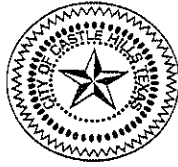


Tim A. Howell, Mayor
Clyde R. "Skip" McCormick, Place 1
Maretta Scott, Place 2
Amy McLin, Place 3
Lesley Wenger, Place 4
Douglas A. Gregory, Place 5



A G E N D A
The City of Castle Hills
City Council Special Meeting
Budget Work Session #4
August 21, 2018, at 6:00 p.m.

The City of Castle Hills City Council will convene into a Special Meeting to conduct a Budget Work Session in the City Council Chambers located at 209 Lemonwood Dr., Castle Hills, Texas.

CALL THE CASTLE HILLS SPECIAL CITY COUNCIL MEETING TO ORDER AND DETERMINE A QUORUM IS PRESENT.

CITIZEN COMMENTS ON NON-AGENDA ITEMS.

EXECUTIVE SESSION

- E.1** The City of Castle Hills City Council will convene into an executive/closed session in accordance with the Texas Government Code pursuant to
- a) Section 551.071(2); the City Council will consult with its attorney regarding the American Eagle Castle Hills, LLC Project.
 - b) Section 551.074; the City Council will review the qualifications and deliberate the appointment, employment, evaluation and duties of the applicants for which the City has received applications for the position of City Attorney.
- E.2** The Castle Hills City Council will reconvene into open session and take action (if any) regarding the item(s) discussed in executive/ closed session.

OLD BUSINESS.

- I. Consider and act upon **Resolution No. R18-08-21-A**, approving, solely for the purpose of section 147(f) of the internal revenue code, the issuance by the capital trust agency of its senior living revenue bonds (American Eagle Portfolio Project), Series 2018, for the purpose of financing the senior living facilities therein described, one of which is located in the city; and providing an effective date. (*Arnold Cantu, Norton Rose Fulbright*)
- II. Consider and act upon **Resolution No. R18-08-21-B**, to establish and appoint six citizens and one member of the City Council to the "Ad HOC MPO Project Committee" to prepare project proposals responsive to the Alamo Area Metropolitan Planning Organization RFP's, for the benefit of our city. (*McCormick*)

NEW BUSINESS.

- III. Consider and act upon selecting a date to interview candidates for the position of City Attorney for the City of Castle Hills. (*City Manager Rapelye*)

DISCUSSION.

- IV. Discussion of the City Manager's proposed Fiscal Year 2019 Budget.

ANNOUNCEMENTS BY MAYOR AND COUNCIL MEMBERS.

UPCOMING CITY COUNCIL MEETING.

August 28, 2018, Special City Council Meeting/Budget Work Session #5

ADJOURNMENT.

Executive Session Reservation: This agenda has been reviewed and approved by the City's legal counsel and the presence of any subject in any Executive Session portion of the agenda constitutes a written interpretation of Texas Government Code Ch. 551 by legal counsel for the governmental body and constitutes an opinion by the attorney that the items discussed therein may be legally discussed in the closed portion of the meeting considering available opinions of a court of record and opinions of the Texas Attorney General known to the attorney. This provision has been added to this agenda with the intent to meet all elements necessary to satisfy Texas Gov't Code §551.144(c) and the meeting is conducted by all participants in reliance on this opinion.

The Mayor will rule any disruptive behavior, including shouting or derogatory statements or comments, out of order. Continuation of this type of behavior could result in a request by the Mayor that the individual leave the meeting, and if refused, an order of removal. In compliance with the Texas Open Meetings Act, no member of City Council may deliberate on citizen comments. (Attorney General Opinion – JC 0169)

Attendance by Other Elected or Appointed Officials: It is anticipated that members other City boards, commissions and/or committees may attend the open meeting in numbers that may constitute a quorum. Notice is hereby given that the meeting, to the extent required by law, is also noticed as a meeting of any other boards, commissions and/or committees of the City, whose members may be in attendance in numbers constituting a quorum. These members of other City boards, commissions, and/or committees may not deliberate or take action on items listed on the agenda. [Attorney General Opinion – No. GA-0957 (2012)].

Certificate: I hereby certify that the above Meeting Notice was posted on the City Hall bulletin board on the 17th day of August 2018 by 5:00 p.m. a place convenient and readily accessible to the general public at all times, and to the City website, www.cityofcastlehills.com, in compliance with Chapter 551, Texas Government Code. The City of Castle Hills City Hall is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting at (210) 293-9681.

Minerva Gonzales, TRMC, City Secretary



RESOLUTION NO. R18-08-14-A

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CASTLE HILLS, TEXAS, APPROVING, SOLELY FOR THE PURPOSES OF SECTION 147(F) OF THE INTERNAL REVENUE CODE, THE ISSUANCE BY THE CAPITAL TRUST AGENCY OF ITS SENIOR LIVING REVENUE BONDS (AMERICAN EAGLE PORTFOLIO PROJECT), SERIES 2018, FOR THE PURPOSE OF FINANCING THE SENIOR LIVING FACILITIES HEREIN DESCRIBED, ONE OF WHICH IS LOCATED IN THE CITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council (the "City Council") of the City of Castle Hills (the "City"), Texas (the "State"), has been informed that the Capital Trust Agency (the "Issuer") proposes to issue a principal amount not exceeding \$275,000,000 of its Senior Living Revenue Bonds (American Eagle Portfolio Project), Series 2018, in one or more tax-exempt or taxable series (the "Bonds"), the proceeds of which will be loaned to American Eagle Delaware Holding Company LLC, a Delaware limited liability company (the "Borrower"), and/or one or more related and/or affiliated entities (collectively, the "Obligated Group"), for the purpose of financing or refinancing, including through reimbursement, (i) the acquisition, construction, renovation, installation and equipping of the Senior Living Facilities (as hereinafter defined) to provide independent living, assisted living and memory care facilities for the elderly, (ii) the funding of an operating and maintenance fund to finance certain capital expenditures and start-up costs related to the Senior Living Facilities, (iii) the funding of one or more debt service reserve funds for the Bonds, and (iv) the payment of certain costs of issuing the Bonds (collectively, the "Project"); and

WHEREAS, the Senior Living Facilities consist of approximately seventeen independent living, assisted living and memory care facilities located in the States of Alabama, Colorado, Florida, Minnesota, Ohio, Tennessee, Texas and Wisconsin (collectively, the "Senior Living Facilities"), one of which is located in Castle Hills, Bexar County, Texas (the "Castle Hills Project"); and

WHEREAS, the Castle Hills Project is a senior living community in the City of Castle Hills, known as Brookdale Castle Hills, located on approximately 11.76 acres at 1207 Jackson Keller Road, Castle Hills, Bexar County, Texas, including land, buildings and equipment, consisting of approximately 136 independent or assisted living units (including approximately 159 beds) to be acquired by American Eagle Castle Hills, LLC, a Texas limited liability company whose sole member is the Borrower, with proceeds of the Bonds not to exceed \$3,985,000; and

WHEREAS, the Borrower and the Issuer have requested the City Council approve the issuance of the Bonds for purposes of Section 147(f) of the Code; and

City in connection with the issuance of the Bonds, as such, past, present or future, either directly or through the City, it being expressly understood (a) that no personal liability whatsoever shall attach to, or is or shall be incurred by, the members of the City Council, the Mayor, the City Secretary or the City Attorney or any other staff or professionals retained by the City in connection with the issuance of the Bonds, as such, under or by reason of the obligations, covenants or agreements contained in this Resolution or implied therefrom, and (b) that any and all such personal liability, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such member of the City Council, the Mayor, the City Secretary or the City Attorney or any other staff or professionals retained by the City in connection with the issuance of the Bonds, as such, are waived and released as a condition of, and as a consideration for, the execution of this Resolution on the part of the City.

SECTION 5. Limited Scope of Approval. The approval given herein shall not be construed as: (i) an endorsement of the creditworthiness of the Borrower or the financial viability of the Project, (ii) a recommendation to any prospective purchaser to purchase the Bonds, (iii) an evaluation of the likelihood of the repayment of the debt service on the Bonds, or (iv) approval of any necessary rezoning applications or approval or acquiescence to the alteration of existing zoning or land use nor approval for any other regulatory permits relating to the Castle Hills Project, and the City Council shall not be construed by reason of its adoption of this Resolution to make any endorsement, finding or recommendation or to have waived any right of the City Council or to have estopped the City Council from asserting any rights or responsibilities it may have in such regard.

SECTION 6. Indemnification. The receipt of the Indemnification Certificate and Agreement of the Borrower and the bond underwriter attached hereto as Exhibit B and Exhibit C, respectively, and incorporated hereby by reference, are a material inducement to the City in granting the approvals set forth herein.

SECTION 7. Effective Date. This Resolution shall take effect immediately upon its adoption.

[Remainder of Page Intentionally Left Blank]

EXHIBIT A

PROOF OF PUBLICATION

[Attached]

NOTICE OF PUBLIC HEARING

The Capital Trust Agency (the "CTA") has been requested by American Eagle Dataware Holding Company LLC, a Delaware limited liability company (the "Borrower") and one or more related or affiliated entities (collectively, the "Obligated Group"), to issue its Senior Living Revenue Bonds (American Eagle Portfolio Project), in one or more tax-exempt or taxable series, in an aggregate principal amount not to exceed \$275,000,000 (the "Bonds").

For the purposes of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), notice is hereby given that a hearing officer (the "Hearing Officer"), on behalf of the City Council (the "City Council") of the City of Castle Hills, Texas (the "City"), will hold a public meeting and hearing at 12:00 p.m. or as soon thereafter as practicable, on August 13, 2018, in the Jewett Conference Room, 3000 Convent Street, Suite 2100, San Antonio, Texas. The purpose of the hearing is to consider authorization of a plan of finance that includes the issuance of the Bonds by the CTA to provide funds to be loaned by the CTA to the Borrower for the purpose of, among other things, financing or refinancing, including through reimbursement, (i) the acquisition, construction, renovation, installation and equipping of the Senior Living Facilities (as defined below) to provide independent living, assisted living and memory care facilities for the elderly, (ii) funding an operating and maintenance fund to finance certain capital expenditures and start-up costs related to the Senior Living Facilities, (iii) funding one or more debt service reserve funds for the Bonds, and (iv) paying certain costs of issuing the Bonds (collectively, the "Project").

The "Senior Living Facilities" means and includes:

(a) a senior living community known as Brookdale Hanceville, located on approximately 3.50 acres at 105 Michelle Street North West, Hanceville, Cullman County, Alabama, including land, buildings and equipment, consisting of approximately 47 assisted living units (including approximately 47 beds), to be acquired by American Eagle Hanceville LLC, an Alabama limited liability company whose sole member is the Borrower, with proceeds of the Bonds not to exceed \$8,745,000;

(b) a senior living community known as Brookdale Palmer Park, located on approximately 9.91 acres at 2850 North Academy Boulevard, Colorado Springs, El Paso County, Colorado, including land, buildings and equipment, consisting of approximately 60 memory care units (including approximately 74 beds), to be acquired by American Eagle Palmer Park LLC, a Colorado limited liability company whose sole member is the Borrower, with proceeds of the Bonds not to exceed \$14,135,000;

(c) a senior living community known as Brookdale Leesburg, located on approximately 3.00 acres at 700 and 710 South Lake Street, Leesburg, Lake County, Florida, including land, buildings and equipment, consisting of approximately 23 assisted or memory care units (including approximately 78 beds), with 700 South Lake Street to be acquired by American Eagle Leesburg AL LLC and 710 South Lake Street to be acquired by American Eagle Leesburg MC LLC, each a Florida limited liability company whose sole member is the Borrower, with aggregate proceeds of the Bonds not to exceed \$18,750,000;

(d) a senior living community known as Brookdale Venice Island, located on approximately 3.03 acres at 1200 Avenida del Circo, Venice, Sarasota County, Florida, including land, buildings and equipment, consisting of approximately 42 memory care units (including approximately 42 beds), to be acquired by American Eagle Venice Island LLC, a Florida limited liability company whose sole member is the Borrower, with proceeds of the Bonds not to exceed \$13,035,000;

(e) a senior living community known as Brookdale Titusville, located on approximately 36.07 acres at 1800 Harrison Street Titusville, Brevard County, Florida, including land, buildings and equipment, consisting of approximately 124 assisted living or memory care units (including approximately 124 beds), to be acquired by American Eagle Titusville LLC, a Florida limited liability company whose sole member is the Borrower, with proceeds of the Bonds not to exceed \$22,410,000;

(f) a senior living community known as Brookdale Eau Gallie, located on approximately 6.00 acres at 2680 Gretna Road, Melbourne, Brevard County, Florida, including land, buildings and equipment, consisting of approximately 72 assisted living units (including approximately 74 beds), to be acquired by American Eagle Eau Gallie LLC, a Florida limited liability company whose sole member is the Borrower, with proceeds of the Bonds not to exceed \$10,810,000;

(g) a senior living community known as Brookdale New Port Richey, located on approximately 4.77 acres at 6400 Trouble Creek Road, in unincorporated Pasco County, Florida, including land, buildings and equipment, consisting of approximately 195 assisted living or memory care units (including approximately 219 beds), to be acquired by American Eagle New Port Richey LLC, a Florida limited liability company whose sole member is the Borrower, with proceeds of the Bonds not to exceed \$7,895,000;

(h) a senior living community known as Brookdale Tusculum, located on approximately 2.87 acres at 1016 Wills Springs Drive, in unincorporated Seminole County, Florida, including land, buildings and equipment, consisting of approximately 64 assisted living or memory care units (including approximately 82 beds), to be acquired by American Eagle Tusculum LLC, a Florida limited liability company whose sole member is the Borrower, with proceeds of the Bonds not to exceed \$15,930,000;

(i) a senior living community known as Brookdale Brandon, located on approximately 4.79 acres at 700 South Kings Avenue, in unincorporated Hillsborough County, Florida, including land, buildings and equipment, consisting of approximately 88 assisted living units (including approximately 96 beds), to be acquired by American Eagle Brandon LLC, a Florida limited liability company whose sole member is the Borrower, with proceeds of the Bonds not to exceed \$19,335,000;

(j) a senior living community known as Brookdale Island Lakes, located on approximately 14.64 acres at 160 Island Court, Longwood, Seminole County, Florida, including land, buildings and equipment, consisting of approximately 267 independent living or assisted living units (including approximately 327 beds), to be acquired by American Eagle Island Lakes LLC, a Florida limited liability company whose sole member is the Borrower, with proceeds of the Bonds not to exceed \$81,705,000;

(k) a senior living community known as Brookdale Owalonna, located on approximately 2.84 acres at 334 and 364 Cedarvale Drive, Southwest, Owalonna, Steele County, Minnesota, including land, buildings and equipment, consisting of approximately 43 assisted living or memory care units (including approximately 46 beds), with 334 Cedarvale Drive to be acquired by American Eagle Owalonna AL LLC and 364 Cedarvale Drive to be acquired by American Eagle Owalonna MC LLC, each a Minnesota limited liability company whose sole member is the Borrower, with aggregate proceeds of the Bonds not to exceed \$7,310,000;

(l) a senior living community known as Brookdale Newark, located on approximately 2.11 acres at 331 Goodspeed Road, Newark, Licking County, Ohio, including land, buildings and equipment, consisting of approximately 42 assisted living units (including approximately 42 beds), to be acquired by American Eagle Newark LLC, an Ohio limited liability company whose sole member is the Borrower, with proceeds of the Bonds not to exceed \$7,425,000;

(m) a senior living community known as Brookdale Ravenna, located on approximately 5.57 acres at 141 Chestnut Hills Drive, Ravenna, Portage County, Ohio, including land, buildings and equipment, consisting of approximately 50 assisted living or memory care units (including approximately 53 beds), to be acquired by American Eagle Ravenna LLC, an Ohio limited liability company whose sole member is the Borrower, with proceeds of the Bonds not to exceed \$10,670,000;

(n) a senior living community known as Brookdale Kingston, located on approximately 2.30 acres at 1098 Bradford Way, Kingston, Roane County, Tennessee, including land, buildings and equipment, consisting of approximately 39 assisted living units (including approximately 47 beds), to be acquired by American Eagle Kingston LLC, a Tennessee limited liability company whose sole member is the Borrower, with proceeds of the Bonds not to exceed \$5,500,000;

(o) a senior living community known as Brookdale Hendersonville, located on approximately 6.62 acres at 202 Walton Ferry Road, Hendersonville, Sumner County, Tennessee, including land, buildings and equipment, consisting of approximately 136 independent living or assisted living units (including approximately 139 beds), to be acquired by American Eagle Hendersonville LLC, a Tennessee limited liability company whose sole member is the Borrower, with proceeds of the Bonds not to exceed \$19,225,000;

(p) a senior living community known as Brookdale Castle Hills, located on approximately 11.76 acres at 1207 Jackson Keller Road, Castle Hills, Bexar County, Texas, including land, buildings and equipment, consisting of approximately 97 assisted living or memory care units (including approximately 99 beds), to be acquired by American Eagle Castle Hills LLC, a Texas limited liability company whose sole member is the Borrower, with proceeds of the Bonds not to exceed \$3,965,000;

(q) a senior living community known as Brookdale Pleasant Prairie, located on approximately 3.63 acres at 7377 88th Avenue, Pleasant Prairie, Kenosha County, Wisconsin, including land, buildings and equipment, consisting of approximately 48 assisted living units (including approximately 48 beds), to be acquired by American Eagle Pleasant Prairie LLC, a Wisconsin limited liability company whose sole member is the Borrower, with proceeds of the Bonds not to exceed \$8,085,000.

The sole member of the Borrower is American Eagle LifeCare Corporation, a Tennessee nonprofit corporation, an organization described in Section 501(c)(3) of the Code. The Initial Manager of the Senior Living Facilities will be Greenbrier Senior Living, LLC.

The City will neither issue nor be obligated in any manner with respect to the Bonds.

The Bonds, when issued, will be special, limited obligations of the CTA, payable solely out of the revenues, income and receipts pledged to the payment thereof, and the CTA will not be obligated to pay the principal of, premium, if any, or interest on the Bonds except from the loan payments of the Borrower and any other amounts received from the Obligated Group. The Bonds will not constitute: (i) a debt, liability or obligation of the CTA, the City, the State, or any political subdivision, public agency or municipality thereof, (ii) a pledge of the full faith and credit of the CTA, the City, the State, or any political subdivision, public agency or municipality thereof, or (iii) a pledge of the taxing power of the City, the State, or any political subdivision, public agency or municipality thereof within the meaning of any constitutional or statutory provision. The CTA has no taxing power.

At the time and place fixed for said public hearing all who appear will be given an opportunity to express their views for or against the proposal to approve the issuance of said Bonds and the plan of finance. Prior to said public hearing, written comments may be delivered to the City, c/o Arnold, Cento, Norton, Rose Fulbright US LLP 300 Convent Street Suite 2100, San Antonio, Texas 78205. All persons are advised that, if they decide to appeal any decision made by the City with respect to any matter considered at this meeting, they will need a record of the proceedings, and for such purpose, they may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. All interested persons are invited to present their comments at the time and place set forth above.

THE CITY ADHERES TO THE AMERICANS WITH DISABILITIES ACT AND WILL MAKE REASONABLE ACCOMMODATIONS FOR ACCESS TO THIS MEETING UPON REQUEST. PLEASE CALL MR. ARNOLD CANTU AT (210) 270-7158 TO MAKE A REQUEST. REQUESTS MUST BE RECEIVED AT LEAST 48 HOURS IN ADVANCE OF THE MEETING IN ORDER FOR THE CITY TO PROVIDE THE REQUESTED SERVICE.

August 14, 2018

The undersigned hereby certifies that he or she is authorized to execute and deliver this Indemnification Certificate of the Borrower and further represents, on behalf of American Eagle Delaware Holding Company LLC, a Delaware limited liability company (the "Borrower"), and/or one or more related and/or affiliated entities (collectively, the "Obligated Group"), the following (capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in Resolution No. R18-08-14-A adopted by the City Council (the "City Council") of the City of Castle Hills, Texas (the "City") on August 14, 2018 (the "City Resolution") approving the issuance of the hereinafter defined Bonds:

- (1) At the request of the Borrower, the Capital Trust Agency (the "Issuer") proposes to issue a principal amount not exceeding \$275,000,000 of its Senior Living Revenue Bonds (American Eagle Portfolio Project), Series 2018 (the "Bonds"), the proceeds of which will be loaned to the Borrower for the purpose of financing or refinancing, including through reimbursement, (i) the acquisition, construction, renovation, installation and equipping of the Senior Living Facilities (as defined in the City Resolution) to provide independent living, assisted living and memory care facilities for the elderly, (ii) the funding of an operating and maintenance fund to finance certain capital expenditures and start-up costs related to the Senior Living Facilities, (iii) the funding of one or more debt service reserve funds for the Bonds, and (iv) the payment of certain costs of issuing the Bonds (collectively, the "Project");
- (2) The Senior Living Facilities consist of seventeen independent living, assisted living and memory care facilities located throughout the State of Florida (the "State"), one of which is located in Castle Hills, Texas (the "Castle Hills Project"). The Castle Hills Project is a senior living community in the City, known as Brookdale Castle Hills, located on approximately 11.76 acres at 1207 Jackson Keller Road, Castle Hills, Bexar County, Texas, including land, buildings and equipment, consisting of approximately 136 independent or assisted living units (including approximately 159 beds), to be acquired by American Eagle Castle Hills LLC and to be financed or refinanced with proceeds of the Bonds in an amount not exceeding \$3,985,000;
- (3) The issuance of the Bonds to finance the Castle Hills Project: (i) is appropriate to the needs and circumstances of, and will make a significant contribution to, the economic growth of the City, (ii) will provide or preserve gainful employment, (iii) will promote commerce within the State of Texas, (iv) will provide safe, decent and accessible housing for the elderly, and (iv) will serve a public purpose by

IN WITNESS WHEREOF, the Borrower has executed this Indemnification Certificate of the Borrower as of the date first written above.

AMERICAN EAGLE DELAWARE HOLDING
COMPANY LLC, a Delaware limited liability
company

By: 
Name: Elan Ruggill
Title: Vice President & Secretary

[Signature Page | Borrower's Certificate and Indemnification Agreement – AE Castle Hills]

UNDERWRITER'S INDEMNITY AGREEMENT

August 14, 2018

The undersigned on behalf of Piper Jaffray & Co. (the "Underwriter"), hereby proposes to enter into the following agreement, in consideration for the approval pursuant to Section 147(d) of the Internal Revenue Code of 1986, as amended, of the Capital Trust Agency Senior Living Revenue Bonds (American Eagle Portfolio Project), Series 2018 (the "Bonds") by the City of Castle Hills, Texas (the "City"), as follows:

The Underwriter represents to the City that (i) the Bonds will be offered and sold by the Underwriter in accordance with applicable state and federal laws and (ii) the Underwriter will provide access to an Official Statement (as defined below) to purchasers of the Bonds in accordance with applicable laws.

The Underwriter agrees to indemnify and hold harmless the City and its respective members, directors, officers, agents and employees (all of such indemnified parties being herein referred to as "Indemnified Parties") against any and all losses, claims, damages and liabilities (including without limitation the reasonable costs of investigating and defending any such claim or liability and the reasonable counsel fees incurred in connection therewith) (i) arising out of a violation by the Underwriter of its representations made in this Agreement; (ii) arising out of any statement or information contained in the offering document relating to the Bonds (the "Official Statement") which was provided in writing by the Underwriter, or describing therein the Underwriter or its activities with respect to the Bonds, that is untrue in any material respect, or the omission therefrom of any information regarding the Underwriter or its activities with respect to the Bonds which should be contained therein which is necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading in any material respect; or (iii) caused by the failure of the Underwriter to comply with any registration or qualification requirements applicable to the Underwriter of the Bonds under any securities or "Blue Sky" law of any jurisdiction in which such registration or qualification is required; or (iv) caused by the failure of the Underwriter to comply with any applicable rule of the Municipal Securities Rulemaking Board; and to the extent of the aggregate amount, paid in settlement of any litigation commenced or threatened arising from a claim based upon any such violation or failure to comply, if such settlement is effected with the written consent of the Underwriter.

In case any claim shall be made or action brought against the Indemnified Parties, based upon the Official Statement or this Agreement, in respect of which indemnity may be sought against the Underwriter, the Indemnified Parties shall promptly notify the Underwriter in writing setting forth the particulars of such claim or action and the Underwriter shall assume the defense thereof, including the retaining of counsel and the payment of all expenses. The Indemnified Parties shall have the right to retain separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the Indemnified Parties unless the retaining of such counsel has been specifically approved by the

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to execute and delivery this Indemnity Agreement as of the date first written above.

PIPER JAFFRAY & CO.

By: Richard Ulohr
Name: Richard O. Ulohr
Title: Managing Director

[Signature Page | Underwriter's Indemnity Agreement – AE Castle Hills

ARTICLE II

PILOT

As an inducement to the City to approve the financing of the Project, American Eagle agrees to pay to the City, on or before each Payment Date, the PILOT. The amount of each PILOT shall be equal to the total annual ad valorem real and personal property taxes which would have been due and payable to the City for the Project for the corresponding year if the Project had not received an exemption. If Bexar Appraisal District (BAD) does not provide a valuation of the real and personal property for a year during which the property is exempt from ad valorem real and personal property tax, the City may obtain an appraisal of such property to determine its value for calculation of the PILOT. American Eagle shall cooperate fully with such appraisal process.

ALTERNATIVELY, THE CITY May calculate a current PILOT using as a base the most recent BAD valuation or the most recent appraisal of the property, calculating growth in value at three per cent per annum, compounded annually, plus the cost of any construction and/or cost of remodeling completed after the date of the most recent Bad valuation or appraisal.

In no event shall a PILOT be less than \$34,000.

For purposes of the PILOT, American Eagle shall be required to pay to the City the PILOT each year by the annual Payment Date. The first PILOT shall be due and payable by American Eagle to the City on the Payment Date next succeeding the date on which the Exemption has been approved. No PILOT is required to be paid by American Eagle to the City prior to the approval of the Exemption.

In the event of a dispute regarding valuation on which an agreement is not reached, the parties will select a mutually agreeable mediator to conduct mediationon of the dispute. If no agreement is reached in mediation the two parties and the mediator shall select a single arbitrator to conduct binding arbitration of the dispute.

The above terms shall be made a part of the deed regarding the subject property and shall be buinding on any subsequent owner of the property in the event that a tax exemption is obtained by a subsequent owner.

Recordation requested by,
and after recordation return to:

Dinsmore & Shohl LLP
191 W. Nationwide Blvd, Suite 300
Columbus, Ohio 43215
Attn: Glendon B. Pratt

PILOT AGREEMENT

THIS PILOT AGREEMENT ("Agreement") is entered into and effective as of _____, 2018, by and among (i) **AMERICAN EAGLE CASTLE HILLS LLC**, a Texas limited liability company ("American Eagle"), and (ii) **THE CITY OF CASTLE HILLS, TEXAS** (the "City") (collectively, the "Parties").

RECITALS:

A. The Capital Trust Agency, a legal entity duly created and public agency duly organized and existing under the laws of the State of Florida (the "Authority"), proposes the issuance of its Senior Living Revenue Bonds (American Eagle Project), Series 2018 (the "Bonds") in an amount up to \$275,000,000, of which an amount approximately equal to \$3,985,000 will be used to pay the costs of the acquisition, construction, renovation, installation and equipping of the Project, as hereinafter defined.

B. Pursuant to Tex. Tax Code § 11.18, et. seq., it is expected that the acquisition of the Project by American Eagle will result in an exemption from property tax (the "Exemption").

C. As an inducement to the City to provide its consent under Section 147(f) of the Internal Revenue Code of 1986, as amended, the City and American Eagle desire to enter into this Agreement, under which American Eagle shall as defined herein, make certain payments in lieu of all applicable city ad valorem taxes, as provided herein.

NOW, THEREFORE, the Parties hereby agree as follows:

ARTICLE I DEFINITIONS

"Closing" means the date on which the Bonds are issued by the Authority.

"Payment Date" means the date on which the annual ad valorem real and personal property taxes would otherwise be due and payable.

"PILOT" ("Payment in Lieu of Tax") means the annual payment to be made by American Eagle to the City in lieu of the ad valorem and personal property taxes due or payable relating to the Project, as more particularly described in Article II.

"Project" means collectively, the Real Property, building and equipment.

"Real Property" means that certain site located in the City of Castle Hills, Texas as more particularly described on **Exhibit A** attached hereto and incorporated herein, together with all improvements thereon.

ARTICLE II PILOT

As an inducement to the City to approve the financing of the Project, American Eagle agrees to pay to the City, on or before each Payment Date, the PILOT. The amount of each PILOT shall be equal to the total annual ad valorem real and personal property taxes which would have been due and payable to the City for the Project for the corresponding year. If the Project had not received an exemption. If As Bexar Appraisal District does not provide a valuation of the real and personal property for a year during which the property is exempt from ad valorem real and personal property tax, the Parties agree that the real and personal property taxes the City would have received for the first year of the PILOT is \$34,000_____. The Parties further agree that the amount of each PILOT, for subsequent years, shall be increased annually by the percentage of the average increase in commercial property values in Castle Hills, as determined by Bexar County Appraisal District, for such year. If either Party disputes the application of such increased PILOT in any subsequent year that Party City may obtain an appraisal, by a mutually acceptable appraiser, of such property to determine its the property's value for calculation of the PILOT for that year; and, that amount shall be the base amount by which future annual PILOT increases shall be determined.— ~~American Eagle~~American Eagle~~The Parties~~ shall cooperate fully with such appraisal process. Notwithstanding the forgoing in no event shall a PILOT be less than \$34,000~~34,000~~_____.

For purposes of the PILOT, American Eagle shall be required to pay to the City the PILOT each year by the annual Payment Date. The first PILOT shall be due and payable by American Eagle to the City on the Payment Date next succeeding the date on which the Exemption has been approved. No PILOT is required to be paid by American Eagle to the City prior to the approval of the Exemption.

ARTICLE III CONTINGENT UPON THE BONDS AND THE EXEMPTION

Notwithstanding anything herein to the contrary, American Eagle is under no obligation to proceed with the Project. If American Eagle does not proceed with the Project, or if the Bond transaction is not consummated for any reason whatsoever, or if the Exemption is not granted or is revoked at any time, then this Agreement shall be null and void.

ARTICLE IV MISCELLANEOUS

Section 4.1. Entire Agreement.

This Agreement embodies the entire agreement and understanding of the parties related to its subject matter and supersedes all prior proposals, understandings, agreements, correspondence, arrangements and contemporaneous oral agreements relating to the subject matter of this Agreement. No representation, promise, inducement or statement of intention that has not been embodied in this Agreement has been made by any party.

Section 4.2. Counterparts.

This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement.

Section 4.3. Amendment; Waiver.

This Agreement may be amended, modified or superseded only by a written instrument signed by all of the Parties to this Agreement. No party will be deemed have waived compliance by another party of any provision of this Agreement unless such waiver is contained in a written instrument signed by the waiving party and no waiver that may be given by a party will be applicable except in the specific instance for which it is given. The failure of any party to enforce at any time any of the provisions of this Agreement or to exercise any right or option contained in this Agreement or to require at any time performance of any of the provisions of this Agreement, by any of the other parties, will not be construed to be a future waiver of such provisions and will not affect the validity of this Agreement or any of its provisions or the right of such Party thereafter to enforce each provision of this Agreement. No course of dealing will operate as a waiver or modification of any provision of this Agreement or otherwise prejudice such party's rights, powers and remedies.

Section 4.4. Binding Effect.

All of the provisions of this Agreement will be binding upon and inure to the benefit of and be enforceable by the Parties to this Agreement and their respective heirs, executors, administrators; legal representatives, successors and assigns.

Section 4.5. Further Assurances.

Throughout the term of this Agreement, each Party will execute and deliver such additional documents or take such additional actions as may be requested by another party to this Agreement if such requested document or action is reasonably necessary to effect the transactions described in this Agreement.

Section 4.6. Construction and Interpretation of Agreement.

(a) Section titles or captions in this Agreement are included for purposes of convenience only and will not be considered a part of the agreement in construing or interpreting any of its provisions. All references in this Agreement to Sections will refer to sections of this Agreement unless the context clearly otherwise requires.

(b) When used in this Agreement, the word "including" will have its normal common meaning and any list of items that may follow such word will not be deemed to represent a complete list of the contents of the referent of the subject.

(c) The parties have participated jointly in the negotiation and drafting of this Agreement. If any ambiguity or question of intent or interpretation arises, no presumption or

burden of proof will arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

(d) Unless the context otherwise requires, when used in this Agreement, the singular will include the plural, the plural will include the singular, and all nouns, pronouns and any variations thereof will be deemed to refer to the masculine, feminine or neuter, as the identity of the person or persons may require.

(e) The parties do not intend that this Agreement will confer on any third party any right, remedy or benefit, or that any third party will have any right to enforce any provision of this Agreement.

Section 4.7. Governing Law.

This Agreement will be governed by, and will be construed and enforced in accordance with, the laws of the State of Texas, without giving effect to any conflict of law rule or principle of such state. Venue for any dispute hereunder or any appeal from a decision hereunder shall be instituted exclusively in the courts of the State of Texas in Bexar County or the Western District of Texas.

Section 4.8. Limited Assignment; Binding Effect.

No party shall assign any of its rights or obligations under this Agreement without obtaining the prior written consent of the other parties, except that American Eagle may assign all of its rights and obligations under this Agreement without the prior consent of other parties in connection with the sale of the Project. American Eagle shall notify the City of any transfer or assignment to any entity. Subject to the foregoing, all the provisions of this Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the parties to this Agreement and their respective heirs, legal representatives, successors and assigns.

Section 4.9. Severability of Provisions.

If a court in any proceeding holds any provision of this Agreement or its application to any person or circumstance invalid, illegal or unenforceable, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those to which it was held to be invalid, illegal or unenforceable, shall not be affected, and shall be valid, legal and enforceable to the fullest extent permitted by law, but only if and to the extent such enforcement would not materially and adversely frustrate the parties' essential objectives as expressed in this Agreement. Furthermore, in lieu of any such invalid or unenforceable term or provision, the parties intend that the court add to this Agreement a provision as similar in terms to such invalid or unenforceable provision as may be valid and enforceable, so as to effect the original intent of the parties to the greatest extent possible.

Section 4.10. Covenants to Run with the Land; Successors Bound.

American Eagle hereby subjects the Real Property to the covenants, reservations and restrictions set forth in this Agreement. The Parties hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants, reservations

and restrictions running with the land to the extent permitted by law and shall pass to and be binding upon American Eagle's successors in title to the Real Estate. Each and every contract, deed, mortgage, or other instrument hereafter executed covering or conveying the Real Property or any portion thereof or interest therein shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed, mortgage or other instrument. This instrument shall be recorded in the Real Property Records of Bexar County, Texas as evidence of the covenants made herein.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the day and year first above written.

AMERICAN EAGLE CASTLE HILLS LLC, a
Texas limited liability company

By: _____

Name: _____

Title: _____

THE CITY OF CASTLE HILLS, TEXAS

By: _____

Name: _____

Title: _____ City Manager _____

13208323

STATE OF MICHIGAN)
)
COUNTY OF WASHTENAW) SS:

Before me appeared _____, to me personally known, who being duly sworn, is acknowledged to be _____ of American Eagle Castle Hills LLC, being authorized so to do, executed the foregoing instrument for the purpose therein contained, by signing the name of American Eagle Castle Hills LLC as _____.

WITNESS my hand and seal, this _____ day of _____, 20 ____.

Notary Public of

(SEAL)

Signature of Notary Public

My Commission expires:

STATE OF TEXAS)
)
COUNTY OF BEXAR) SS:

Before me appeared _____, to me personally known, who being duly sworn, is acknowledged to be the City Manager of the City of Castle Hills, Texas, being authorized so to do, executed the foregoing instrument for the purpose therein contained, by signing the name of the City of Castle Hills, Texas as its City Manager.

WITNESS my hand and seal, this _____ day of _____, 20 ____.

Notary Public of

(SEAL)

Signature of Notary Public

My Commission expires:

EXHIBIT A

DESCRIPTION OF PROJECT SITE

Property Address: 1207 Jackson Keller Road, Castle Hills, Bexar County, Texas 78213

Description of Real Property:



City of Castle Hills
“When Location & Service Really Matter!”

City of Castle Hills

FY 2019 Proposed Budget

August 21, 2018



FY 2019 Proposed Budget

- **FY 2019 Capital Expenses**
- **FY 2019 Personnel**
- **FY 2019 Possible Funding Allocation Available for Re-Direction**
- **City Council Input on Additional Funding of Items/Projects**



FY 2019 CAPITAL EXPENSES

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FY 2019 Capital Expenses

- **FY 2019 Budget Highlights (Capital Expense):**
 - Municipal Building Improvements (Replace three HVACs at \$30,000
 - Digital marquee at City Hall, budgeted at \$16,000. (Requested Removal)
 - Set aside funds for future radio upgrade in 2020, budgeted at \$30,000.
 - Replace six sets of Firefighter gear, budgeted at \$16,800.
 - Platform Fire Truck payment – Principal payment of \$74,257 and Interest payment of \$13,279.
 - Salary Adjustments in the proposed budget includes a 3% Cost of Living Adjustment (COLA) for all employees which has been built into the budget.
 - 20% Increase (placeholder) in the City's Health Plan.

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FY 2019 Capital Expenses

- **FY 2019 Capital Expenses:**

- Replace three air conditioning units (HVAC) at City Hall: Old units are at the end of their life cycle, budgeted \$30,000. (General)
- Exterior/Interior Improvements(Possible one-time CEID expenditures):
 - Replace doors at entrance to Permitting/Municipal Court
 - Install an Awning at front of City Hall
 - Energy Audit and review the feasibility of a Solar Array Project for the Municipal Building
 - Facility Improvements – Interior improvements to the building including new carpet, paint and audio/visual improvements to the City Hall Chambers
 - Carport for Police Vehicles
- Conduct a Facility Assessment Study \$20,000 (CEID)
 - Identifies and documents all current building deficiencies of the structure and estimate associated costs for repairs or upgrades if necessary.
 - Establish a baseline for evaluating and prioritizing immediate and long-term needs relative to functionality and needs.

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FY 19 PROPOSED BUDGET PERSONNEL

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FY 2019 Proposed Personnel

- **Personnel Highlights in the FY 2019 Proposed Budget:**

- Proposed Cost of Living Adjustment for City Staff of 3% is programmed into the proposed budget.
- FY 2019 Proposed Budget includes three vacant and funded positions in the Public Works Department - Project Manager and two positions in streets totaling \$157,975. (Positions are retained under a hiring freeze)
- Request for an Assistant Fire Chief is currently not programmed into the proposed budget and is unfunded.
- 20% Increase in the City's Health Plan – awaiting proposed rate increase.

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Personnel Inventory (Ten-Year History)

- **August 8 Proposed Budget Workshop – City Council requested a three-year historical inventory by positions:**
 - Staff researched ten years prior beginning with 2009
 - Personnel Count in 2009 - **65 Positions** - Full/Part Time
 - Personnel Count in Proposed 2019 - **70 Positions** - Full/Part Time
 - Departmental Changes from 2009 to Proposed 2019:
 - Police Department added Task Force Officer & Sergeant Positions
 - Fire Department none added (Assistant Fire Chief – 2015 Removed)
 - Public Works added an Administrative Assistant
 - Administration added Finance Officer, Permit Clerk & Code Compliance Officer

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Cost of Living Adjustment

City of Castle Hills Cost of Living (COLA) Increase Only 2019 Proposed Budget

	No Increase 2019	3% 2019	2% 2019	1% 2019
GENERAL FUND				
ADMINISTRATION	\$ 534,982	\$ 549,719	\$ 544,807	\$ 539,894
COURT	\$ 105,204	\$ 107,942	\$ 107,029	\$ 106,117
POLICE	\$ 2,223,892	\$ 2,281,018	\$ 2,261,976	\$ 2,242,934
FIRE	\$ 1,356,688	\$ 1,397,333	\$ 1,380,452	\$ 1,368,570
STREETS	\$ 383,036	\$ 393,127	\$ 389,763	\$ 386,400
SANITATION	\$ 293,592	\$ 300,195	\$ 297,994	\$ 295,793
TOTAL GF EXPENSE	<u>\$ 4,897,394</u>	<u>\$ 5,029,334</u>	<u>\$ 4,982,021</u>	<u>\$ 4,939,708</u>
Cost of COLA Increases		\$ 131,940	\$ 84,627	\$ 42,314

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Possible Cost Increase in Health Plan

City of Castle Hills Health (Medical Only) Worksheet 2019 Proposed Budget

	Health 2018	Health Increase 20%	Health Increase 15%	Health Increase 10%
GENERAL FUND				
ADMINISTRATION	\$ 32,527	\$ 39,032	\$ 37,406	\$ 35,780
COURT	\$ 9,294	\$ 11,153	\$ 10,688	\$ 10,223
POLICE	\$ 134,756	\$ 161,707	\$ 154,969	\$ 148,232
FIRE	\$ 88,288	\$ 105,946	\$ 101,531	\$ 97,117
STREETS	\$ 27,881	\$ 33,457	\$ 32,063	\$ 30,669
SANITATION	\$ 27,881	\$ 33,457	\$ 32,063	\$ 30,669
TOTAL GF EXPENSE	<u>\$ 320,627</u>	<u>\$ 384,752</u>	<u>\$ 368,721</u>	<u>\$ 352,690</u>
Cost of possible rate increases (Re-rate expected in September)		\$ 64,125	\$ 48,094	\$ 32,063

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Possible Funding Allocation Available for Re-Direction (General Fund)

- **Personnel Highlights in the FY 2019 Proposed Budget:**
 - Proposed Cost of Living Adjustment for City Staff of 3% is programmed into the proposed budget - **\$131,940**
 - FY 2019 Proposed Budget includes three vacant and funded positions in the Public Works Department - Project Manager and two positions in streets totaling **\$157,975**. (Positions are retained under a hiring freeze)
 - Capital Expenses - **\$76,000**:
 - Replace three HVACs at \$30,000
 - Digital marquee at City Hall at \$16,000. (Requested Removal)
 - Future radio upgrade in 2020 at \$30,000.

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City Council Input on Additional Funding of Items/Projects

“When Location & Service Really Matter!”



FY 2019 Budget Overview

- **Next Steps:**

- Possible Workshops on Budget: August 28th
- 1st Public Hearing on FY 2019 Budget on September 12, 2018
- 2nd Public Hearing on FY 2019 Budget on September 18, 2018 (Adopt Budget and Tax Rate)

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QUESTIONS

“When Location & Service Really Matter!”

**City of Castle Hills
Number of Positions**

Positions	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Proposed 2019
Administration											
City Manager	1	1	1	1	1	1	1	1	1	1	1
Asst. City Manager	1	1	1	1	-	-	-	-	-	-	-
Administrative Assistant	-	-	-	-	1	1	1	1	1	1	1
City Secretary	1	1	1	1	1	1	1	1	1	1	1
Part Time - Clerk 20 Hrs/wk	0.5	0.5	0.50	-	-	-	0.50	-	-	-	-
Finance/Human Resources	-	-	-	-	1	1	1	1	1	1	1
Administrative Finance Assistant	-	-	-	1	-	-	-	0.5	1	1	1
Code Compliance	-	-	-	-	1	1	1	1	1	1	1
Permit Clerk	-	-	-	-	-	-	-	1	1	1	1
Deputy Court Clerk I	1	1	1	1	1	1	1	1	1	1	1
Deputy Court Clerk II	1	1	1	1	1	1	1	1	1	1	1
Part Time - Clerk 25-30 Hrs/wk	0.5	0.5	0.5	0.5	0.5	0.5	0.5	-	-	-	-
Department Totals	6	6	6	6.5	7.5	7.5	8	8.5	9	9	9

Police Department

Chief	1	1	1	1	1	1	1	1	1	1	1
Captain	-	1	1	1	1	1	1	1	1	1	1
Lieutenant	1	-	-	-	-	-	-	-	-	1	1
Sergeant	3	3	4	4	4	4	4	4	4	3	3
Corporal	4	3	3	3	3	3	3	3	3	3	3
CID- Sergeant	1	1	1	1	1	1	1	1	1	1	1
CID- Patrolman	-	2	2	2	2	2	2	2	2	2	2
Patrolman	10	9	9	9	9	9	9	9	9	9	9
Task Force Officer	-	-	-	-	1	1	1	1	1	1	1
Dispatcher Supervisor	2	2	1	1	1	1	1	1	1	1	1
Dispatcher	4	4	5	5	5	5	5	5	5	5	5
Part Time-Dispatchers (4 at ~20hrs)	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Admin/Records Clerk	1	1	1	1	1	1	1	1	1	1	1
Department Totals	27.5	27.5	28.5	28.5	29.5	29.5	29.5	29.5	29.5	29.5	29.5

Fire Department

Chief	1	1	1	1	1	1	1	1	1	1	1
Assistant Chief	1	1	1	1	1	1	-	-	1	0	0
Captain	3	3	3	3	3	3	3	3	3	3	3
Lieutenant	3	3	3	3	3	3	3	3	3	3	3
Firefighter	12	12	12	12	12	12	12	12	12	12	12
Department Totals	20	20	20	20	20	20	19	19	20	19	19

Public Works Department

Director	1	1	1	1	1	1	1	1	1	1	1
Admin Assistant	-	-	-	-	-	-	1	1	1	1	1
Project Manager	-	-	-	-	-	-	-	-	-	1	1
Sanitation Driver	2	2	2	2	2	2	2	2	2	2	2
Sanitation Collector	4	4	4	4	4	4	4	4	4	4	4
Streets Laborer	3	3	3	3	3	3	3	3	3	3	3
Seasonal Employee	1	1	1	1	1	1	1	1	0	-	-
Part Time - Build. Maint.	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Department Totals	11.5	11.5	11.5	11.5	11.5	11.5	12.5	12.5	11.5	12.5	12.5

Total City Positions	65	65	66	66.5	68.5	68.5	69	69.5	70	70	70
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