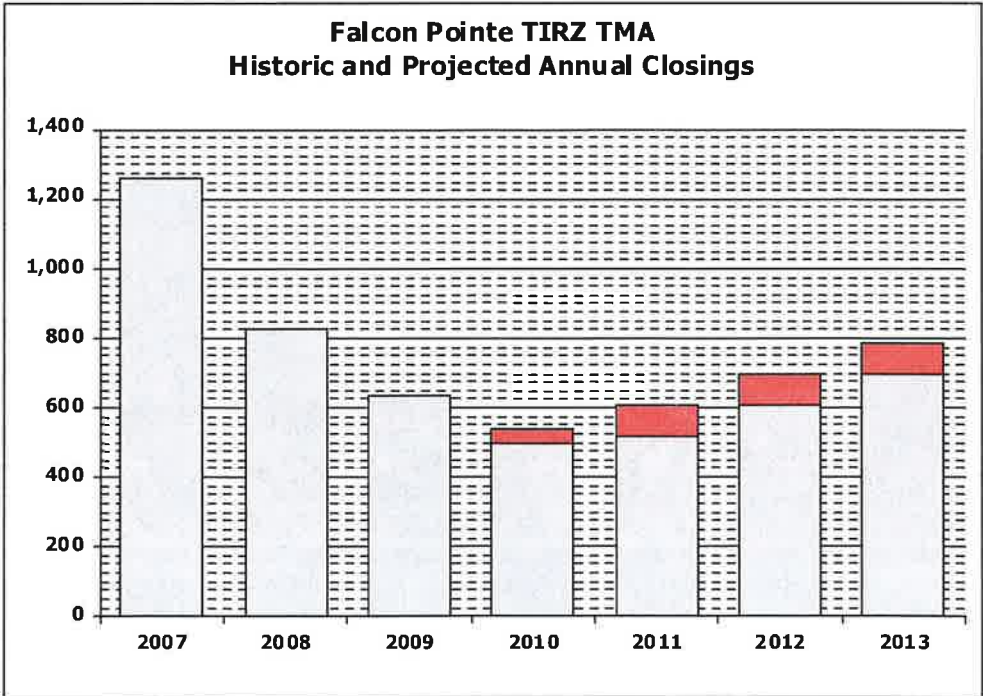
Source: Metrostudy



The table on the following page illustrates the household and population forecast for the TMA from 2010 to 2013. The TMA grew at an annual rate of 4.7% from 2000 to 2009, based on Metrostudy's 4Q09 population and household estimates. Several factors will influence the household growth over the next few years including; job growth, state of the economy, likelihood of increasing interest rates, and the ability for consumers to obtain financing. The threat of increasing interest rates and new regulation for lending will price some of the "first-time" homebuyers out of the market. Therefore, Metrostudy projects that the TMA will grow at an annual rate of approximately 2% for the next four years.

**Falcon Pointe TIRZ TMA
Population and Household Trends
Metrostudy Estimates and Projections**

Year	Households	Population
1990 Census	10,751	28,849
2000 Census	23,211	65,469
<i>Additional SF (2000 - 2009)</i>	<i>11,344</i>	
<i>Total Additional HH's (2000 - 2009)</i>	<i>11,344</i>	<i>33,465</i>
2009 Estimate	34,555	98,934
<i>2010 Projection (SF HH's)</i>	<i>495 - 538</i>	
<i>Total Additional HH's in 2010</i>	<i>495 - 538</i>	<i>1,459 - 1,586</i>
2010 Projection	35,050 - 35,093	100,393 - 100,519
<i>2011 Projection (SF HH's)</i>	<i>519 - 606</i>	
<i>Total Additional HH's in 2011</i>	<i>519 - 606</i>	<i>1,531 - 1,786</i>
2011 Projection	35,569 - 35,698	101,924 - 102,306
<i>2012 Projection (SF HH's)</i>	<i>609 - 696</i>	
<i>Total Additional HH's in 2012</i>	<i>609 - 696</i>	<i>1,797 - 2,053</i>
2012 Projection	36,178 - 36,394	103,720 - 104,359
<i>2013 Projection (SF HH's)</i>	<i>700 - 788</i>	
<i>Total Additional HH's in 2013</i>	<i>700 - 788</i>	<i>2,065 - 2,323</i>
2013 Projection	36,878 - 37,182	105,785 - 106,682

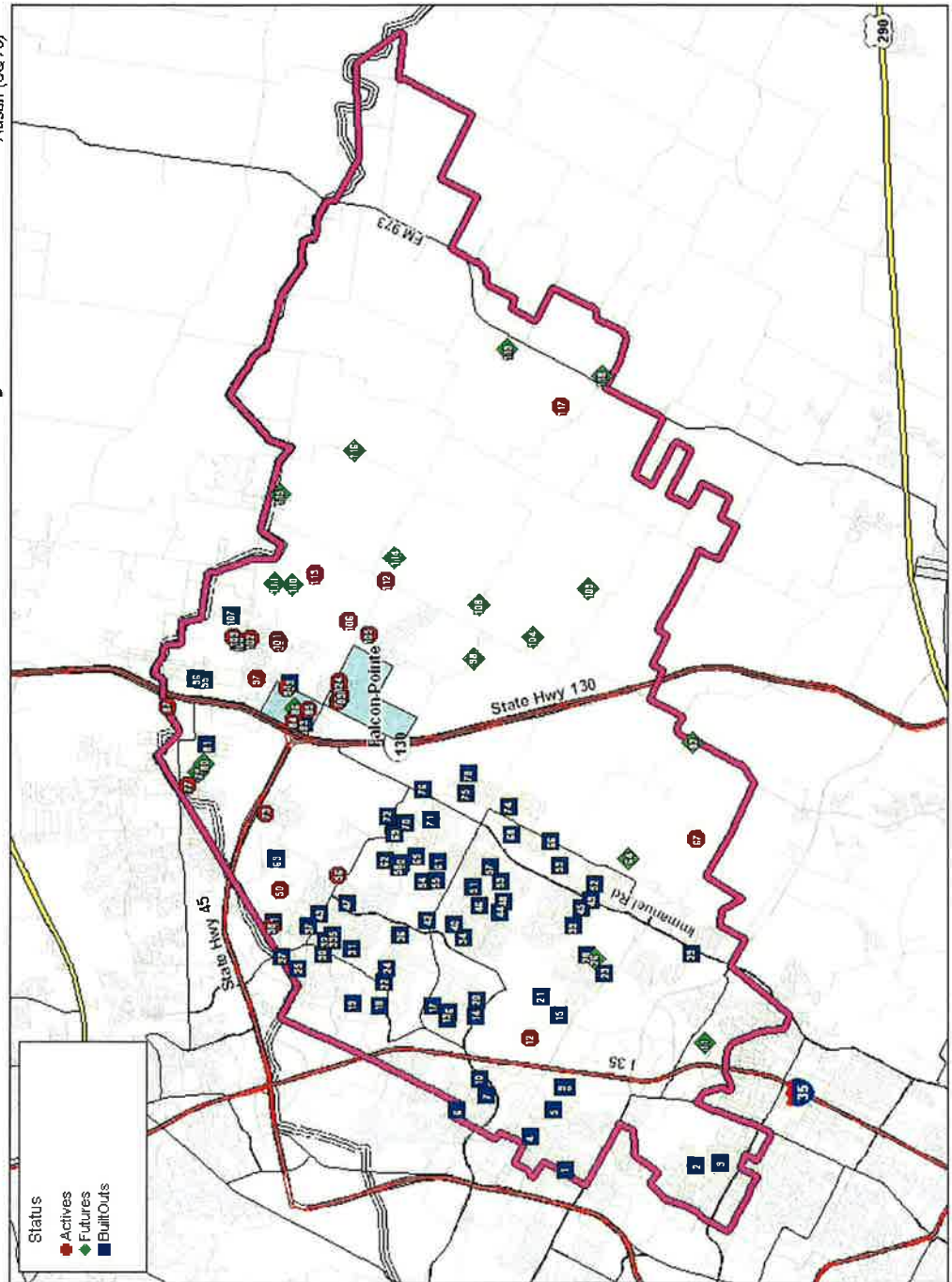


Source: Metrostudy, Census, & Claritas

Subdivision Map and Tables

The following map and subsequent tables show the construction status of each of the subdivisions within the TMA.

Falcon Pointe TIRZ TMA Subdivisions By Status



Austin (3Q10)

Copyright Metrostudy

3Q10 Subdivision Profile (Subdivision Sort)

Proposed Falcon Point TIRZ

Map Label	Subdivision	Status	Annual Starts	Annual Closings	Occupied	Housing Inv	VDL Inv	Future Lots
49	Arbor Creek	Builtout 1Q06	0	0	65	0	0	0
85	Avalon	Active 3Q06	44	46	180	24	135	1,091
17	Bella Terra Condominiums	Active 1Q05	0	5	63	4	18	0
96	Bella Vista at Cottonwood Creek	Active 1Q04	0	0	9	0	23	0
73	Blackhawk/ Fairways	Builtout 1Q10	0	3	471	0	0	0
79	Blackhawk/ Lakeside II	Active 4Q01	17	17	75	5	32	117
89	Blackhawk/ Lakeside III	Future	0	0	0	0	0	198
75	Blackhawk/ Meadows	Active 2Q06	13	17	644	6	18	0
82	Blackhawk/ Park	Active 3Q02	0	1	328	0	1	0
81	Blackhawk/ Park II (Trails)	Active 4Q04	22	20	109	11	45	85
92	Blackhawk/Park VI (Retreat)	Active 4Q07	31	25	64	14	69	305
87	Bohls North	Future	0	0	0	0	0	657
57	Bohls Place	Builtout 3Q02	0	0	424	0	0	0
59	Bohls Place/ Crossing	Builtout 3Q02	0	0	108	0	0	0
37	Brookfield/Crossing	Builtout 3Q07	0	0	451	0	0	0
40	Brookfield/Estates	Builtout 1Q10	0	7	502	0	0	0
31	Brookfield/Glen	Builtout 1Q07	0	0	500	0	0	0
77	Cactus	Future	0	0	0	0	0	445
55	Cambridge Estates	Builtout 1Q07	0	0	285	0	0	0
29	Cambridge Heights/ Estates	Builtout 3Q03	0	0	142	0	0	0
22	Cambridge Heights/ Meadows	Builtout 4Q03	0	0	433	0	0	0
28	Cambridge Heights/ Ridge	Builtout 4Q03	0	0	267	0	0	0
52	Cantarra	Active 2Q08	43	57	112	18	92	993
88	Carmel (Wildflower)	Future	0	0	0	0	0	3,000
84	Commons at Rowe Lane	Active 3Q06	38	47	171	13	42	574
47	Creekside	Builtout 3Q00	0	0	141	0	0	0
93	Creekside(New Cele)	Future	0	0	0	0	0	343
48	Entrada	Future	0	0	0	0	0	841
86	Estates of Blackhawk	Builtout 3Q08	0	0	152	0	0	0
67	Falcon Pointe	Future	0	0	0	0	0	293
72	Falcon Pointe/Arbor Landing	Active 4Q01	0	0	56	0	1	0
66	Falcon Pointe/Brookwood Trail	Active 3Q01	4	0	92	4	5	0
74	Falcon Pointe/Parkwood	Active 1Q06	16	11	98	9	11	0
71	Falcon Pointe/Somerset	Active 4Q05	21	21	68	9	37	0
70	Falcon Pointe/Stonehill	Active 1Q05	34	21	90	15	20	0
68	Falcon Pointe/Village Park	Active 3Q03	3	2	49	1	3	0
64	Falcon Pointe/Vistas	Builtout 2Q07	0	0	160	0	0	0
69	Falcon Pointe/Woodcreek Trail	Active 1Q04	9	6	83	6	36	0
65	Falcon Pointe/Woodhaven	Active 1Q09	5	15	23	13	40	0
62	Fossil Creek	Future	0	0	0	0	0	948
1	Gracywoods/Enclave	Builtout 4Q09	0	1	26	0	0	0
58	Greenridge	Active 3Q01	30	31	425	18	36	0
24	Harris Ridge - Pflg	Builtout 1Q09	0	0	841	0	0	0
23	Harris Ridge/Garden	Future	0	0	0	0	0	84
42	Heatherwilde-Park Place	Builtout 3Q04	0	0	1,019	0	0	0
56	Highland Park North	Active 1Q03	12	8	569	12	20	0
46	Highland Park South	Active 1Q04	3	38	474	19	38	1,015
78	Lake Colony	Future	0	0	0	0	0	448
11	Lakes at Northtown	Active 3Q07	54	42	111	22	48	95
91	Lakeside W/LID	Future	0	0	0	0	0	1,440
45	Meadow Park West - Pflg.	Builtout 2Q05	0	0	78	0	0	0
13	Meadow Pointe	Builtout 3Q00	0	0	168	0	0	0
50	Meadow Ridge	Builtout 4Q05	0	0	50	0	0	0
95	Melber Ranch	Future	0	0	0	0	0	38
41	Mountain Creek	Builtout 1Q06	0	0	316	0	0	0
39	Mountain Creek - Townhomes	Future	0	0	0	0	0	27
53	Mountain Creek Estates	Builtout 4Q01	0	0	98	0	0	0
54	Mountain Creek Ranch - Attached	Active 3Q07	0	0	2	5	26	66
20	Northtown Village	Builtout 1Q05	0	0	404	0	0	0
94	Parkside	Future	0	0	0	0	0	637
27	Parkside Condominiums	Active 1Q07	0	27	142	2	0	0
25	Parkway	Builtout 4Q06	0	0	11	0	0	0
26	Parkway Duplexes - Pflg.	Builtout 2Q07	0	0	86	0	0	0
60	Penley Farms	Future	0	0	0	0	0	129

Source: Metrostudy

3Q10 Subdivision Profile (Subdivision Sort)								
Proposed Falcon Point TIRZ								
Map Label	Subdivision	Status	Annual Starts	Annual Closings	Occupied	Housing Inv	VDL Inv	Future Lots
61	Penley Park	Future	0	0	0	0	0	156
33	Pflugerville Heights	Active 3Q04	1	1	70	1	3	0
90	Reserve @ Westcreek	Active 4Q06	53	48	154	33	328	87
80	Rolling Meadows	Builtout 3Q00	0	0	56	0	0	0
51	Royal Pointe	Builtout 2Q09	0	0	163	0	0	0
16	Sarah's Creek	Builtout 1Q03	0	0	518	0	0	0
14	Sarah's Creek South	Builtout 3Q03	0	0	94	0	0	0
2	Scofield Farms	Builtout 4Q02	0	0	883	0	0	0
3	Scofield Farms Condominiums	Active 4Q07	15	28	48	15	33	0
6	Scofield Farms/ Park	Builtout 2Q01	0	0	142	0	0	0
4	Scofield Farms/ Ridge	Builtout 4Q02	0	0	411	0	0	0
7	Scofield Farms/ Village	Builtout 1Q00	0	0	91	0	0	0
63	Shallow Creek	Builtout 1Q02	0	0	108	0	0	0
44	Spring Trails	Active 2Q06	37	42	127	14	54	259
12	Spring Willow Creek	Builtout 1Q03	0	0	25	0	0	0
38	Springbrook	Builtout 4Q02	0	0	566	0	0	0
35	Springbrook-Enclave	Builtout 1Q04	0	0	78	0	0	0
32	Springbrook-Glen	Builtout 2Q04	0	0	329	0	0	0
18	Springbrook-Meadows	Builtout 3Q00	0	0	563	0	0	0
10	Springs of Walnut Creek, The	Future	0	0	0	0	0	115
9	Springs of Walnut Creek, The - Attached	Future	0	0	0	0	0	35
76	Steeds Crossing/ Ridge	Builtout 2Q01	0	0	468	0	0	0
36	Sunset Ridge Trails	Builtout 2Q03	0	0	295	0	0	0
34	Swenson Farms	Builtout 4Q07	0	0	170	0	0	0
15	Victoria Glen Condominiums	Active 1Q06	0	0	15	0	41	0
21	Village @ Northtown Duplexes	Future	0	0	0	0	0	68
83	Villages of Hidden Lake	Active 3Q03	38	60	869	15	180	244
97	Villages of New Sweden	Future	0	0	0	0	0	1,640
98	Villages of New Sweden North	Future	0	0	0	0	0	1,888
43	Walters Meadow	Builtout 3Q01	0	0	24	0	0	0
5	Wells Branch	Builtout 4Q00	0	0	1,718	0	0	0
8	Wells Branch/ Brookside	Builtout 1Q00	0	0	57	0	0	0
30	Wells Point Club	Builtout 3Q02	0	0	349	0	0	0
19	Wildflower	Builtout 2Q00	0	0	221	0	0	0
Total			543	647	19,847	308	1,435	18,361

Source: Metrostudy

Site Location and Evaluation

Metrostudy conducted a visual inspection of the TIRZ, and no adverse use of adjacent property was observed. Furthermore, no title search was made and Metrostudy makes no claims as to the future use of adjacent land.

Proposed Lot and House Sales - Based upon information provided by the developer, 100% of the single-family lots will be marketed to builders. Moreover, all lots are intended to provide primary housing to the end user.

Schools – Falcon Pointe is served by the Pflugerville Independent School District, an “*Academically Acceptable*” District according to the Texas Education Agency’s 2010 Accountability Standards. Student residing in the District will attend the following schools. Each school’s 2010 rating is supplied in parentheses. For additional information on the TEA’s accountability ratings visit their website at www.tea.state.tx.us.

- Elementary: Murchison (Exemplary)
- Middle: Kelly Lane (Exemplary)
- High School: Hendrickson (Recognized)

Character – Falcon Pointe currently surrounded by several first-time and first-time move-up subdivisions therefore the local housing stock is diverse. In general, the demographic make-up of the TMA is largely middle income and consists of families with children.

Churches - Due to the strong family orientation in the TMA (prominence of single family housing), churches of many denominations are located conveniently to Falcon Pointe.

Metrostudy's Survey Process

Metrostudy gathers all single-family subdivision plats in the Houston market, and our 'Surveyors' physically inspect each lot every 90 days. This task begins on the first day of each quarter and is completed within ten days. The results of these surveys are totaled, tabulated and delivered in the form of briefings, publications, site assessments, and market studies. Each report includes the following terms and abbreviations that are defined as follows:

Future Lot Inventory – as soon as a preliminary plat is submitted (sometimes a site plan) for consideration by a city, the subdivision lots are considered to be Future Lots.

Vacant Developed Lot (VDL) – after the subdivision streets have been paved and our surveyor can physically drive in front of the lot, we consider the subdivision to be developed and to contain Vacant Developed Lots, or 'VDL'.

Start – as we inspect lots, when a housing slab or foundation has been poured we record a housing 'Start'.

Inventory – after a home has been started, it remains as 'Inventory' until it is occupied. It can remain in the following three states until occupancy takes place. It is possible for a home to be started and closed within the quarter and to skip the inventory state. In such case, a Start and Closing are recorded for the quarter.

Under Construction (UC) – a slab has been poured and the unit is "in process" and unfinished.

Finished Vacant (FV) – when all improvements are complete, the lot & yard are cleaned-up, and the house is ready for occupancy, the inventory unit is classified as 'Finished Vacant', or FV.

Finished Model (FM) – builders often use a finished home as a center for sales and marketing. In such cases, the inventory is classified as a 'Finished Model' home.

Closing – when an actual 'Move-In' has occurred, the home becomes 'Occupied' and a Closing is recorded.

Annual Starts & Closings – is the sum of activity for the most recent four quarters. Totals for all categories (Starts, Closings, VDL, Inventory, etc.) for the quarters are available as follows:

First Quarter (1Q) - first week in May

Second Quarter (2Q) - first week in August

Third Quarter (3Q) - first week in November

Fourth Quarter (4Q) - first week in February

Months of Supply (MOS) – this can be applied to the three categories of housing inventory as well as vacant developed lots and future lots. MOS for lots, either developed or future, is calculated by dividing the lots by the Annual Starts divided by twelve:

$$\text{MOS for lots} = \text{VDL} / (\text{Annual Starts} / 12)$$

MOS for housing inventory is calculated similarly, but uses Annual Closings:

$$\text{MOS for Housing Inventory} = \text{Inventory} / (\text{Annual Closings} / 12)$$

Assumptions & Limiting Conditions

The following contingencies and limiting conditions are noted as fundamental assumptions that may affect the validity of the analysis and conclusions reached in this report:

- All information contained in this report, while based upon information obtained from the client and other sources deemed to be reliable, is in no way warranted by Metrostudy.
- The City of Austin, State of Texas, and the nation as a whole will not suffer any major economic shock during the time period of the forecast contained in this report.
- Population will continue to increase at or above the rate forecast.
- The basic sources of statistical data and estimates used in this analysis are sufficiently accurate to be useful for planning purposes.
- The development, when completed, will be designed, promoted, and managed in a manner that will have an adequate impact on the local market.
- The recommendations set forth in this report will be acted upon within a reasonable period of time to preclude major changes in the conditions evaluated.

Radical changes in factors affecting the major assumptions noted above could alter the conclusions reached in this analysis or necessitate the re-evaluation of portions of this report.

Metrostudy

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Table 1: Proposed Land Uses

TIRZ Area "A-Falcon Pointe"

Single family residential (175+/- Acres)	60%
Multi family residential (16.2+/- Acres)	6%
Commercial (63.2+/- Acres)	22%
Recreational (7.0+/- Acres)	2.4%
Roads (28.0+/- Acres)	10.0%
Total (289.4 +/- Acres)	100%

TIRZ Area "B-Mellenbruch"

Commercial (62.9+/- Acres)	88%
Roads (8.6+/- Acres)	12%
Total (71.5 +/- Acres)	100%

TIRZ Area "B-Bohls"

Commercial (31.9+/- Acres)	95%
Roads (3.1+/- Acres)	9%
Total (35.0 +/- Acres)	100%

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Table 2: Non-Project Costs

Internal subdivision costs	\$37,000,000
Common subdivision Infrastructure	\$15,000,000
Recreational Facilities Community Amenities	\$10,000,000
Total Home construction for community (buildout projection)	\$312,000,000
Property maintenance	\$5,500,000
Total	\$379,500,000

[Costs shown in table for non-project (TIRZ) costs are approximate. Costs are shown in current 2010 dollars.]

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Table 3: Estimated Zone Project Costs & Cost Allocation

Project description:	Project "Zone"	
Colorado Sands Road (North/South Retail Collector)		
• Segment "A" (Phase One)	Developer (Zone "A")	\$1,700,000
• Segment "A" (Phase Two)	Developer (Zone "A")	\$950,000
• Segment "B" (Phase One)	City (Zone "B")	\$2,500,000
• Right-of-way acquisition over (Bohl's)	City (Zone "B")	\$700,000
• Right-of-way acquisition over (PISD)	City (Zone "B")	TBD
• Right-of-way acquisition over (Mellenbruch)	City (Zone "B")	TBD
• Segment "A" (Amenitization)	Developer (Zone "A")	\$650,000
South Tract Regional Pond (w/ Amenitization)	Developer (Zone "A")	690,000
South Tract lift station	Developer (Zone "A")	925,000
FB Boulevard/Lonestar Boulevard (w/ Amenitization)	Developer (Zone "A")	1,500,000
Executive Housing Amenitization	Developer (Zone "A")	600,000

Subtotal: **\$10,215,000**

[Table does not include other project costs such as projected financing costs, creation of the Zone, administration, and professional fees, etc. Project costs are shown in current 2010 dollars.]

Table 4: Zone Net Available Revenues (Zone "A", "B" & Combined)

PROJECTION OF TAX INCREMENT REINVESTMENT ZONE REVENUES

City of Pflugerville
Tax Increment Reinvestment Zone No. 1
Area "A"

Tax Roll Jan. 1	Projected Taxable Value (a)	Less: Base Year Taxable Value (b)	Projected Incremental Taxable Value	Projected Tax Rate (c)	Projected Tax Collections 97.0%	Less: City Admin Retention 5.0% (d)	Projected Net Tax Collections
2010	\$2,365,469	\$2,365,469	\$0	0.604	\$0	\$0	\$0
2011	2,365,469	2,365,469	0	0.599	0	0	0
2012	14,917,469	2,365,469	12,552,000	0.594	72,322	3,616	68,706
2013	59,163,629	2,365,469	56,798,160	0.589	324,505	16,225	308,280
2014	105,064,789	2,365,469	102,699,320	0.584	581,771	29,089	552,683
2015	146,551,789	2,365,469	144,186,320	0.579	809,794	40,490	769,304
2016	204,445,789	2,365,469	202,080,320	0.574	1,125,143	56,257	1,068,886
2017	230,169,789	2,365,469	227,804,320	0.569	1,257,320	62,866	1,194,454
2018	248,704,789	2,365,469	246,339,320	0.564	1,347,673	67,384	1,280,289
2019	253,004,789	2,365,469	250,639,320	0.559	1,359,042	67,952	1,291,090
2020	254,184,789	2,365,469	251,819,320	0.554	1,353,227	67,661	1,285,565
2021	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	1,276,283
2022	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	1,276,283
2023	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	1,276,283
2024	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	1,276,283
2025	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	1,276,283
2026	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	1,276,283
2027	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	1,276,283
2028	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	1,276,283
2029	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	1,276,283
2030	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	1,276,283
2031	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	1,276,283
2032	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	1,276,283
2033	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	1,276,283
2034	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	1,276,283
2035	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	1,276,283
2036	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	1,276,283
2037	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	1,276,283
2038	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	1,276,283
2039	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	1,276,283
Total					\$33,756,462	\$1,687,823	\$32,068,639

(a) Based on buildout schedules provided by Newland Communities.
 (b) As certified by the Travis Central Appraisal District as of January 1, 2010.
 (c) Based on projected tax rates provided by the City of Pflugerville.
 (d) Represents fees charged by City of Pflugerville for tax increment revenue administration.

-FINAL DRAFT COPY-

PROJECTION OF TAX INCREMENT REINVESTMENT ZONE REVENUES
 City of Pflugerville
 Tax Increment Reinvestment Zone No. 1
 Area "B"

Tax Roll Jan. 1	Projected Taxable Value (a)	Less: Base Year Taxable Value (b)	Projected Incremental Taxable Value	Projected Tax Rate (c)	Projected Tax Collections 97.0%	Less: City Admin Retention 5.0% (d)	Projected Net Tax Collections
2010	\$3,234,000	\$3,234,000	\$0	0.604	\$0	\$0	\$0
2011	3,234,000	3,234,000	0	0.599	0	0	0
2012	3,234,000	3,234,000	0	0.594	0	0	0
2013	3,234,000	3,234,000	0	0.589	0	0	0
2014	8,766,120	3,234,000	5,532,120	0.584	31,338	1,567	29,771
2015	23,859,660	3,234,000	20,625,660	0.579	115,840	5,792	110,048
2016	31,373,760	3,234,000	28,139,760	0.574	156,677	7,834	148,843
2017	44,311,080	3,234,000	41,077,080	0.569	226,717	11,336	215,381
2018	52,347,900	3,234,000	49,113,900	0.564	268,692	13,435	255,258
2019	56,294,436	3,234,000	53,060,436	0.559	287,710	14,385	273,324
2020	66,313,236	3,234,000	63,079,236	0.554	338,975	16,949	322,026
2021	66,313,236	3,234,000	63,079,236	0.550	336,528	16,826	319,701
2022	66,313,236	3,234,000	63,079,236	0.550	336,528	16,826	319,701
2023	66,313,236	3,234,000	63,079,236	0.550	336,528	16,826	319,701
2024	66,313,236	3,234,000	63,079,236	0.550	336,528	16,826	319,701
2025	66,313,236	3,234,000	63,079,236	0.550	336,528	16,826	319,701
2026	66,313,236	3,234,000	63,079,236	0.550	336,528	16,826	319,701
2027	66,313,236	3,234,000	63,079,236	0.550	336,528	16,826	319,701
2028	66,313,236	3,234,000	63,079,236	0.550	336,528	16,826	319,701
2029	66,313,236	3,234,000	63,079,236	0.550	336,528	16,826	319,701
2030	66,313,236	3,234,000	63,079,236	0.550	336,528	16,826	319,701
2031	66,313,236	3,234,000	63,079,236	0.550	336,528	16,826	319,701
2032	66,313,236	3,234,000	63,079,236	0.550	336,528	16,826	319,701
2033	66,313,236	3,234,000	63,079,236	0.550	336,528	16,826	319,701
2034	66,313,236	3,234,000	63,079,236	0.550	336,528	16,826	319,701
2035	66,313,236	3,234,000	63,079,236	0.550	336,528	16,826	319,701
2036	66,313,236	3,234,000	63,079,236	0.550	336,528	16,826	319,701
2037	66,313,236	3,234,000	63,079,236	0.550	336,528	16,826	319,701
2038	66,313,236	3,234,000	63,079,236	0.550	336,528	16,826	319,701
2039	66,313,236	3,234,000	63,079,236	0.550	336,528	16,826	319,701
Total					\$7,819,975	\$390,999	\$7,428,977

(a) Based on buildout schedules provided by Newland Communities.
 (b) As certified by the Travis Central Appraisal District as of January 1, 2010.
 (c) Based on projected tax rates provided by the City of Pflugerville.
 (d) Represents fees charged by City of Pflugerville for tax increment revenue administration.

PROJECTION OF TAX INCREMENT REINVESTMENT ZONE REVENUES
 City of Pflugerville
 Tax Increment Reinvestment Zone No. 1
 Combined Areas

Tax Roll Jan. 1	Projected Taxable Value (a)	Less: Base Year Taxable Value (b)	Projected Incremental Taxable Value	Projected Tax Rate (c)	Projected Tax Collections 97.0%	Less: City Admin Retention 5.0% (d)	Projected Net Tax Collections
2010	\$5,599,469	\$5,599,469	\$0	0.604	\$0	\$0	\$0
2011	5,599,469	5,599,469	0	0.599	0	0	68,706
2012	18,151,469	5,599,469	12,552,000	0.594	72,322	3,616	308,280
2013	62,397,629	5,599,469	56,798,160	0.589	324,505	16,225	582,454
2014	113,830,909	5,599,469	108,231,440	0.584	613,109	30,655	879,352
2015	170,411,449	5,599,469	164,811,980	0.579	925,634	46,282	1,217,728
2016	235,819,549	5,599,469	230,220,080	0.574	1,281,819	64,091	1,409,835
2017	274,480,869	5,599,469	268,881,400	0.569	1,484,037	74,202	1,535,547
2018	301,052,689	5,599,469	295,453,220	0.564	1,616,365	80,818	1,564,414
2019	309,299,225	5,599,469	303,699,756	0.559	1,646,751	82,338	1,607,592
2020	320,498,025	5,599,469	314,898,556	0.554	1,692,202	84,610	1,595,985
2021	320,498,025	5,599,469	314,898,556	0.550	1,679,984	83,999	1,595,985
2022	320,498,025	5,599,469	314,898,556	0.550	1,679,984	83,999	1,595,985
2023	320,498,025	5,599,469	314,898,556	0.550	1,679,984	83,999	1,595,985
2024	320,498,025	5,599,469	314,898,556	0.550	1,679,984	83,999	1,595,985
2025	320,498,025	5,599,469	314,898,556	0.550	1,679,984	83,999	1,595,985
2026	320,498,025	5,599,469	314,898,556	0.550	1,679,984	83,999	1,595,985
2027	320,498,025	5,599,469	314,898,556	0.550	1,679,984	83,999	1,595,985
2028	320,498,025	5,599,469	314,898,556	0.550	1,679,984	83,999	1,595,985
2029	320,498,025	5,599,469	314,898,556	0.550	1,679,984	83,999	1,595,985
2030	320,498,025	5,599,469	314,898,556	0.550	1,679,984	83,999	1,595,985
2031	320,498,025	5,599,469	314,898,556	0.550	1,679,984	83,999	1,595,985
2032	320,498,025	5,599,469	314,898,556	0.550	1,679,984	83,999	1,595,985
2033	320,498,025	5,599,469	314,898,556	0.550	1,679,984	83,999	1,595,985
2034	320,498,025	5,599,469	314,898,556	0.550	1,679,984	83,999	1,595,985
2035	320,498,025	5,599,469	314,898,556	0.550	1,679,984	83,999	1,595,985
2036	320,498,025	5,599,469	314,898,556	0.550	1,679,984	83,999	1,595,985
2037	320,498,025	5,599,469	314,898,556	0.550	1,679,984	83,999	1,595,985
2038	320,498,025	5,599,469	314,898,556	0.550	1,679,984	83,999	1,595,985
2039	320,498,025	5,599,469	314,898,556	0.550	1,679,984	83,999	1,595,985
Total					\$41,576,437	\$2,078,822	\$39,497,615

(a) Based on buildout schedules provided by Newland Communities.
 (b) As certified by the Travis Central Appraisal District as of January 1, 2010.
 (c) Based on projected tax rates provided by the City of Pflugerville.
 (d) Represents fees charged by City of Pflugerville for tax increment revenue administration.

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Zone Net Available Revenues Including City Service Payment

PROJECTION OF TAX INCREMENT REINVESTMENT ZONE REVENUES

City of Pflugerville
Tax Increment Reinvestment Zone No. 1
Area "A"

Tax Roll Jan. 1	Projected Taxable Value (a)	Less: Base Year Taxable Value (b)	Projected Incremental Taxable Value	Projected Tax Rate (c)	Projected Tax Collections 97.0%	Less: City Admin Retention 5.0% (d)	Less: City Service Payment (e)	Projected Net Tax Collections	Cldr Year
2010	\$2,365,469	\$2,365,469	\$0	0.604	\$0	\$0	\$0	\$0	2011
2011	2,365,469	2,365,469	0	0.599	0	0	0	0	2012
2012	14,917,469	2,365,469	12,552,000	0.594	72,322	3,616	15,000	53,706	2013
2013	59,163,629	2,365,469	56,798,160	0.589	324,505	16,225	93,000	215,280	2014
2014	105,064,789	2,365,469	102,699,320	0.584	581,771	29,089	120,500	432,183	2015
2015	146,551,789	2,365,469	144,186,320	0.579	809,794	40,490	149,500	619,804	2016
2016	204,445,789	2,365,469	202,080,320	0.574	1,125,143	56,257	177,000	891,886	2017
2017	230,169,789	2,365,469	227,804,320	0.569	1,257,320	62,866	200,000	994,454	2018
2018	248,704,789	2,365,469	246,339,320	0.564	1,347,673	67,384	215,750	1,064,539	2019
2019	253,004,789	2,365,469	250,639,320	0.559	1,359,042	67,952	215,750	1,075,340	2020
2020	254,184,789	2,365,469	251,819,320	0.554	1,353,227	67,661	215,750	1,069,815	2021
2021	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	215,750	1,060,533	2022
2022	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	215,750	1,060,533	2023
2023	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	215,750	1,060,533	2024
2024	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	215,750	1,060,533	2025
2025	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	215,750	1,060,533	2026
2026	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	215,750	1,060,533	2027
2027	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	215,750	1,060,533	2028
2028	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	215,750	1,060,533	2029
2029	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	215,750	1,060,533	2030
2030	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	215,750	1,060,533	2031
2031	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	215,750	1,060,533	2032
2032	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	215,750	1,060,533	2033
2033	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	215,750	1,060,533	2034
2034	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	215,750	1,060,533	2035
2035	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	215,750	1,060,533	2036
2036	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	215,750	1,060,533	2037
2037	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	215,750	1,060,533	2038
2038	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	215,750	1,060,533	2039
2039	254,184,789	2,365,469	251,819,320	0.550	1,343,456	67,173	215,750	1,060,533	2040
Total					\$33,756,462	\$1,687,823	\$5,501,500	\$26,567,139	

- (a) Based on buildout schedules provided by Newland Communities.
- (b) As certified by the Travis Central Appraisal District as of January 1, 2010.
- (c) Based on projected tax rates provided by City of Pflugerville.
- (d) Represents fees charged by City of Pflugerville for tax increment revenue administration.
- (e) Represents fees charged by City of Pflugerville for providing municipal services in the Zone.

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Table 5: Projected Zone Incremental Values by Year (Zone "A", "B" & Combined)

PROJECTION OF INCREMENTAL VALUE

City of Pflugerville
Tax Increment Reinvestment Zone No. 1
Area "A"

Tax Roll Jan. 1	Projected Taxable Value (a)	Less: Base Year Taxable Value (b)	Projected Incremental Taxable Value
2010	\$2,365,469	\$2,365,469	\$0
2011	2,365,469	2,365,469	0
2012	14,917,469	2,365,469	12,552,000
2013	59,163,629	2,365,469	56,798,160
2014	105,064,789	2,365,469	102,699,320
2015	146,551,789	2,365,469	144,186,320
2016	204,445,789	2,365,469	202,080,320
2017	230,169,789	2,365,469	227,804,320
2018	248,704,789	2,365,469	246,339,320
2019	253,004,789	2,365,469	250,639,320
2020	254,184,789	2,365,469	251,819,320
2021	254,184,789	2,365,469	251,819,320
2022	254,184,789	2,365,469	251,819,320
2023	254,184,789	2,365,469	251,819,320
2024	254,184,789	2,365,469	251,819,320
2025	254,184,789	2,365,469	251,819,320
2026	254,184,789	2,365,469	251,819,320
2027	254,184,789	2,365,469	251,819,320
2028	254,184,789	2,365,469	251,819,320
2029	254,184,789	2,365,469	251,819,320
2030	254,184,789	2,365,469	251,819,320
2031	254,184,789	2,365,469	251,819,320
2032	254,184,789	2,365,469	251,819,320
2033	254,184,789	2,365,469	251,819,320
2034	254,184,789	2,365,469	251,819,320
2035	254,184,789	2,365,469	251,819,320
2036	254,184,789	2,365,469	251,819,320
2037	254,184,789	2,365,469	251,819,320
2038	254,184,789	2,365,469	251,819,320
2039	254,184,789	2,365,469	251,819,320
Total			

- (a) Based on buildout schedules provided by Newland Comm
- (b) As certified by the Travis Central Appraisal District as of J 1, 2010.

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PROJECTION OF INCREMENTAL VALUE

City of Pflugerville
Tax Increment Reinvestment Zone No. 1
Area "B"

Tax Roll Jan. 1	Projected Taxable Value (a)	Less: Base Year Taxable Value (b)	Projected Incremental Taxable Value
2010	\$3,234,000	\$3,234,000	\$0
2011	3,234,000	3,234,000	0
2012	3,234,000	3,234,000	0
2013	3,234,000	3,234,000	0
2014	8,766,120	3,234,000	5,532,120
2015	23,859,660	3,234,000	20,625,660
2016	31,373,760	3,234,000	28,139,760
2017	44,311,080	3,234,000	41,077,080
2018	52,347,900	3,234,000	49,113,900
2019	56,294,436	3,234,000	53,060,436
2020	66,313,236	3,234,000	63,079,236
2021	66,313,236	3,234,000	63,079,236
2022	66,313,236	3,234,000	63,079,236
2023	66,313,236	3,234,000	63,079,236
2024	66,313,236	3,234,000	63,079,236
2025	66,313,236	3,234,000	63,079,236
2026	66,313,236	3,234,000	63,079,236
2027	66,313,236	3,234,000	63,079,236
2028	66,313,236	3,234,000	63,079,236
2029	66,313,236	3,234,000	63,079,236
2030	66,313,236	3,234,000	63,079,236
2031	66,313,236	3,234,000	63,079,236
2032	66,313,236	3,234,000	63,079,236
2033	66,313,236	3,234,000	63,079,236
2034	66,313,236	3,234,000	63,079,236
2035	66,313,236	3,234,000	63,079,236
2036	66,313,236	3,234,000	63,079,236
2037	66,313,236	3,234,000	63,079,236
2038	66,313,236	3,234,000	63,079,236
2039	66,313,236	3,234,000	63,079,236
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Total			

- (a) Based on buildout schedules provided by Newland Comrr
- (b) As certified by the Travis Central Appraisal District as of J 1, 2010.

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PROJECTION OF INCREMENTAL VALUE

City of Pflugerville
Tax Increment Reinvestment Zone No. 1
Combined Areas

Tax Roll Jan. 1	Projected Taxable Value (a)	Less: Base Year Taxable Value (b)	Projected Incremental Taxable Value
2010	\$5,599,469	\$5,599,469	\$0
2011	5,599,469	5,599,469	0
2012	18,151,469	5,599,469	12,552,000
2013	62,397,629	5,599,469	56,798,160
2014	113,830,909	5,599,469	108,231,440
2015	170,411,449	5,599,469	164,811,980
2016	235,819,549	5,599,469	230,220,080
2017	274,480,869	5,599,469	268,881,400
2018	301,052,669	5,599,469	295,453,220
2019	309,299,225	5,599,469	303,699,756
2020	320,498,025	5,599,469	314,898,556
2021	320,498,025	5,599,469	314,898,556
2022	320,498,025	5,599,469	314,898,556
2023	320,498,025	5,599,469	314,898,556
2024	320,498,025	5,599,469	314,898,556
2025	320,498,025	5,599,469	314,898,556
2026	320,498,025	5,599,469	314,898,556
2027	320,498,025	5,599,469	314,898,556
2028	320,498,025	5,599,469	314,898,556
2029	320,498,025	5,599,469	314,898,556
2030	320,498,025	5,599,469	314,898,556
2031	320,498,025	5,599,469	314,898,556
2032	320,498,025	5,599,469	314,898,556
2033	320,498,025	5,599,469	314,898,556
2034	320,498,025	5,599,469	314,898,556
2035	320,498,025	5,599,469	314,898,556
2036	320,498,025	5,599,469	314,898,556
2037	320,498,025	5,599,469	314,898,556
2038	320,498,025	5,599,469	314,898,556
2039	320,498,025	5,599,469	314,898,556
Total			

- (a)
- (b) Based on buildout schedules provided by Newland Comm
As certified by the Travis Central Appraisal District as of J
1, 2010.

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Table 6: Projected AV Assumptions by Year (Detail)

		AV Assumptions TIRZ Area "A" (Breakdown Anticipated Timing & Use)										
Section		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
1	56	\$	260,000	\$	14,560,000							
2	95	\$	198,000	\$	18,810,000							
3	160	\$	177,000	\$	28,320,000							
4N	37	\$	172,000	\$	6,364,000							
4S	65	\$	172,000	\$	11,180,000	0	36	29				
5A	38	\$	256,000	\$	9,728,000							
5B	48	\$	265,000	\$	12,720,000							
6A	53	\$	218,000	\$	11,554,000							
6B	53	\$	198,000	\$	10,494,000							
7	49	\$	224,000	\$	10,976,000							
8A	35	\$	299,000	\$	10,465,000							
8B	45	\$	303,000	\$	13,635,000							
8C	21	\$	308,000	\$	6,468,000							
8D	1	\$	250,000	\$	250,000							
9E	19	\$	218,500	\$	4,151,500							
9W	60	\$	218,000	\$	13,080,000							
9S	90	\$	218,500	\$	19,665,000	0	24	30	36	0		
12	100	\$	265,000	\$	26,500,000	0	24	36	4			
13E	122	\$	218,500	\$	26,657,000	0	6	6	6	48	26	
13W	35	\$	350,000	\$	12,250,000	0	6	6	6	6	5	
14	105	\$	172,000	\$	18,060,000	0	7	38	38	22	0	
15	50	\$	265,000	\$	13,250,000	0	32	18	32	18	0	
16	86	\$	172,000	\$	14,792,000	0	0	16	16	38	32	
17	Commercial/Retail/Mixed Use											
18	Commercial/Retail/Mixed Use											
Added AV:		\$	-	\$	12,552,000	\$	60	\$	21,170,160	\$	5,445,000	
Gross Total AV Added:		\$	-	\$	12,552,000	\$	44,246,160	\$	45,901,160	\$	41,487,000	
		\$		\$	10,000,000	\$	34,000,000	\$	6,600,000	\$	5,600,000	
		\$		\$	4,300,000	\$	4,300,000	\$	18,535,000	\$	4,300,000	
		\$		\$	251,819,320	\$		\$		\$		

Assumptions:

- Section 17-Year 2015: Single-Tenant Commercial/Retail Building
- Section 17-Year 2016: Multi-Tenant Commercial/Retail Building
- Section 17-Year 2017: Individual Multi-Tenant Commercial/Retail Building
- Section 17-Year 2018: Individual Restaurant Pad Sites
- Section 17-Year 2019: Individual Restaurant Pad Sites
- Section 17-Year 2020: Multi-Tenant Commercial/Retail Building (10-acres Un-Developed Comm/Retail)

AV Assumptions TIRZ Area "B" (Breakdown Anticipated Timing & Use)										
Location	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Mellenbruch-1				\$ 5,532,120						
Mellenbruch-2					\$ 15,093,540					
Mellenbruch-3						\$ 7,514,100				
Mellenbruch-4							\$ 12,937,320			
Mellenbruch-5								\$ 8,036,820		
Mellenbruch-6									\$ 3,946,536	
Mellenbruch-7										\$ 10,018,800
Bohls						no increase assumed				
	Base Value	\$1.788M								
	Added AV:	\$ -	\$ -	\$ -	\$ 5,532,120	\$ 15,093,540	\$ 7,514,100	\$ 8,036,820	\$ 3,946,536	\$ 10,018,800
	Gross Total AV Added:	\$ -	\$ -	\$ -	\$ 5,532,120	\$ 15,093,540	\$ 12,937,320	\$ 8,036,820	\$ 3,946,536	\$ 10,018,800
										\$ 63,079,236

Assumptions:

- Mellenbruch Area 1: Bank, Office (doctor) and Daycare Facility
- Mellenbruch Area 2: Multi-Tenant Commercial/Retail Building
- Mellenbruch Area 3: Various Commercial/Retail Buildings
- Mellenbruch Area 4: Various Commercial/Retail Buildings
- Mellenbruch Area 5: Various Commercial/Retail Buildings
- Mellenbruch Area 6: Office and Restaurant
- Mellenbruch Area 7: Various Commercial/Retail Buildings

TIRZ AREA "B"
AV ASSUMPTIONS
KEY MAP

