

**CERTIFICATE OF COUNTY CLERK**

THE STATE OF TEXAS

§

§

COUNTY OF MEDINA

§

THE UNDERSIGNED HEREBY CERTIFIES that:

The Commissioners Court (the *Court*) of Medina County, Texas (the *County*), convened on the 11th day of February, 2013 in regular session in the regular meeting place of the Court in the County Courthouse (the *Meeting*), which Meeting was at all times open to the public, the duly constituted officers and members of the Court being as follows:

James E. Barden

County Judge

Richard Saathoff

Commissioner, Precinct No. 1

Larry Sittre

Commissioner, Precinct No. 2

David Lynch

Commissioner, Precinct No. 3

Jerry Beck

Commissioner, Precinct No. 4

and all of such persons were present at the Meeting, except the following: All Present, thus constituting a quorum. Among other business considered at the Meeting, the attached resolution (the *Resolution*) entitled:

A RESOLUTION AUTHORIZING AND CREATING THE POTRANCO RANCH PUBLIC IMPROVEMENT DISTRICT TO FINANCE IMPROVEMENTS WITHIN AND/OR RELATED TO THE POTRANCO RANCH RESIDENTIAL DEVELOPMENT PROJECT, IN ACCORDANCE WITH SUBCHAPTER A OF CHAPTER 372, AS AMENDED, TEXAS LOCAL GOVERNMENT CODE; MAKING CERTAIN FINDINGS RELATIVE TO THE IMPROVEMENTS THAT ARE TO RESULT FROM THE DISTRICT; PROVIDING FOR MATTERS RELATING TO THE FOREGOING; AND PROVIDING AN EFFECTIVE DATE

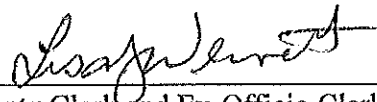
was introduced for the due consideration of the Court. After presentation and discussion of the Resolution, a motion was made by Commissioner David Lynch that the Resolution be passed and adopted. The motion was seconded by Commissioner Richard Saathoff and carried by the following vote:

5 voted "For" 0 voted "Against" 0 "Abstained"

all as shown in the official Minutes of the Court for the Meeting.

2. The attached Resolution is a true and correct copy of the original on file in the official records of the County; the duly qualified and acting members of the Court of the County on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the Council was given actual notice of the time, place, and purpose of the Meeting and had actual notice that the Resolution would be considered; and the Meeting and deliberation of the aforesaid public business, was open to the public and written notice of said meeting, including the subject of the Resolution, was posted and given in advance thereof in compliance with the provisions of Chapter 551, as amended, Texas Government Code.

IN WITNESS WHEREOF, I have signed my name officially and affixed the seal of the Commissioners Court, this 11th day of February, 2013.



County Clerk and Ex-Officio Clerk of the  
Commissioners Court of Medina County,  
Texas

(SEAL OF COMMISSIONERS COURT)



**Resolution No. 20813A**

**A RESOLUTION AUTHORIZING AND CREATING THE POTRANCO RANCH PUBLIC IMPROVEMENT DISTRICT TO FINANCE IMPROVEMENTS WITHIN AND/OR RELATED TO THE POTRANCO RANCH RESIDENTIAL DEVELOPMENT PROJECT, IN ACCORDANCE WITH SUBCHAPTER A OF CHAPTER 372, AS AMENDED, TEXAS LOCAL GOVERNMENT CODE; MAKING CERTAIN FINDINGS RELATIVE TO THE IMPROVEMENTS THAT ARE TO RESULT FROM THE DISTRICT; PROVIDING FOR MATTERS RELATING TO THE FOREGOING; AND PROVIDING AN EFFECTIVE DATE**

\* \* \*

**WHEREAS**, on December 7, 2012, the owners of taxable real property (the *Owners*) representing greater than 50% of the appraised value of taxable real property liable for assessment, being a definable piece of property of approximately 320 contiguous acres located in the northeastern portion of Medina County, Texas (the *County*) (such property, as described in Exhibit A hereto, the *Property*), delivered a petition (a copy of which is attached hereto as Exhibit B and made a part of this Resolution for all purposes as though reproduced herein in its entirety; referred to herein as the *Petition*) to the Commissioners Court (the *Court*) of the County requesting that a public improvement district be established upon the Property pursuant to Subchapter A of Chapter 372, as amended, Texas Local Government Code (the *PID Act*) for the purpose of improving and financing the costs of improving the Property (as further described below, the *Improvements*); and

**WHEREAS**, the Owners constitute more than 50% of all record owners of the Property that will be liable for any assessments imposed under the proposal described in the Petition; and

**WHEREAS**, the PID Act permits Texas counties, such as the County, to establish a public improvement district upon a definable area within its territory, such as the Property, provided that, as described in the PID Act, certain prerequisites to such designation are found to have been satisfied and findings in connection therewith made; and

**WHEREAS**, the Court has determined that the Petition was validly submitted and compliant with applicable laws of the State of Texas (the *State*); and

**WHEREAS**, in response to its receipt of the Petition (and determination of the validity thereof), the Court, by Resolution No. 121012-A adopted on December 10, 2012, authorized publication of notice of the County's intention to conduct a public hearing (the *Hearing*) concerning the establishment of Potranco Ranch Public Improvement District (the *District*) upon the Property and the advisability of the Improvements, all in accordance with and as required by the PID Act, and established January 14, 2013 as the date of the Hearing; and

**WHEREAS**, notice of the Hearing was published on December 27, 2012, which was a date at least fifteen days prior to the date of the Hearing, in the *Castroville News Bulletin*, which

(because of its general availability throughout the County) is found by the Court to be a newspaper of general circulation in the County, the foregoing being compliant with Section 372.009(c) of the PID Act; and

**WHEREAS**, at the Hearing, interested persons were allowed to speak for or against the establishment of the District, the advisability of the Improvements, and/or the concept of a public improvement district, and owners of property in the District were given a reasonable opportunity to protest the inclusion of their property in the District; and

**WHEREAS**, evidence and testimony was received and presented at the Hearing in favor of and against the establishment of the District and the advisability of the Improvements; and

**WHEREAS**, no owner of real property in the proposed District protested the inclusion of their property in the District; and

**WHEREAS**, as a result of the foregoing, the County has complied with the prerequisites to the adoption of this Resolution concerning the establishment of the District under the PID Act; and

**WHEREAS**, the Court has reviewed data and information, which data and information it determines to represent an adequate basis for the adoption of this Resolution, for the purpose of determining the feasibility and desirability of establishing the District; and

**WHEREAS**, the Court anticipates that, as a result of the establishment of the District and its entering into of a Development Agreement (defined herein) with the Developer (defined herein) and the Board (defined herein), the County will be able to impose upon the Property development restrictions and conditions more stringent and more beneficial to the County and its inhabitants than otherwise could be required by the County under applicable and available State law; and

**WHEREAS**, the Court finds that the adoption of this Resolution is in the best interest of the residents of the County; and

**NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS COURT OF MEDINA COUNTY, TEXAS:**

**Section 1.     Findings; Establishment of District; Identification of Improvements.**

The Court hereby finds and determines:

- (a) That the facts and recitations contained in the preamble of this Resolution are true and correct and are adopted as part of this Resolution for all purposes.
- (b) That it is advisable to establish the District to provide the Improvements, which will promote the general interests of the County and will confer a special benefit on the Property, and the establishment of the District is necessary to fund the costs of the Improvements.

- (c) That the District is hereby established, upon the effectiveness of this Resolution (as determined by Section 8 hereof).
- (d) That the District's boundaries are contiguous with those of the Property.
- (e) That the District shall be known as Potranco Ranch Public Improvement District.
- (f) That the purpose of the District is to fund the following improvements upon the Property (referred to herein as the *Improvements*):
  - (1) Expenses incurred in the establishment, administration, and operation of the District; and
  - (2) Costs of the design, acquisition, construction, and installation of public improvement projects, as authorized by the PID Act, that are necessary for the development of the Property, which public improvements will include (but are not limited to) improvements to utilities; establishment of roads, bridges, and associated drainage and trails; water and sewer facilities; demolition and land clearing; lighting improvements; construction of entry-way features; signage; other infrastructure improvements within the District; and ongoing services (including maintenance of Improvements).
- (g) That the estimated cost to fund the design, acquisition, construction, and installation of the Improvements for which the District is responsible is \$1,010,000 (which amount is exclusive of (1) interest costs, if any, incurred in connection with the financing of any Improvements and (2) the costs of maintenance thereof).
- (h) That the costs of Improvements and any authorized maintenance thereof shall be paid from the assessments and from other sources of funds lawfully available to the District (including, but not limited to, contributions from private third parties and proceeds from bond sales, time warrants, and/or permanent or temporary notes issued by the County on the District's behalf and to be paid solely from a lien on and pledge of revenues generated by or otherwise available to the District); provided, however, that the County's issuance of indebtedness for the benefit of the District, regardless of source of security or repayment, shall be undertaken at the sole and absolute discretion of the Court; provided further, however, that notwithstanding the fact that the County is not obligated to provide any County funds (other than those resultant from the creation of the District that are described above and in Section 2 hereof) to support the operations or undertakings of the District, nothing shall prevent it from doing so at the Court's discretion.
- (i) That the District is responsible for paying, from assessments imposed and collected on annual basis, the costs of maintenance and upkeep of the public improvements within the District, which includes, in addition to the Improvements identified in Section 1(g), (1) those public improvements funded from incremental taxes collected by Reinvestment Zone Number 2, Medina

County, Texas and (2) such other public improvements acquired, designed, constructed, and/or installed within the District by any Developer.

- (j) That the District shall be managed by the Board (defined herein), but that the Court has elected to not establish an advisory board of the type described in Section 372.008 of the PID Act.

**Section 2.     Assessments.**

- (a) The County shall levy assessments on all Assessable Property (defined herein) within the District in a manner that results in the imposition of an assessment that equally apportions the costs of the Improvements to Assessable Property that is similarly benefited by such Improvements.
- (b) As requested in the Petition, the Court hereby finds that, subject to the contents of the assessment plan to be included in and made a part of the service plan applicable to the District (prepared from time to time and as required by and in conformance with the PID Act and Section 3(f) hereof), an annual assessment shall be imposed on the Assessable Property within the District on the basis of a "per \$100 valuation" of such Assessable Property, as reflected in the official tax rolls of Medina County Appraisal District, for the year of each respective assessment; provided, however, that if this methodology for imposing assessments within public improvement districts is ever invalidated under applicable State law, the Court shall implement a substitute assessment methodology that is permissible under applicable State law and most closely approximates the funding result of the then-invalidated methodology.
- (c) All assessments may be paid in full at any time (including accrued and unpaid interest, if any), and certain assessments may be paid in annual installments (including accrued and unpaid interest, if any). If an assessment is allowed to be paid in installments, then the installments must be paid in amounts sufficient to meet annual debt service (including any interest and costs of principal amortization) and maintenance costs of Improvements that have been financed, and must continue for a period required to fully retire any such indebtedness.
- (d) "Assessable Property" means property within the District that has been converted into developed lots containing suitable sites for building single family residences, but specifically excludes (i) undeveloped property (i.e. property within the District that has not been converted into developed lots containing suitable sites for building single family residences), (ii) publically-owned property (including, but not limited to, schools, public parks, and other property owned by a political subdivision of the State), and (iii) property within the District that is subject to an agricultural or open space tax exemption (as reflected on the official tax rolls of the Medina County Appraisal District for the year in which the assessment is made).

**Section 3. Board of Directors.**

- (a) The District shall be managed by a Board of Directors (the *Board*), representing a partnership between the County and the private sector (as permitted by the PID Act and as requested in the Petition), who shall, with the assistance of a consultant, from time to time (and at least annually) advise the County regarding the operations of the District and perform other governance activities of the District as permitted (but only to the extent permitted) by this Resolution and the PID Act.
- (b) The Board shall be comprised of five (5) directors, each appointed by the County, and including three directors nominated by the Developer and two directors nominated by the Court.
- (c) The initial Board shall consist of the following directors:

<u>Name</u>	<u>Position</u>
Gen. Eugene E. Habiger, USAF (Ret)	1
Harry Hausman	2
Bart Swider	3
Megan Clay	4
Commissioner Larry Sittre	5

- (d) The directors appointed to odd-numbered positions shall be appointed for two year terms, beginning on the effective date of this Resolution, while the directors appointed to even-numbered positions shall be appointed to a one year term, beginning on the effective date of this Resolution. All subsequent appointments shall be for two-year terms.
- (e) The Court directs that the Board, at its earliest convenience, finalize and approve the Development Agreement with the Developer for presentation to and consideration by the Court.
- (f) The Court hereby assigns to the Board the obligation to prepare and present to the Court on an annual basis a service plan and an assessment, as described in Sections 372.013 and 372.014, respectively, of the PID Act.

**Section 4. Reservation of Powers to the County.**

Though the day-to-day management of the District is delegated to the Board, the Court reserves exclusive right and jurisdiction over the District's ability to annually impose assessments upon Assessable Property, approve the District's annual budget, obligate funds on deposit or to be deposited to the PID Fund (defined herein) for a period greater than one year, and all other powers reserved to the Court under the PID Act.

**Section 5.     PID Fund.**

There is hereby created and established a special fund of the County for the benefit of the District, to be designated Potranco Ranch Special Improvement District Fund (the *PID Fund*), which may be divided into subaccounts as authorized by subsequent orders or resolutions of the Court. The PID Fund and any subaccount shall be maintained at the depository bank of the County and shall be secured in the manner prescribed by law for funds of counties of the State. Money shall be disbursed from the PID Fund only to pay costs of Improvements, costs of the County incurred to administer the District (as such costs are approved by the Court), debt service on debt obligations issued in support of the District, or maintenance costs of any Improvement (the foregoing to include any lawful reimbursement to a Developer under a Development Agreement). The County shall deposit to the PID Fund, upon receipt, assessments paid by owners of Assessable Property.

**Section 6.     Effect of Annexation.**

Though contributions made by a Developer pursuant to the terms of a Development Agreement in anticipation of reimbursement from assessments collected within the District, but not at such time repaid, shall not be, nor shall the same be construed to be, financial obligations of the County or any other political subdivision of the State, except the same shall, to the extent permitted by applicable law, become binding and reimbursable obligations of the District, and be outstanding debt of the District, in the event of any proposed or actual annexation by a municipality (home rule or otherwise), and must, to the extent permitted by applicable law, be paid in full by such annexing municipality, as required by Section 43.0712, as amended, Texas Local Government Code (or any successor statute thereto), as a condition of such annexation.

**Section 7.     Effective Date.**

Once approved by the Court, this Resolution, in accordance with Section 372.010 of the PID Act, shall take effect immediately upon its publication in a newspaper of general circulation in the County. The Court hereby authorizes and directs publication of this Resolution in the *Castroville News Bulletin*, being a newspaper found to meet this general circulation requirement, on a date not later than July 13, 2013 (which would be six months from the date of the Hearing).

**Section 8.     Effect of Development Agreement.**

The Court anticipates that the Improvements will be designed, acquired, constructed, and installed by a private third party (the *Developer*) pursuant to a development and reimbursement agreement (the *Development Agreement*) by and among the County, the Board, and the Developer. The County acknowledges that the Petition was conditioned upon the Court's approval of the Development Agreement with the Developer. No funds deposited to or held in the PID Fund shall be expended until the Development Agreement has been entered into by all parties thereto and such Development Agreement represents a valid and enforceable obligation of each such party.

**Section 9.     Severability.**

If any provision, section, subsection, sentence, clause or phrase of this Resolution, or the application of same to any person or to any set circumstances, is for any reason held to be unconstitutional, void or invalid, the validity of the remaining provisions of this Resolution or their application to other persons or set of circumstances shall not be affected thereby, it being the intent of the Court in adopting this Resolution that no portion hereof or regulations connected herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity of any portion hereof, and all provisions of this Resolution are declared severable for that purpose.

**Section 10.   Open Meetings.**

It is hereby found, determined and declared that a sufficient written notice of the date, hour, place and subject of the meeting of the Court at which this Resolution was adopted was posted at a place convenient and readily accessible at all times to the general public at the Medina County Courthouse for the time required by law preceding its meeting, as required by the Open Meetings Law, Chapter 551, as amended, Texas Government Code, and that this meeting has been open to the public as required by law at all times during which this Resolution and the subject matter hereof has been discussed, considered and formally acted upon. The Court further ratifies, approves and confirms such written notice and the contents and posting thereof.

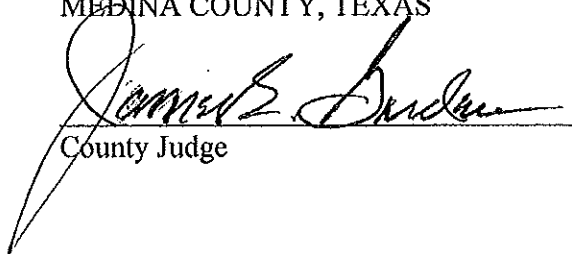
**Section 11.   Notices.**

The contents of the notice of the Hearing, which Hearing was held before the Court on January 14, 2013, and the publication of said notice, are hereby ratified, and confirmed.

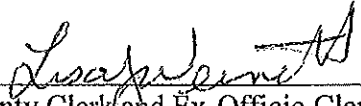
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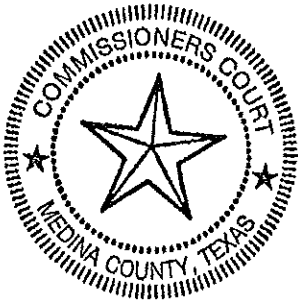
APPROVED this 11th day of February, 2013.

MEDINA COUNTY, TEXAS

  
County Judge

ATTEST:

  
County Clerk and Ex-Officio Clerk  
of the Commissioners Court



**EXHIBIT A**

**PROPERTY DESCRIPTION**

EXHIBIT "A"  
320.15 ACRES

STATE OF TEXAS  
COUNTY OF MEDINA

Field notes for a 320.15 acre tract of land in Medina County, Texas and being out of the following Surveys with their approximate acreage.

59.65 acres out of Survey Number 97, Abstract 1452;  
142.49 acres out of Survey Number 96, Abstract 1327 and  
118.01 acres out of Survey Number 38, Abstract 5 all in Medina County, Texas.

Said 320.15 acre tract of land being the same land as described in a deed from Ruth Steinto Auburn to Protranco Ranch, L.P., recorded in Volume 573, Page 741 of the Official Public Records of Medina County, Texas. Said 320.15 acre tract of land being more particularly described by notes and bounds as follows.

**BEGINNING** at a 3/8 inch steel pin found on the south Right-Of-Way line of FM Hwy 1937 (variable width 80' min) for the northwest corner of this tract and being the northwest corner of a called 320.00 acre tract as described in a deed from Ruth Steinto Auburn to Protranco Ranch, L.P., recorded in Volume 573, Page 741 of the Official Public Records of Medina County, Texas. Said point being the northwest corner of a called 619 4125 acre tract (VI Second Tract) from Marina R. Steinto to Joann Steinto Williams in a Last Will and Testament, recorded in Volume 63, Page 378 of the Official Public Records of Medina County, Texas. Said point also being the northeast corner of a called 722 7286 acre tract (VII Second Tract) from Marina R. Steinto to Ruth Steinto in a Last Will and Testament, recorded in Volume 63, Page 378 of the Official Public Records of Medina County, Texas.

**THENCE** along the South Right-Of-Way line of FM Hwy 1937 the following four calls: North 86° 32' 48" East, a distance of 126.51 feet to a Txdot Brass Disk found for an angle point; South 82° 51' 59" East, a distance of 331.58 feet to a Txdot Brass Disk found for an angle point; North 66° 51' 45" East, a distance of 176.50 feet to a Txdot Brass Disk found for an angle point and North 86° 45' 28" East, a distance of 1735.16 feet to a Steel Teejo post found for the northeast corner of the herein described 320.15 acre tract.

**THENCE** crossing across the aforesaid 722 7286 acre tract, South 06° 03' 33" West, a distance of 6618.96 feet to a 3/8 inch steel pin found for the southeast corner of the herein described 320.15 acre tract and being on the north line of a called 244.583 acre tract as described in a deed from Sharon Alton Manlio to Linda Reardon, recorded in Volume 93, Page 445 of the Official Public Records of Medina County, Texas.

**THENCE** with the south line of this tract the following three calls: South 89° 34' 06" West, a distance of 48.09 feet to a Cedar post found for an angle point; North 89° 30' 41" West, a distance of 875.53 feet to a steel pipe post found between two gates for an angle point and North 89° 12' 27" West, a distance of 1426.74 feet to a Corner Post found for the southwest corner of the herein described 320.15 acre tract and being the southeast corner of the aforesaid 619 4125 acre tract.

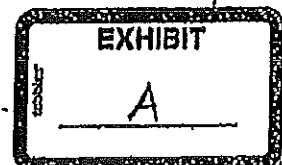
**THENCE** with the west line of this tract, North 00° 08' 55" East, a distance of 5858.20 feet to the place of the **BEGINNING**.

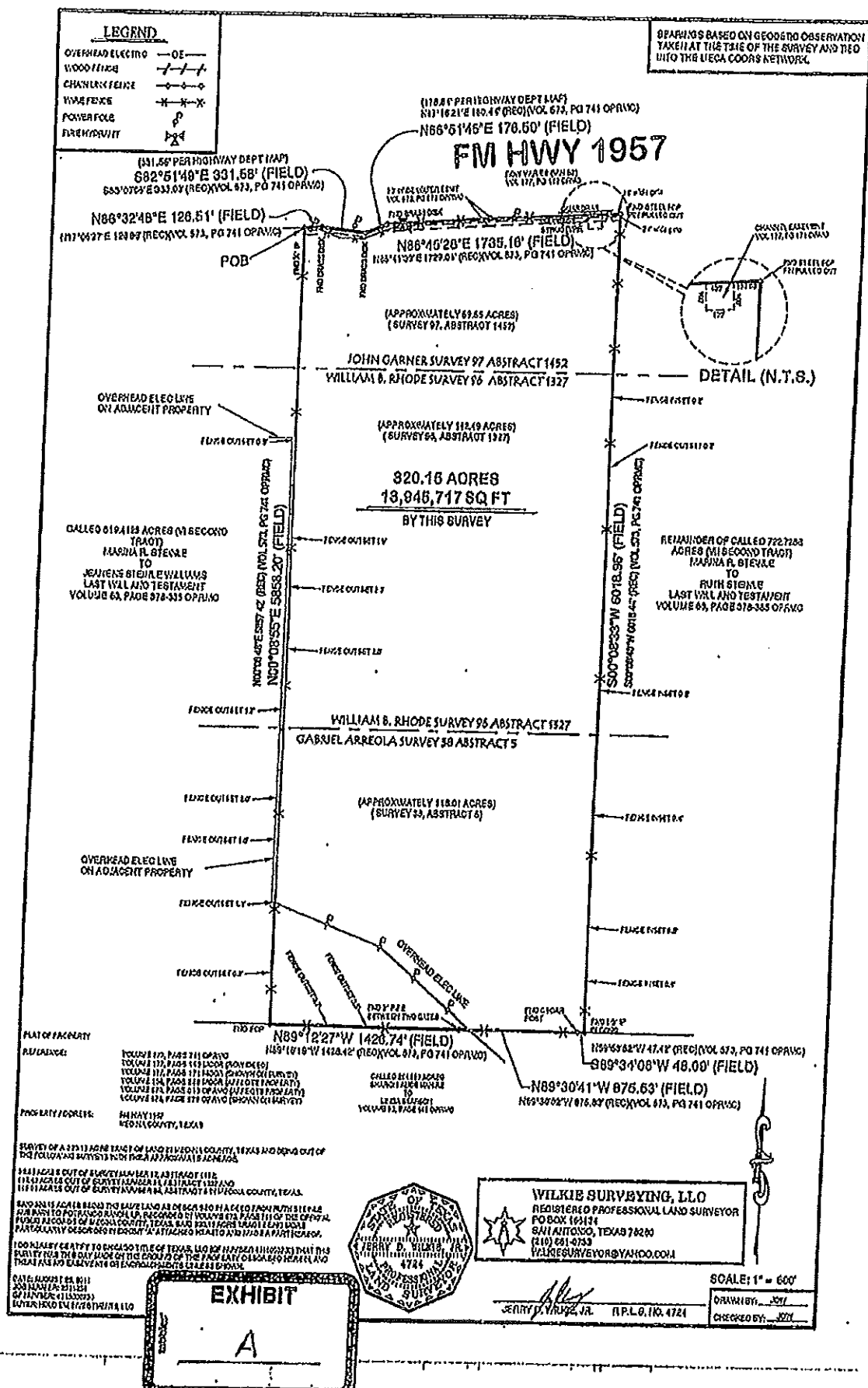
I, Jory D. Wilkio, Jr., hereby certify that these field notes were prepared from an actual survey made on the ground on August 29, 2011.

Being based on theodolite observation taken at the time of the survey and tied into the Latac Coors Network.

Reference is hereby made to the 11" x 17" Survey Drawing that accompanies these Field Notes.

Jory D. Wilkio, Jr.,  
Registered Professional  
Land Surveyor No. 4724  
Job Number 2011195





**EXHIBIT B**

PID PETITION

SEE TAB 1