

RESOLUTION NO. _____

A RESOLUTION OF THE CITY OF KYLE, TEXAS, MAKING FINDINGS AS TO THE ADVISABILITY OF THE IMPROVEMENTS PROPOSED IN THE PECAN WOODS PUBLIC IMPROVEMENT DISTRICT IN ACCORDANCE WITH CHAPTER 372 OF THE TEXAS LOCAL GOVERNMENT CODE.

WHEREAS, the City of Kyle, Texas (the "City"), is authorized under Chapter 372 of the Texas Local Government Code, as amended (the "Act"), to create a public improvement district;

WHEREAS, on August 3, 2015, Walton Texas, LP (the "Owner"), submitted and filed with the City Clerk of the City a petition ("Original Petition") requesting the establishment of a public improvement district to be known as the Pecan Woods Public Improvement District ("District");

WHEREAS, the Original Petition has been superseded and replaced with a new petition dated May 12, 2016 (the "Petition") that was submitted and filed with the City Clerk of the City;

WHEREAS, the Petition indicated that (i) the owners of more than 50% of the appraised value of the taxable real property liable for assessment and (ii) the owners of more than 50% of the area of all taxable real property liable for assessment within the District executed the Petition requesting that the governing body of the City (the "City Council") create the District;

WHEREAS, the City Council has investigated and determined that the facts contained in the Petition are true and correct;

WHEREAS, the District will include the approximately 763 acres owned by the Owner and located within the City's extraterritorial jurisdiction (the "Property"), which Property is more particularly described and depicted on "Exhibit A" attached hereto and made a part hereof;

WHEREAS, after providing all notices required by Section 372.009 of the Act, the City Council on _____, 2016 conducted a public hearing on the advisability of the proposed improvements; and

WHEREAS, the City Council adjourned and closed such public hearing.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KYLE, TEXAS, THAT:

Section 1. The findings set forth in the recitals of this Resolution are hereby found to be true and correct.

Section 2. The Petition submitted to the City by the Owner was filed with the City Clerk of

the City and complies with Subchapter A of the Act.

Section 3. Pursuant to the requirements of the Act, including, without limitation, Sections 372.006, 372.009(a), and 372.009(b), the City Council, after considering the Petition and the evidence and testimony presented at the public hearing on _____, 2016, hereby finds and declares:

(a) Advisability of the Proposed Improvements. It is advisable to provide the Authorized Improvements described in the Petition and this Resolution. The Authorized Improvements will promote the interests of the City and will confer a special benefit on the Property.

(b) General Nature of the Authorized Improvements. The purposes of the District include the design, acquisition, and construction of public improvement projects authorized by Section 372.003(b) of the Act that are necessary for development of the Property (collectively, the "Authorized Improvements"). The general nature of the proposed public improvements are: (i) the establishment of parks and open space, together with the design, construction and maintenance of any ancillary structures, features or amenities such as trails, pavilions, community facilities, irrigation, walkways, lighting, benches, swimming pools, trash receptacles and any similar items located therein; (ii) landscaping; (iii) acquisition, construction, and improvement of water, wastewater and drainage facilities; (iv) acquisition, construction and improvement of streets, roadways, rights-of-way and related facilities; (v) entry monumentation and features; (vi) signage; (vii) projects similar to those listed in subsections (i) – (vi) above; and (viii) payment of costs associated with constructing and financing the public improvements listed in subparagraphs (i) – (vii) above, including costs of establishing, administering and operating the District. These Authorized Improvements shall promote the interests of the City and confer a special benefit on the Property, and are described in further detail on the Term Sheet attached hereto as Exhibit "B" and the Qualified PID Cost information contained in Exhibit "C" attached hereto.

(c) Estimated Cost of the Authorized Improvements to be Funded by the District. \$60,000,000.00 (including issuance and other financing costs) (i.e. gross amount).

(d) Boundaries of the Proposed District. The boundaries of the proposed District shall contain the Property and are described on Exhibit "A" attached hereto.

(e) Proposed Method of Assessment. An assessment methodology will be prepared that will address: (i) how the costs of the public improvements financed with the assessments are assessed against the property in the District, (ii) the assessments to be collected each year, and (iii) reduction of the assessments for costs savings (pursuant to the annual review of the service plan for the District). Additionally, a report will be prepared showing the special benefits accruing to property in the District and how the costs of the public improvements are assessed to property on the basis of the special benefits. The result will be that equal shares of the costs will be imposed on property similarly benefited.

The assessment methodology will result in each parcel paying its fair share of the costs of the public improvements provided with the assessments based on the special benefits received by the property from the public improvements and property equally situated paying equal shares of the costs of the public improvements. It is anticipated that assessments will be based on estimated build out values.

(f) Apportionment of the Cost Between District and the City. The City shall not be obligated to provide any funds to finance the Authorized Improvements. The cost of the Authorized improvements will be paid from the assessments and from other sources of funds, if any, available to the Owner.

(g) Management of the District. The District shall be managed by the City, with the assistance of a consultant, who shall, from time to time, advise the City regarding certain operations of the District.

(h) Advisory Board. The District shall be managed without the creation of an advisory board.

Section 4. City Council hereby makes the above findings as to the advisability of the Authorized Improvements contained in this Resolution, and the conclusion that the District is needed to fund such Authorized Improvements.

Section 5. This Resolution shall take effect immediately from and after its passage and publication as required by law.

Section 6. The exhibits attached to this Resolution are hereby incorporated herein and are as follows:

Exhibit A	Property Description
Exhibit B	PID Term Sheet
Exhibit B-1	Bond Phasing Exhibit
Exhibit C	Qualified PID Costs
Exhibit D	Value to Lien Bond Capacity Analysis
Exhibit E	Estimated Asset Value at Build Out
Exhibit F	Estimated Ad Valorem Analysis
Exhibit G	Feasibility Analysis – Assumptions

PASSED AND APPROVED on this ____ day of _____, 2016.

THE CITY OF KYLE, TEXAS

R. Todd Webster, Mayor

ATTEST:

Jennifer A. Vetrano, City Secretary

EXHIBIT A

PROPERTY DESCRIPTION

10017461 OFR Bk

EXHIBIT "A"

Tract I:

DESCRIBING A 696.20 ACRE TRACT OF LAND BEING A PART OF THE WILLIAM HEMPHILL SURVEY A-221 AND THE ALBERT PACE SURVEY A-367, HAYS COUNTY, TEXAS, SAID TRACT OF LAND ALSO BEING ALL OF THE FOLLOWING TRACTS OF LAND:

- 1) 127.789 ACRE TRACT AND 248.01 ACRE TRACT DESCRIBED IN A GENERAL WARRANTY DEED TO FM 150 AND HEIDERREICH, L.P., A TEXAS LIMITED PARTNERSHIP EXECUTED ON JULY 15, 2005 AND RECORDED IN VOLUME 2730 PAGE 107, DEED RECORDS OF SAID COUNTY,
 - 2) 249.51 ACRE TRACT DESCRIBED IN A GENERAL WARRANTY DEED TO FM 150 AND HEIDERREICH, L.P., A TEXAS LIMITED PARTNERSHIP EXECUTED ON NOVEMBER 16, 2005 AND RECORDED IN VOLUME 2813 PAGE 415, DEED RECORDS OF SAID COUNTY,
 - 3) 72.47 ACRE TRACT DESCRIBED IN A SPECIAL WARRANTY DEED TO FM 150 AND HEIDERREICH, L.P., A TEXAS LIMITED PARTNERSHIP EXECUTED ON MARCH 9, 2007 AND RECORDED IN VOLUME 3124 PAGE 730, DEED RECORDS OF SAID COUNTY,
- SAID 696.20 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING, at an iron rod with aluminum cap stamped 4341 found at the western most south corner of said 127.789 acre tract, same being at the west corner of that certain 10.811 acre tract of land described in a deed to Hays Consolidated Independent School District recorded in Volume 2606 Page 885, Deed Records of said County and in the northeast right-of-way line of Farm Highway No. 150 (FM 150) (80' R.O.W.);

THENCE, with the southwest line of said 127.789 acre tract and said 248.01 acre tract, same being the northeast line of said FM 150, the following three courses:

- 1) N47°03'16"W, 985.61 feet to an iron rod with aluminum cap stamped 4341 found;
- 2) Along a curve to the right having a radius of 2254.28 feet, an arc length of 379.68 feet, a central angle of 9°39'00" and a chord which bears N42°14'17"W, 379.23 feet to an iron rod with plastic cap stamped UDG #2433 set from which a concrete monument found bears S52°32'17"W, 80.29 feet;
- 3) N37°26'17"W, 2921.85 feet to an iron rod with plastic cap stamped UDG #2433 set at the south corner of that certain 0.9 of an acre tract of land described in a deed to Hemphill School District No. 5 as recorded in Volume 209 Page 623, Deed Records of said County;

THENCE, with the southeast, northeast and northwest lines of said 0.9 of an acre tract, the following three courses:

- 1) N43°08'23"E, 307.63 feet to an iron rod with aluminum cap stamped Pro Tech found;
- 2) N37°26'10"W, 128.35 feet to an iron rod with aluminum cap stamped Pro Tech found;

- 3) S43°10'02"W, 307.61 feet to an iron rod with plastic cap stamped UDG #2433 set at the west corner of said 0.9 of an acre tract, same being in the northeast line of said FM 150;

THENCE, with the southwest line of said 248.01 acre tract, same being the northeast line of said FM 150, N37°26'17"W, 221.73 feet to a calculated point within a utility pole at the west corner of said 248.01 acre tract, same being in the southeast line of County Road 152 (CR 152) (R.O.W. varies);

THENCE, with the northwest line of said 248.01 acre tract, same being the southeast line of said CR 152, N43°23'22"E, at 20.00 feet passing an iron rod with plastic cap stamped UDG #2433 set for reference, continuing for a total distance of 2760.21 feet to an iron rod with plastic cap stamped UDG #2433 set at the northern most north corner of said 248.01 acre tract, same being the west corner of that certain 3.0 acre tract of land described in a deed to Sally R. Windham as recorded in Volume 2354 Page 482, Deed Records of said County;

THENCE, with the southwest and southeast lines of said Windham tract, the following two courses;

- 1) S46°59'17"E, 835.19 feet to an iron rod found;
- 2) N43°23'49"E, 313.18 feet to an iron rod found at the east corner of said Windham tract, same being the southern most north corner of said 248.01 acre tract;

THENCE, with the northeast line of said Windham tract and another 3.0 acre tract of land described in a deed to Sally R. Windham as recorded in Volume 2261 Page 672, Deed Records of said County, N47°00'31"W, 835.23 feet to an iron rod found at the north corner of said Windham tract recorded in Volume 2261 Page 672 and in the southeast line of said CR 152;

THENCE, with the southeast line of said CR 152, N44°16'07"E, 29.14 feet to a 1"x1" square iron rod found at the west corner of said 72.47 acre tract of land;

THENCE, with the northwest line of said 72.47 acre tract, same being the southeast line of said CR 152, the following three courses;

- 1) N41°47'21"E, 609.01 feet to an iron rod with plastic cap stamped UDG #2433 set;
- 2) S47°24'04"E, 10.14 feet to an iron rod with plastic cap stamped UDG #2433 set;
- 3) N42°36'29"E, 550.00 feet to an iron rod with cap stamped 5296 found at the north corner of said 72.47 acre tract, same being in the southwest line of that certain 72.266 acre tract of land described in a deed to Frazier Land & Cattle Company, L.L.C. as recorded in Volume 1249 Page 415, Deed Records of said County from which an iron rod found bears N30°52'27"W, 10.31 feet;

THENCE, with the northeast line of said 72.47 acre tract, same being the southwest line of said 72.266 acre tract, the following six courses;

- 1) S30°56'20"E, 279.59 feet to an iron pipe found;
- 2) S84°47'08"E, 150.70 feet to a fence post found;
- 3) N88°18'39"E, 36.37 feet to a fence post found;
- 4) N80°40'50"E, 92.75 feet to a fence post found;

- 5) N77°28'48"E, 54.84 feet to an iron rod found;
- 6) N75°07'22"E, 356.15 feet to an iron rod found at the southwest corner of that certain 6.170 acre tract of land described in a deed to Kerry Dabbs and Theresa G. Dabbs as recorded in Volume 1979 Page 301, Deed Records of said County;

THENCE, continuing with the northeast line of said 72.47 acre tract, same being the south line of said 6.170 acre tract, N74°58'05"E, 348.74 feet to a fence post found at the southeast corner of said 6.170 acre tract, same being in the southwest line of said 72.266 acre tract described in a deed to Frazier Land & Cattle Company, L.L.C. as recorded in said Volume 1249 Page 415;

THENCE, continuing with the northeast line of said 72.47 acre tract, same being the south line of said 72.266 acre tract, N89°54'28"E, 16.78 feet to a fence post found at the southwest corner of that certain 6.041 acre tract of land described in a deed to Edward Chabarría as recorded in Volume 2531 Page 23, Deed Records of said County;

THENCE, continuing with the northeast line of said 72.47 acre tract, same being the southwest line of said 6.041 acre tract, S43°24'06"E, 346.43 feet to a fence post found at the southeast corner of said 6.041 acre tract and at the northwest corner of that certain 6.050 acre tract of land described in a deed to Troy C. Benedict and Dianne L. Benedict as recorded in Volume 2784 Page 400, Deed Records of said County;

THENCE, with the northeast and west line of said 72.47 acre tract, same being the southwest and east line of said 6.050 acre tract and the east line of a 5.996 acre tract also described in said deed to Troy C. Benedict and Dianne L. Benedict as recorded in Volume 2784 Page 400, the following eleven courses;

- 1) S42°59'00"E, 265.64 feet to a fence post found;
- 2) S02°40'16"W, 220.30 feet to a fence post found;
- 3) N69°43'25"E, 117.08 feet to an iron rod with plastic cap stamped UDG #2433 set;
- 4) N60°49'02"E, 106.76 feet to an iron rod found;
- 5) N53°56'58"E, 20.55 feet to a fence post found;
- 6) N56°40'00"E, 135.58 feet to a fence post found;
- 7) N54°11'17"E, 57.03 feet to an iron rod found;
- 8) N50°52'19"E, 86.40 feet to an iron rod with plastic cap stamped UDG #2433 set;
- 9) N51°10'41"E, 72.23 feet to an iron rod found;
- 10) N51°19'44"E, 271.46 feet to a fence post found;
- 11) S43°10'36"E, 33.96 feet to a fence post found at the southern most east corner of said 72.34 acre tract, same being a south corner of said 5.996 acre tract and in the northwest line of said 249.51 acre tract;

THENCE, with northwest line of said 249.51 acre tract, same being the southeast line of said 5.996 acre tract, N42°00'36"E, at approximately 87.5 feet passing a calculated point at the southeast corner of said 5.996 acre tract, same being the south corner of that certain 5.961 acre tract of land described in a deed to Jose M. Wong and Maria D. Wong and Maria L. Wong as recorded in Volume 2551 Page 366, Deed Records of said County, continuing for a total distance of 438.39 feet to an iron rod found at the east corner of said 5.961 acre tract, same

being at the south corner of that certain 6.234 acre tract of land described in a deed to Rufina O. Velasquez as recorded in Volume 2067 Page 38, Deed Records of said County;

THENCE, continuing with the northwest line of said 249.51 acre tract, same being the southeast line of said 6.234 acre tract, N42°04'27"E, at approximately 231.5 feet passing a calculated point at the east corner of said 6.234 acre tract, same being at the south corner of that certain 6.512 acre tract of land described in a deed to Jose M. Montoya as recorded in Volume 3160 Page 656, Deed Records of said County, continuing at approximately 485.9 feet passing a calculated point at the east corner of said 6.512 acre tract, same being at the south corner of Lot 1, Anton Subdivision, as subdivision recorded in Book 4 Page 209, Plat Records of said County, continuing for a total distance of 695.58 feet to an iron rod with cap stamped 5780 found at the north corner of said 249.51 acre tract, same being in the southwest right-of-way line of County Road 153 (CR 153) (R.O.W. varies);

THENCE, with the northeast line of said 249.51 acre tract, same being the southwest line of said CR 153, the following three courses;

- 1) S42°17'53"E, 2444.46 feet to an iron rod with plastic cap stamped UDG #2433 set;
- 2) S43°37'05"E, 249.56 feet to an iron rod with plastic cap stamped UDG #2433 set;
- 3) S44°38'27"E, 357.69 feet to an iron rod with cap stamped 5780 found at the east corner of said 249.51 acre tract, same being at the north corner of that certain 125 acre tract of land described in a deed to B. R. Wranitzky as recorded in Volume 133 Page 49, Deed Records of said County;

THENCE, with the southeast line of said 249.51 acre tract, same being the northwest line of said 125 acre tract, S42°35'05"W, 3459.64 feet to an iron rod with cap stamped Pro Tech Eng found at the south corner of said 249.51 acre tract, same being at the east corner of said 127.789 acre tract, the west corner of said 125 acre tract and at the north corner of that certain 45.2855 acre tract of land described in a deed to Gary R. Hutzler and Nancy H. Hutzler as recorded in Volume 874 Page 676, Deed Records of said County;

THENCE, with the eastern most southeast line of said 127.789 acre tract, same being the northwest line of said 45.2855 acre tract, S42°43'32"W, at approximately 1994.0 feet passing a calculated point at the west corner of said 45.2855 acre tract, same being at the north corner of that certain 10.0 acre tract of land described in a deed to Gary McMurrey as recorded in Volume 1680 Page 168, Deed Records of said County, continuing for a total distance of 2368.37 feet to an iron rod with aluminum cap stamped Ahlhardt 1987 found at the eastern most south corner of said 127.789 acre tract, same being at the west corner of said 10.0 acre tract, the north corner of that certain 34.905 acre tract of land described in a deed to Hays Consolidated Independent School District as recorded in Volume 1388 Page 870, Deed Records of said County and at the east corner of said 10.811 acre tract;

THENCE, with a southwest line of said 127.789 acre tract, same being the northeast line of said 10.811 acre tract, N47°05'05"W, 360.13 feet to an iron rod with aluminum cap stamped Kent McMillan RPLS 4341 found at an interior corner of said 127.789 acre tract, same being at the north corner of said 10.811 acre tract;

THENCE, with the western most southeast line of said 127.789 acre tract, same being the northwest line of said 10.811 acre tract, the following two courses;

- 1) S42°43'31"W, 1288.04 feet to an iron rod with aluminum cap stamped 4341 found;
- 2) S42°40'04"W, 20.00 feet to the POINT OF BEGINNING and containing 696.20 acres.

Tract II:

DESCRIBING A 66.57 ACRE TRACT OF LAND BEING A PART OF THE ROBERT CARSON SURVEY A-135 AND THE ALBERT PACE SURVEY A-367, HAYS COUNTY, TEXAS, SAID TRACT OF LAND ALSO BEING ALL OF THAT CERTAIN 67.18 ACRE TRACT OF LAND DESCRIBED IN A GENERAL WARRANTY DEED TO FM 150 AND HEIDERREICH, L.P., A TEXAS LIMITED PARTNERSHIP EXECUTED ON NOVEMBER 2, 2005 AND RECORDED IN VOLUME 2804 PAGE 887, DEED RECORDS OF SAID COUNTY, SAID 66.57 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING, at an iron rod with plastic cap stamped UDG #2433 set at the south corner of said 66.57 and said 67.18 acre tract, same being at the east corner of that certain 18.62 acre tract of land described in a deed to Randall G. Pendleton and Frances A. Pendleton as recorded in Volume 2477 Page 482, Deed Records of said County, same also being in the northwest right-of-way line of County Road No. 152 (R.O.W. varies) and from which an iron rod with cap stamped 3296 found at the south corner of said 18.62 acre tract bears S43°04'33"W, 2741.46 feet;

THENCE, with the southern most southwest line of said 66.57 and said 67.18 acre tract, same being the northeast line of said 18.62 acre tract, N46°55'02"W, 273.45 feet to an iron rod with plastic cap stamped UDG #2433 set at the north corner of said 18.62 acre tract;

THENCE, continuing with the southern most southwest line of said 66.57 and said 67.18 acre tract, N47°10'36"W, 671.80 feet to an iron rod with plastic cap stamped UDG #2433 set at the southern most west corner of said 66.57 and said 67.18 acre tract, same being the south corner of that certain 87.36 acre tract of land described in a deed to the City of Kyle as recorded in Volume 477 Page 870, Deed Records of said County from which an iron rod bears N47°07'40"W, 1465.83 feet to an iron rod found and N42°41'32"E, 1172.20 feet;

THENCE, with the southern most northwest line of said 66.57 and said 67.18 acre tract, same being a southeast line of said 87.36 acre tract, N42°55'28"E, 2130.72 feet to an iron rod with plastic cap stamped UDG #2433 set at an interior corner of said 66.57 and said 67.18 acre tract, same being at an east corner of said 87.36 acre tract;

THENCE, with the northern most southwest line of said 66.57 and said 67.18 acre tract, same being a northeast line of said 87.36 acre tract, the following five courses;

- 1) N22°53'51"W, 110.77 feet to a calculated point;

- 2) N18°52'51"W, 453.13 feet to an iron rod with plastic cap stamped UDG #2433 set;
- 3) N25°21'51"W, 83.35 feet to an iron rod with plastic cap stamped UDG #2433 set;
- 4) N46°00'51"W, 271.48 feet to an iron rod with plastic cap stamped UDG #2433 set;
- 5) N01°52'51"W, 20.74 feet to an iron rod with plastic cap stamped UDG #2433 set at the northern most west corner of said 66.57 and said 67.18 acre tract, same being an interior corner of said 87.36 acre tract;

THENCE, with the northern most northwest line of said 66.57 and said 67.18 acre tract, same being a southeast line of said 87.36 acre tract, N43°06'09"E, 283.21 feet to an iron rod with plastic cap stamped UDG #2433 set at the north corner of said 66.57 and said 67.18 acre tract, same being an east corner of said 87.36 acre tract and in a southwest line of that certain 120.41 acre tract of land described in a deed to Barry C. Wukasch as recorded in Volume 1276 Page 182, Deed Records of said County;

THENCE, with the northern most northeast line of said 66.57 and said 67.18 acre tract, same being a southwest line of said 120.41 acre tract, S47°31'54"E, 1047.44 feet to an iron rod found at a south corner of said 120.41 acre tract, same being a west corner of that certain 48.725 acre tract of land described in a deed to Uhland Mercantile Company as recorded in Volume 1092 Page 811, Deed Records of said County;

THENCE, with the northern most northeast line of said 66.57 and said 67.18 acre tract, same being a southwest line of said 48.725 acre tract, S47°13'09"E, 556.85 feet to an iron rod with plastic cap stamped UDG #2433 set at the northern most east corner of said 66.57 and said 67.18 acre tract, same being in a southwest line of said 48.725 acre tract and at the north corner of that certain 0.5 of an acre tract of land described in a deed to A. D. Fuchs and wife, Caroline S. Fuchs as recorded in Volume 263 Page 245, Deed Records of said County;

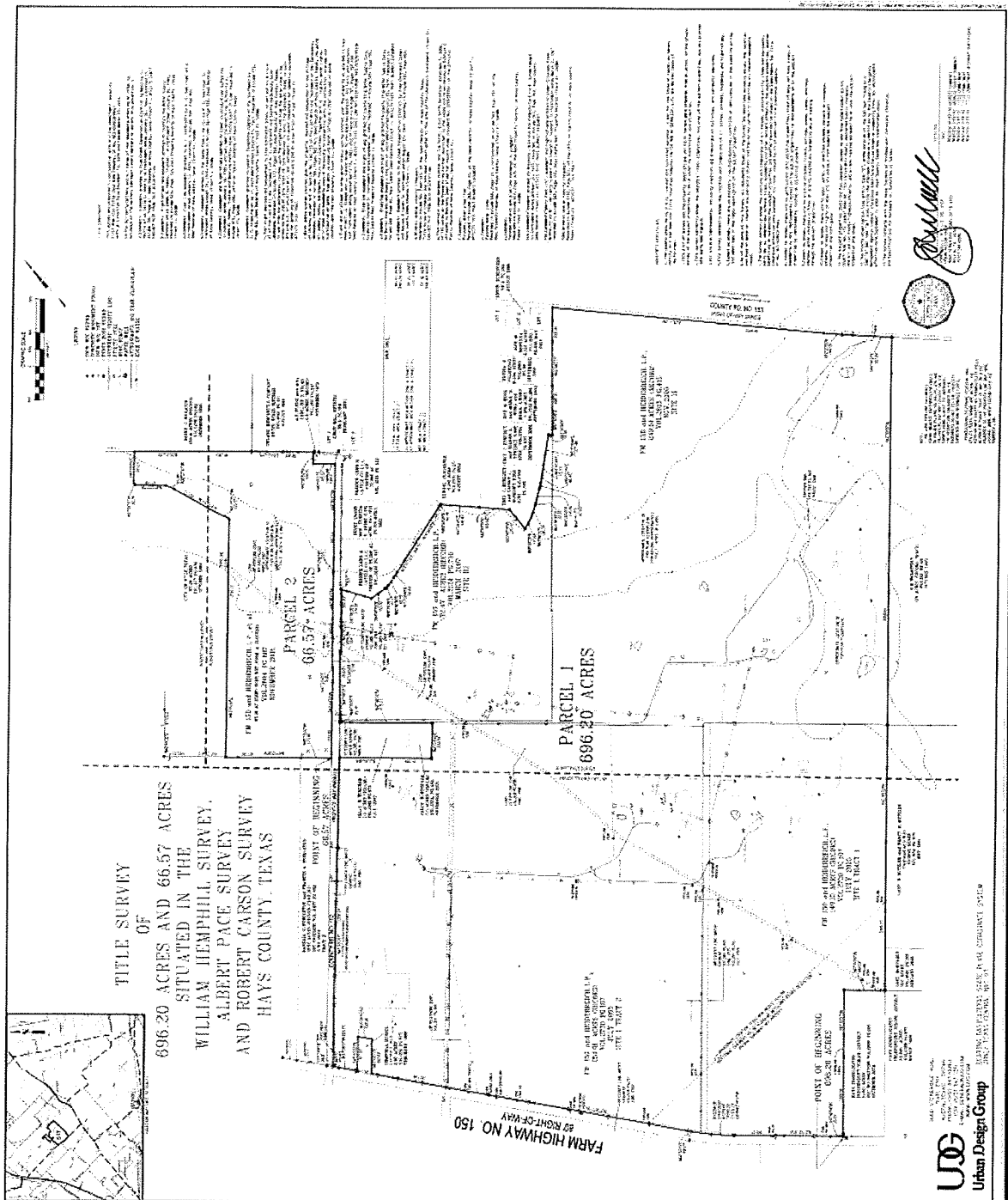
THENCE, with the northern most southeast line of said 66.57 and said 67.18 acre tract, same being the northwest line of said 0.5 of an acre tract, S42°38'53"W, 104.15 feet to an iron rod with plastic cap stamped UDG #2433 set at an interior corner of said 66.57 and said 67.18 acre tract, same being at the west corner of said 0.5 of an acre tract;

THENCE, with the southern most northeast line of said 66.57 and said 67.18 acre tract, same being the southwest line of said 0.5 of an acre tract, S46°50'22"E, 195.52 feet to an iron rod with plastic cap stamped UDG #2433 set at the southern most east corner of said 66.57 and said 67.18 acre tract, same being the south corner of said 0.5 of an acre tract and in the northwest right-of-way line of said County Road No. 152;

THENCE, with the southern most southeast line of said 66.57 and said 67.18 acre tract, same being a northwest line of said County Road No. 152, the following five courses;

- 1) S42°36'17"W, 967.50 feet to an iron rod with plastic cap stamped UDG #2433 set;
- 2) N47°23'43"W, 5.00 feet to an iron rod with plastic cap stamped UDG #2433 set;

- 3) S42°36'17"W, 850.00 feet to an iron rod with plastic cap stamped UDG #2433 set;
- 4) S47°23'43"E, 5.00 feet to a nail found;
- 5) S43°04'33"W, 810.85 feet to the POINT OF BEGINNING and containing 66.57 acres of land



**TERM SHEET
KYLE, TEXAS
PECAN WOODS
PECAN WOODS PUBLIC IMPROVEMENT DISTRICT
8/4/16**

It is requested that the following limitations and performance standards shall apply to the proposed Pecan Woods Public Improvement District (the "PID") agreed to by WALTON TEXAS, LP, a Texas limited partnership ("Walton Texas"), WALTON PECAN WOODS, LP, a Delaware limited partnership ("Walton Pecan Woods"), and WPW Development Sub, LP, a Delaware limited partnership ("WPW" and, together with Walton Texas and Walton Pecan Woods or their affiliates and assignees ("Walton" or "Owner") and the City of Kyle, Texas ("the City") in connection with the development of the 763-acre Pecan Woods mixed-use master planned community ("the Project"):

FINANCING CRITERIA – PECAN WOODS PUBLIC IMPROVEMENT DISTRICT

1. Estimated gross amount of Neighborhood Improvement Area #1 Bonds to be issued initially (including hard costs, soft costs, contingency, and a construction management fee) are estimated to be:
\$11,475,000
(see Miscellaneous Item 11 below)
2. Minimum appraised value to lien ratio: 3:1
3. Maximum annual permitted increase in annual installment: 2%
4. Maximum years of capitalized interest : 3
5. Maturity of bonds (to extent allowed by law): 20 years
6. The aggregate principal amount of bonds required to be issued shall not exceed an amount sufficient to fund: (i) the actual costs of the qualified public improvements (ii) required reserves and capitalized interest during the period of construction and not more than 12 months after the completion of construction and in no event for a period greater than 3 years from the date of the initial delivery of the bonds and (iii) any costs of issuance. Provided, however that to the extent the law(s) which limit the period of capitalized interest to 12 months after completion of construction change, the foregoing limitation may be adjusted to reflect the law(s) in effect at the time of actual bond issuance.

MISCELLANEOUS

1. No General Obligation or Certificate of Obligation bonds will be utilized by the City to fund the PID.
2. No PID bonds will be issued without the approval by the City of a Service and Assessment Plan for the PID. The Service and Assessment Plan will be structured generally in accordance with the terms and information set forth on Exhibits C- G attached hereto and made a part hereof; provided, however that the terms and information contained in Exhibits C-G are for illustrative purposes and are not intended to provide final costs or terms.

3. The PID Bond Indenture will contain language precluding the City from making any debt service payments for the PID Bonds other than from dedicated and available special assessment revenues.
4. The PID may seek bond issues either in advance of construction of any Authorized Improvements or as a reimbursement for Authorized Improvements upon completion of the construction of such Authorized Improvements subject to compliance with these standards.
5. Special assessments on any given portion of the property may be adjusted in connection with subsequent bond issues as long as the special assessments are determined in accordance with the Service and Assessment Plan. Special assessments on any portion of the property will bear a direct proportionate relationship to the special benefit of the public improvements to that improvement area. Scheduled special assessments will not be increased on any lot once conveyed to an end user.
6. All of the City's reasonable and customary costs with respect to issuance of the bonds and creation of the PID will either be funded by Walton or paid from bond proceeds. Ongoing administrative costs of the PID will be paid through the special assessments.
7. It is agreed that the PID will be exempt from any public bidding or other purchasing and procurement policies per Texas Local Government Code Section 252.022(a) (9) which states that a project is exempt from such policies if "paving drainage, street widening, and other public improvements, or related matters, if at least one-third of the cost is to be paid by or through special assessments levied on property that will benefit from the improvements."
8. It is agreed that the improvements to be funded by the PID are limited to those defined as Authorized Improvements under Texas Local Government Code Section 372.003 including the following:
 - Streets and sidewalks;
 - Water and wastewater facilities;
 - Drainage facilities;
 - Landscaping and other aesthetics; and
 - Park, recreation and cultural facilities.

A more detailed description of the Authorized Improvements contemplated to be constructed within the Project are generally described on Exhibit C attached hereto.

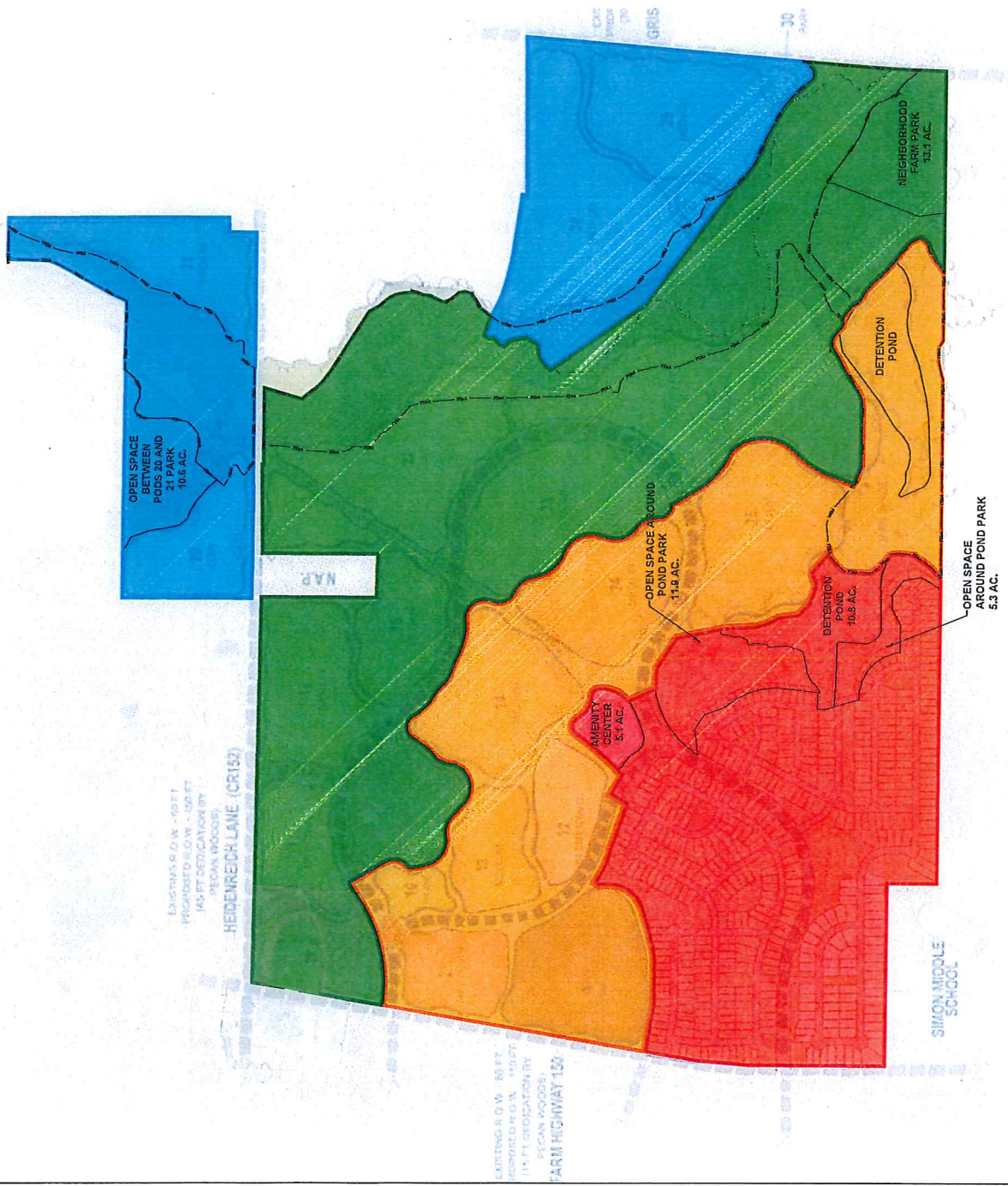
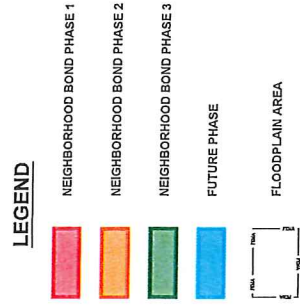
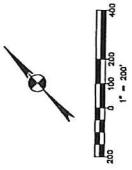
9. It is agreed that all principal landowners will provide any required continuing disclosure obligations associated with the issuance of PID Bonds as required under the Indenture or any other regulatory agreement or regulatory agency.
10. Contemporaneously herewith, Walton and the City have entered into a Development Agreement that will provide for certain development standards and land use controls and the deferral of any annexation of the Project into the corporate limits of the City.
11. In addition to the PID Bonds that will be issued initially (Neighborhood Bond Phase 1, as depicted on Exhibit B-1), it is intended that there will be subsequent bonds issued to fund improvements for individual phases of the project. Currently, it is anticipated that there will be two (2) additional bond issuances (Neighborhood Bond Phase 2 and Neighborhood Bond Phase 3, as depicted on Exhibit B-1). Neighborhood Bond Phase 2 is estimated to be a gross bond amount of approximately \$17,350,000 and Neighborhood Bond Phase 3 is estimated to be a gross bond amount of approximately

\$21,700,000, as illustrated on Exhibit D attached hereto. Please note that the number of future bond issuances and gross bond amounts are estimates and are subject to adjustment as the Project moves forward. Furthermore, please note that Exhibit D does not contain bond amounts for the remainder of the Project because these numbers are too preliminary at this date.

12. The Appraiser preparing the appraisal required in connection with the PID Bonds shall be selected by the City in consultation with Walton and all reasonable fees shall be paid by Walton.
13. No additional security or surety, beyond the land and any Improvements on the land, will be provided by Walton, or its assignees, for the PID Bonds.
14. PID Bonds shall be issued by the City upon request by Walton and approval by City Council following: receipt of an appraisal, financial analysis and other professional services and due diligence reasonably necessary to support the request.
15. This term sheet shall remain in place and in force until such time and date that a Final Financing Agreement is executed by both the City and Walton.

ADDITIONAL CRITERIA

1. Walton agrees to dedicate 10 percent (10%) of the Authorized Improvements to be funded by the PID bonds for the construction, acquisition or reimbursement of City-identified PID Authorized Improvements that benefit the PID, whether located within the City limits or within the ETJ (the "City PID Improvements"), in consideration of the demands placed on City infrastructure by the development of the Project.
2. The City and Owner agree that (i) the total amount of City PID Improvements will not exceed 10 percent (10%) of the estimated net PID Bond proceeds as set forth in the PID Finance Agreement to be agreed to by Owner and the City; and, (ii) the amount of City PID Improvements to be funded by any given bond issue will not exceed 10 percent (10%) of the net proceeds of that PID bond issue.
3. The \$2,000,000 cash contribution from Owner to the City for expansion of the wastewater treatment plant and the \$500,000 for connections to Simon Middle School and Hemphill Elementary School each described in Section 5.02(d) of the Development Agreement shall be deemed to be offsets against the 10 percent (10%) described above. So if the total gross PID bond proceeds are \$60,000,000, the amount of City PID Improvements required will be reduced from \$6,000,000 (i.e., 10 percent (10%) of \$60,000,000) to \$3,500,000 (i.e., \$6,000,000 less \$2,500,000). The offset will be applied against the ten percent (10%) City PID Improvements requirement sequentially until the entire \$25,000,000 has been applied (i.e., until \$25,000,000 in goods have been issued no additional City PID Improvements will be required).
4. Pursuant to Section 4.09 of the Development Agreement, the Owner shall dedicate to the City (at no cost to the City) a one acre site within the Project to be used as a police station to serve the surrounding community ("Police Site"). The location of the Police Site shall be determined by Owner. Prior to dedication of the Police Site, the Owner shall obtain an appraisal of the Police Site and the appraised value of the Police Site shall be applied against the ten percent (10%) City PID Improvements requirement.



EXISTING ROW - 40 FT
 PROPOSED ROW - 50 FT
 118 FT SEPARATION BY
 PECAN WOODS
 FARM HIGHWAY 100

EXISTING ROW - 40 FT
 PROPOSED ROW - 50 FT
 145 FT SEPARATION BY
 PECAN WOODS
 HEIDREICH LANE (CR152)

MAP

SIMON MIDDLE
 SCHOOL

NEIGHBORHOOD
 FARM PARK
 13.1 AC.

DETENTION
 POND

OPEN SPACE AROUND
 POND PARK
 11.8 AC.

DETENTION
 POND
 10.8 AC.

OPEN SPACE
 AROUND POND PARK
 5.3 AC.

AMENITY
 CENTER
 5.1 AC.

OPEN SPACE
 BETWEEN
 PODS 21 AND
 22 PARK
 10.6 AC.

EXHIBIT C
WALTON DEVELOPMENT & MANAGEMENT - PECAN WOODS
PECAN WOODS PUBLIC IMPROVEMENT DISTRICT
QUALIFIED PID COSTS
6/7/2016

Phase	1	2	3	Future	Total	Contingency (on Hard Costs)	Construction Management	Total Costs
Single Family Residential Units	458	437	556	384	1,835			
Multi-Family Units	-	672	648	-	1,320			
Commercial Acres	-	-	16	-	16			
Acres	147	157	303	156	763	10.0%	4.0%	
PID Eligible Improvements								
Street	\$ 4,823,596	\$ 6,691,212	\$ 8,171,985	\$ 3,049,239	\$ 22,736,032	\$ 2,273,603	\$ 909,441	\$ 25,919,076
Drainage	\$ 2,124,336	\$ 1,906,816	\$ 2,122,171	\$ 1,246,280	\$ 7,399,603	\$ 739,960	\$ 295,984	\$ 8,435,547
Water	\$ 1,414,077	\$ 1,424,691	\$ 1,895,312	\$ 1,141,195	\$ 5,875,275	\$ 587,528	\$ 235,011	\$ 6,697,814
Waste Water	\$ 2,029,252	\$ 1,343,541	\$ 2,837,487	\$ 1,216,470	\$ 7,426,750	\$ 742,675	\$ 297,070	\$ 8,466,495
Erosion Control	\$ 106,615	\$ 91,459	\$ 129,832	\$ 84,753	\$ 412,659	\$ 41,266	\$ 16,506	\$ 470,431
EWK & MOB	\$ 440,500	\$ 379,000	\$ 558,500	\$ 368,000	\$ 1,746,000	\$ 174,600	\$ 69,840	\$ 1,990,440
Landscaping	\$ 3,137,454	\$ 1,646,355	\$ 2,529,910	\$ 1,702,313	\$ 9,016,032	\$ 901,603	\$ 360,641	\$ 10,278,276
SUBTOTAL	\$ 14,075,830	\$ 13,483,074	\$ 18,245,197	\$ 8,808,250	\$ 54,612,351	\$ 5,461,235	\$ 2,184,494	\$ 62,258,080
Engineering	\$ 1,411,278	\$ 1,345,728	\$ 1,813,691	\$ 890,538	\$ 5,461,235	\$ -	\$ -	\$ 5,461,235
Municipal Fees	\$ 585,802	\$ 374,643	\$ 661,072	\$ 334,510	\$ 1,956,027	\$ -	\$ -	\$ 1,956,027
Materials Testing	\$ 141,127	\$ 127,427	\$ 168,995	\$ 82,387	\$ 519,936	\$ -	\$ -	\$ 519,936
Water Reservation Standby Fees	\$ 972,862	\$ 1,052,393	\$ 1,305,167	\$ 815,674	\$ 4,146,097	\$ -	\$ -	\$ 4,146,097
Planning Consultant	\$ 141,121	\$ 46,329	\$ 63,170	\$ 31,052	\$ 281,672	\$ -	\$ -	\$ 281,672
Other Consulting	\$ 49,167	\$ 46,329	\$ 63,170	\$ 31,052	\$ 189,718	\$ -	\$ -	\$ 189,718
SUBTOTAL	\$ 3,301,357	\$ 2,992,850	\$ 4,075,265	\$ 2,185,213	\$ 12,554,685	\$ -	\$ -	\$ 12,554,685
Total - PID Eligible	\$ 17,377,187	\$ 16,475,924	\$ 22,320,462	\$ 10,993,463	\$ 67,167,036	\$ 5,461,235	\$ 2,184,494	\$ 74,812,766

Hard Costs

Soft Costs

EXHIBIT D
WALTON DEVELOPMENT & MANAGEMENT - PECAN WOODS
PECAN WOODS PUBLIC IMPROVEMENT DISTRICT
3:1 VALUE TO LIEN REQUIREMENT
6/7/2016

	Phase 1	Phase 2	Phase 3 Residential	Phase 3 Commercial	Grand Total
Bond Issuance Year	2020	2023	2027	2027	
Bond Issuance Date	12/31/20	12/31/23	12/31/27	12/31/27	
Term	20	20	20	20	
Value "As Built"	\$ 132,243,750	\$ 193,886,250	\$ 240,907,500	\$ 13,939,200	\$ 567,037,500
Improved Land Value	\$ 7,699,782	\$ 5,899,276	\$ 23,383,569		\$ 36,982,626
Assessed Value	\$ 97,594,733	\$ 157,330,057	\$ 169,440,524	\$ 13,939,200	\$ 424,365,314
Less: Prior Bond Appraisal	\$ 1,154,967	\$ 884,891	\$ 3,507,535		\$ 5,547,394
Less: Appraisal Discount (15%)	\$ 104,139,547	\$ 162,344,442	\$ 189,316,558	\$ 13,939,200	\$ 455,800,546
Estimated Post Bond Sale Valuation					
Projected PID Gross Bond Amount	\$ 11,475,000	\$ 17,350,000	\$ 21,700,000	\$ 235,000	\$ 50,760,000
Reserve Fund (125% of Avg. Debt Svc)	\$ 865,625	\$ 1,309,729	\$ 1,637,354	\$ 17,717	\$ 3,830,425
Capitalized Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Underwriter Discount/Underwriter Counsel (3%)	\$ 344,250	\$ 520,500	\$ 651,000	\$ 7,050	\$ 1,522,800
Cost of Issuance	\$ 803,250	\$ 1,214,500	\$ 1,519,000	\$ 16,450	\$ 3,553,200
Infrastructure Bond Net Proceeds	\$ 9,461,875	\$ 14,305,271	\$ 17,892,646	\$ 193,783	\$ 41,853,575
Equivalent Tax Rate	\$ 0.70500	\$ 0.70500	\$ 0.70800	\$ 0.20930	\$ 0.72114
Required Valuation for 3:1 VTL Ratio	9.08	9.36	8.72	59.32	8.98
Net Construction Proceeds	\$ 9,461,875	\$ 14,305,271	\$ 17,892,646	\$ 193,783	\$ 41,853,575
On Site Costs - PID Qualified	\$ 17,377,187	\$ 16,475,924	\$ 22,320,462	\$ 4,427,816	\$ 56,173,573
(Shortage)/Surplus (a)	\$ (7,915,312)	\$ (2,170,653)	\$ (4,427,816)	\$ (4,234,033)	\$ (14,319,998)

EXHIBIT E
WALTON DEVELOPMENT & MANAGEMENT - PECAN WOODS
PECAN WOODS PUBLIC IMPROVEMENT DISTRICT
ESTIMATED ASSESSED VALUE AT BUILD OUT AND ASSESSMENT SPREAD
6/7/2016

Phase	Lot Width/Type	Gross Acres	Improved Lot Value Per Front	Average Finished Lot Price	Estimated AV per Unit/SF	Improved Land Value	Projected AV	Total Assessment	Annual Installment *	Assessment Per Unit/SF	Annual Installment Per Unit/SF	Equivalent Tax Rate (per \$100/AV)	
Phase I	50'	397	\$ 1,250	\$ 62,500	\$ 281,250	\$ 24,812,500	\$ 111,656,250	\$ 9,591,704	\$ 796,995	\$ 24,160	\$ 2,013	\$ 0.72	
	60'	61	\$ 1,250	\$ 75,000	\$ 337,500	\$ 4,575,000	\$ 20,587,500	\$ 1,768,546	\$ 147,321	\$ 28,993	\$ 2,415	\$ 0.72	
	HOA (1.0%)						\$ 114,750	\$ 9,559	\$ -	\$ -	\$ -	\$ -	
	Phase I Total	458				\$ 29,387,500	\$ 132,243,750	\$ 11,475,000	\$ 955,875	\$ 25,055	\$ 2,087	\$ 0.72	
Phase II	40'	112	\$ 1,250	\$ 50,000	\$ 225,000	\$ 5,600,000	\$ 25,200,000	\$ 2,232,483	\$ 178,566	\$ 19,833	\$ 1,594	\$ 0.71	
	50'	325	\$ 1,250	\$ 62,500	\$ 281,250	\$ 20,312,500	\$ 91,406,250	\$ 8,097,735	\$ 647,702	\$ 24,916	\$ 1,993	\$ 0.71	
	Multifamily	672	\$ -	\$ 8,000	\$ 115,000	\$ 5,376,000	\$ 77,280,000	\$ 6,846,282	\$ 547,604	\$ 10,188	\$ 815	\$ 0.71	
	Phase II Total	1,109				\$ 31,288,500	\$ 193,886,250	\$ 17,350,000	\$ 13,878	\$ 15,645	\$ 1,251	\$ 0.72	
Phase III	50'	117	\$ 1,250	\$ 62,500	\$ 281,250	\$ 7,312,500	\$ 32,906,250	\$ 2,934,425	\$ 235,039	\$ 25,081	\$ 2,017	\$ 0.72	
	60'	277	\$ 1,250	\$ 75,000	\$ 337,500	\$ 20,775,000	\$ 93,487,500	\$ 8,336,776	\$ 670,592	\$ 30,097	\$ 2,421	\$ 0.72	
	40'	99	\$ 1,250	\$ 50,000	\$ 225,000	\$ 4,950,000	\$ 22,275,000	\$ 1,866,380	\$ 159,780	\$ 20,064	\$ 1,614	\$ 0.72	
	50'	63	\$ 1,250	\$ 62,500	\$ 281,250	\$ 3,937,500	\$ 17,718,750	\$ 1,580,075	\$ 127,098	\$ 25,081	\$ 2,017	\$ 0.72	
	Multifamily	648	\$ -	\$ 8,000	\$ 115,000	\$ 5,184,000	\$ 74,520,000	\$ 6,645,344	\$ 534,537	\$ 10,255	\$ 825	\$ 0.72	
	HOA (1.0%)						\$ 217,000	\$ 17,455	\$ -	\$ -	\$ -	\$ -	
	Phases III Residential Total	1,204					\$ 78,823,500	\$ 240,907,500	\$ 21,700,000	\$ 1,745,500	\$ 18,023	\$ 1,450	\$ 0.72
	Commercial	69,696	\$ -	\$ 8	\$ 200	\$ 557,568	\$ 13,939,200	\$ 232,650	\$ 29,972	\$ 3.34	\$ 0.43	\$ 0.22	
	HOA (1.0%)						\$ 557,568	\$ 2,350	\$ 303	\$ -	\$ -	\$ -	
	Phase III Commercial Total	69,696					\$ 79,381,068	\$ 13,939,200	\$ 235,000	\$ 30,275	\$ 3.37	\$ 0.43	\$ 0.22
Phase III Total						\$ 139,499,500	\$ 567,037,500	\$ 50,525,000	\$ 4,089,125	\$ 18,233	\$ 1,476	\$ 0.72	

* Annual Installment is for first full year after use of capitalized interest.

EXHIBIT F
WALTON DEVELOPMENT & MANAGEMENT - PECAN WOODS
PECAN WOODS PUBLIC IMPROVEMENT DISTRICT
ESTIMATED AD VALOREM TAXES AFTER PID MATURITY
6/7/2016

Tax Entity	Ad Valorem Rate per \$100 AV	Estimated Annual Ad Valorem Revenues Upon PID Maturity
City of Kyle	\$ 0.58	\$ 3,316,035
Hays County	\$ 0.47	\$ 2,648,065
Plum Creek Conservation Special Road	\$ 0.02 -	\$ 127,583 -
Hays CISD	\$ 1.54	\$ 8,719,336
Plum Creek Groundwater	\$ 0.02	\$ 121,913
Caldwell Hays County ESD	\$ 0.10	\$ 567,038
Austin Community College	\$ 0.10	\$ 569,873
Total	\$ 2.83	\$ 16,069,843

EXHIBIT G
WALTON DEVELOPMENT & MANAGEMENT - PECAN WOODS
PECAN WOODS PUBLIC IMPROVEMENT DISTRICT
ASSUMPTIONS
6/7/2016

Item	Assumption	Source
Date of Analysis	6/7/2016	
Project Management Fees as % of Hard Costs	4.0%	DPFG
Contingency Factor as % of Hard Costs	10.0%	DPFG
Minimum Required Value to Lien Ratio	3:1	DPFG
Hays County Ad Valorem Tax Rate - 2016	\$ 0.467000	Hays County
City of Kyle Ad Valorem Tax Rate - FY 2016	\$ 0.584800	City of Kyle
Projected Maximum Total Tax Rate after PID	\$ 2.970338	Calculated
Projected PID Equivalent Tax Rate	\$ 0.721138	Calculated
PID Bond Interest Rate	6.00%	DPFG
Bond Term	20	DPFG
Bond Issue Date	12/31/2020	DPFG
Bond Issue Year - Initial PID Bond	2020	DPFG
Required Debt Service Reserve Fund	Lesser of Maximum Annual Debt Service or 10% of Bond Issue or 125% of Average Annual	DPFG
Years of Capitalized Interest	0	DPFG
Underwriter Discount/Underwriter Counsel	3.0%	DPFG
Non-Underwriter Costs of Issuance per Bond Issue	7.0%	DPFG
Initial Year Administrative Costs per Initial Bond Issue	\$ 35,000	DPFG
Initial Year Administrative Costs per Subsequent Bond Issue	\$ 10,000	DPFG
Bond Denomination	\$ 25,000	DPFG
Finished Lot Appraisal Discount %	15.0%	DPFG
Debt Service Escalation Rate	2.0%	DPFG
Administrative Costs Escalation Rate	2.0%	DPFG
Interest Rate Yield for Capitalized Interest/Debt Service Reserve	0.0%	DPFG