

**3267 Bee Cave Rd, Suite 107-370
Austin, TX 78746-6700**

August 13, 2013

Mr. Rob Hargett
President

Dr. Nola Wellman, Ph.D.
Superintendent

c/o Eanes Independent School District
601 Camp Craft Road
Austin, TX 78746

Dear Mr. Hargett and Dr. Wellman:

We represent a group of individuals who live in Eanes Independent School District (EISD) and in the vicinity of the River Hills property which Western Hills Little League (WHLL) is attempting to develop into a Megaplex. We are interested in purchasing the land (50 acres identified in the WHLL lease out of the 86.7 acre tract owned by EISD on River Hills Road) for a market-competitive price. Based on recent sales in the area, we believe that EISD could obtain at least \$5 million for these 50 acres in its current state, and we would be willing to begin negotiating such a purchase immediately.

As a part of the purchase, we would be willing to agree to the following restrictions on the land:

1. **Only detached, single-family residences would be constructed on the site.** This would be consistent with the character and infrastructure of the surrounding neighborhoods, and would help to build the student population for any future River Hills Elementary School.
2. **Design for the sites and homes would be consistent with the area.** The lots will be sold under restrictions which (a) retain the trees and natural terrain, (b) avoid critical environmental features, (c) minimize exterior lighting, and (d) require architectural guidelines consistent with the surrounding neighborhoods.
3. **The neighborhood plan would be consistent with an adjoining elementary school.** The layout of the lots will be designed to allow safe pedestrian access for neighborhood children to the EISD site should an elementary school be built on the adjoining EISD parcel.

In addition, we are willing to offer the following benefits to EISD as a part of the purchase agreement:

1. **Option for EISD to develop an outdoor education center.** We note that unlike other districts in the area, EISD students do not currently have the benefit of an outdoor education area. To help with the present need and to create an option for the district in the future, we will agree to the following terms.
 - a. We will not begin construction on the site for a period of two years after the purchase. During that time, EISD may use the land for an outdoor education area free of charge.

- b. Furthermore, if EISD or a nature conservancy organization agreeable to the parties wishes to repurchase the land during that two-year period for the purpose of an outdoor education area with minimal construction or clearing, it may do so. The price to purchase the land will be no more than the price at which our group purchased it plus out-of-pocket costs (e.g., property taxes incurred), and inflation as measured by CPI or some other appropriate index.
2. **Gift of 20% of any profits from the development of the land to EISD or the Eanes Educational Foundation (EEF).** If our group recognizes any profits after the cost of financing and development on the ultimate disposition of the land, we will gift 20% of the profits to EISD.

We are compelled to make this offer out of concern over the WHLL lease and proposed Megaplex. We recognize the need for additional playing fields, and would welcome the opportunity to work with WHLL and others to identify alternative locations and arrangements around our community. However, we feel that this project is unwise in a multitude of respects:

The WHLL lease is not fiscally responsible for EISD

The minimal cash proceeds from the WHLL lease amounts to a significant subsidy of for-profit and non-profit entities which is a distraction from EISD's core educational mission. The district is locking in a 50-year 1% return on an extremely valuable and relatively liquid asset. (We base this on a view that the fair market value of the land is at least \$5 million, and that the district is entitled to as little as \$50,000 per year in lease payments once the site is irreversibly damaged by the proposed development.) This is a tremendous transfer of value to WHLL, and by extension, the private investors constructing an HEB-sized indoor facility on the site.

Allowing WHLL to reduce the value of the underlying land asset constitutes an additional subsidy. Once the site is stripped of its vegetation and terrain, it will be of little interest to any potential purchaser beyond WHLL. Combined with WHLL's right of first refusal on any purchase, the district will effectively lock-in an unattractive lease and unattractive options for eventually selling the land.

These subsidies are unwise in the context of a \$4.5 million operating budget deficit and severe limitations on the ability of EISD to raise additional funding that is not recaptured by the State of Texas. As you are well aware, the 2013-2014 operating budget deficit is not sustainable. At some point the district will need to increase its revenue to fund this budget – a difficult task under the recapture payment formulas and the district's full utilization of transfer students to enhance funding. Most likely, EISD will need to request funding increases and bond issues from the area voters.

Furthermore, this project has the potential to be a rallying-point -- and a very energizing one at that -- for those who wish to defeat future funding increases and bond issues. While our district has a recent history of contentious bond elections, we would hope that in the future there will be greater consensus about the financial needs of the district and how to meet them. However, squandering this valuable resource only serves to undermine the credibility of any future funding requests.

Our plan better meets the needs of the surrounding community

Our proposal respects those who live near the property. While any development will introduce change, the communities of western Travis County have typically respected and considered the rights and wishes of their neighbors in determining how the land is used. Conversely, the Megaplex promises dangerous levels of traffic, extensive noise and light pollution, and declining property values for those who surround it. Our community standard should not be what *can* we do over the objections of our neighbors, but rather what *should* we do.

A residential neighborhood is consistent with this quiet, secluded neighborhood and the neighborhoods which surround it for miles. Not only is the Megaplex completely inconsistent with the River Hills neighborhood, it is unlike anything else in western Travis county: While there are examples of outdoor sports facilities in the area, they are all (1) a small fraction of the size, (2) utilize lighting and amplified sound on a much more limited basis, and (3) are generally shielded in a valley rather than being placed prominently on one of highest points in the area.

A residential neighborhood better serves the expansion needs of the district

Our proposal would not consume valuable impervious cover allowances. It is our understanding that the current WHLL proposal for the Megaplex site will utilize some of the impervious cover allowances EISD enjoys on the adjoining parcel for an elementary school. As was made abundantly clear in the site analysis presentation to the board on June 26, 2013, limitations on impervious cover are one of the key constraining factors in additional development of EISD's current campuses. Impervious cover allowances are extremely valuable, and surrendering them for a site that has not yet been fully designed is unwise.

A neighborhood of new homes would help to increase the tax base and population in EISD at a time of relatively constrained student population growth. As our community ages and other districts in the area become increasingly attractive for those moving into the area, we are concerned about the demographic trajectory of our district. We believe modest continued growth in the student population is healthy for the district, and our use would support that.

Our purchase agreement would allow for the development of an outdoor education program, if EISD chooses to do so. Not only would the district be able to immediately begin using the land

for an outdoor education program, our proposal would allow the district time to develop a longer-term plan for outdoor education and to re-purchase the site if it wished.

An appropriate residential neighborhood avoids the Megaplex's environmental destruction

The Megaplex development of the site is irreversible. Once the foliage is stripped away, the hilltops removed and valleys filled to create a flat expanse in the Hill Country, restoring the site will be impossible. While a more modest plan may allow for better retention of terrain and foliage, the Megaplex plan will permanently reshape the land unlike any other project in the area.

The Megaplex's water, light and noise pollution will be extensive. It is our understanding that the site will consume a tremendous amount of water and create significant run-off directly into Lake Austin. Furthermore, we understand that plans call for installing amplified sound along with lighting with wattage equivalent to 15,000 street lights on this prominent hill. Unlike other area venues which limit their use and disruption to the surrounding neighborhoods, Megaplex plans are to lease and illuminate these fields until as late as 10pm every night all year.

Actions requested of the school board

First, we request that the board take no further action to modify the WHLL lease and further entangle the district. It is our understanding that the existing lease has a number of potential issues and will require several modifications under WHLL's current Megaplex plans. Before the board takes deliberate, proactive steps to change the lease to accommodate WHLL (some changes which may be inconsistent with the original request for proposal), it is clearly in the best interest of EISD to fully evaluate our proposal and others like it.

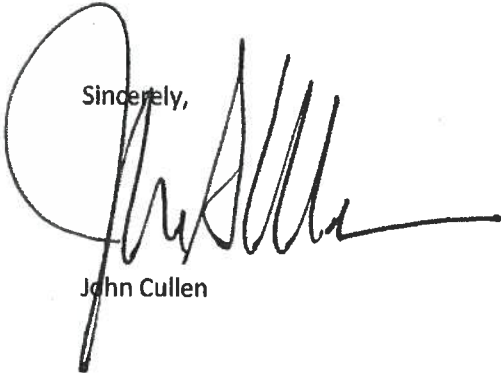
Second, we ask that the board form a Special Committee to begin discussions regarding the purchase of the property. We suggest that the Special Committee be comprised of members who have not advocated for the complex, have not negotiated the existing WHLL lease, and have no personal or familial conflicts with WHLL nor entities in which WHLL leadership exercises material managerial control. We would welcome the opportunity to work with this Special Committee to negotiate a purchase of the property.

We understand that EISD may elect to issue a request for proposal, and the process may result in our group not winning the bid. As long as the appropriate restrictions discussed above are agreed to by the successful bidder, we will enthusiastically support the result. As members of the community and supporters of the district, we view a more lucrative arrangement for EISD as a satisfactory outcome.

It is our understanding that the existing lease between EISD and WHLL has material weaknesses causing the lease to be void or voidable at EISD's discretion, or that the lease may not be valid without significant amendments or modifications. Furthermore, it is our understanding that the WHLL proposal for development of the site is unlikely to receive the necessary approvals without modifications to the lease to accommodate WHLL's plans. As a result, we assume the existing lease is or will soon become either invalid or unenforceable, and the offer made in this letter is expressly conditioned upon and subject to the prior termination of the lease with WHLL, or WHLL agreement to allow negotiations.

Thank you for your careful consideration of this important matter.

Sincerely,



John Cullen



Heath Schiesser

c.c.: Members of the EISD board