

Jon Niermann, *Chairman*
Emily Lindley, *Commissioner*
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Erin E. Chancellor, *Interim Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

February 23, 2023

Mr. D. Ryan Harper
Allen Boone Humphries Robinson, LLP
1108 Lavaca Street, Suite 510
Austin, Texas 78701-2125

Re: Guadalupe County Municipal Utility District No. 7, Order Approving the Creation of the District

Dear Mr. Harper:

Enclosed is a certified copy of an Order issued by the Texas Commission on Environmental Quality regarding the referenced matter. This action is taken under authority delegated by the Executive Director of the Texas Commission on Environmental Quality.

Should you have a question, please contact Mr. Darryl Smith at (512) 239-4172.

Sincerely,

A handwritten signature in black ink, appearing to read "Michele Risko".

Michele Risko, Acting Deputy Director
Water Supply Division

MR/ds

Enclosures

ccs: Mailing list

MAILING LIST

Guadalupe County Municipal Utility District No. 7
TCEQ Internal Control No. D-10032022-006

<p>Mr. D. Ryan Harper Allen, Boone, Humphries, Robinson LLP 1108 Lavaca Street, Suite 510 Austin, Texas 78701</p> <p>Daniel Ryan, P.E. LJA Engineering, Inc. 7500 Rialto Boulevard, Building 2, Suite 150 Austin, Texas 78735</p> <p>Mr. George Ortiz TCEQ Region 13 14250 Judson Rd. San Antonio, TX 78233</p> <p>The Honorable John Kuempel State Representative District No. 44 Room GW.6 P.O. Box 2910 Austin, Texas 78768</p> <p>The Honorable Judith Zaffirini Senate District No. 21 P.O. Box 12068 Capitol Station Austin, Texas 78711</p> <p>Guadalupe County Attn: Teresa Kiel, County Clerk 211 W. Court St. Seguin, Texas 78155</p> <p>Commissioners Court of Guadalupe County c/o The Honorable Kyle Kutscher County Judge 101 East Court St. Seguin, Texas 78155</p>	<p>Crystal Clear Special Utility District 2370 FM 1979 San Marcos, TX 78666</p> <p>Alamo Area Council of Governments 2700 NE Loop 410, Suite 101 San Antonio, TX 78217</p> <p>Texas Commission on Environmental Quality P. O. Box 13087 Austin, Texas 78711-3087</p> <p>Todd Galiga, Senior Attorney, Environmental Law Division, MC-173</p> <p>Justin Taack, Manager, Districts Section, MC- 152</p> <p>Michael Briscoe, Leader, Districts Creation Review Team, MC-152</p> <p>Darryl Smith, Districts Bond Team, MC-152</p> <p>Michele Voytko, Drinking Water Technical Review, Water Supply Division, MC-153</p> <p>Garrett Arthur, Office of the Public Interest Counsel, MC-103</p>
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FEB 23 2023

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

OF THE COMMISSION. GIVEN UNDER MY HAND AND THE
SEAL OF OFFICE ON
Laurie Gharis
LAURIE GHARIS, CHIEF CLERK
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



AN ORDER GRANTING THE PETITION FOR CREATION OF
GUADALUPE COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
AND APPOINTING TEMPORARY DIRECTORS

A Petition by Austin Mark Ventures LLC, a Texas limited liability company (the "Petitioner") was presented to the Executive Director of the Texas Commission on Environmental Quality (TCEQ) for approval of the creation of Guadalupe County Municipal Utility District No. 7 (District) pursuant to Article XVI, Section 59 of the TEXAS CONSTITUTION and TEX. WATER CODE Chapters 49 and 54.

The TCEQ, after having considered the petition, application material, and memorandum from the Executive Director dated January 20, 2023 (Memorandum), attached as Exhibit "B," finds that the petition for creation should be approved.

The TCEQ finds that the creation of the proposed District as set out in the application is feasible, practicable, and necessary, and would be a benefit to the land to be included in the proposed District.

The TCEQ further finds that the proposed District and its system and subsequent development within the proposed District will not have an unreasonable effect on land elevation, subsidence, and groundwater level within the region, recharge capability of a groundwater source, natural runoff rates and drainage, water quality, or total tax assessments on all land located within the proposed District.

All of the land and property proposed may properly be included within the proposed District.

All statutory and regulatory requirements for creation of Guadalupe County Municipal Utility District No. 7 have been fulfilled in accordance with TEX. WATER CODE § 54.021 and 30 TEX. ADMIN. CODE §§ 293.11-293.12.

NOW, THEREFORE, BE IT ORDERED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY THAT:

1. The petition for the creation of Guadalupe County Municipal Utility District No. 7 is hereby granted.
2. The District is created under the terms and conditions of Article XVI, § 59 of the TEXAS CONSTITUTION and TEX. WATER CODE Chapters 49 and 54.
3. The District shall have, and shall be subject to, all of the rights, duties, powers, privileges, authority, and functions conferred and imposed by the TCEQ and the general laws of the State of Texas relating to municipal utility districts, including road powers under TEX. WATER CODE § 54.234, subject to the requirements of the TCEQ and the general laws of the State of Texas relating to the exercise of such powers.

4. The District shall be composed of the area situated within Guadalupe County, Texas, described by metes and bounds in Exhibit "A" attached hereto and incorporated herein for all purposes.

5. The Memorandum dated January 20, 2023, attached as Exhibit "B," is hereby incorporated as part of this Order.

6. The persons listed in Recommendation No. 4 of the Memorandum are hereby named and appointed as temporary directors and shall, as soon as practicable after the date of entry of this Order, execute their official bonds and take their official oaths of office. All such bonds shall be approved by the Board of Directors of the District, and each bond and oath shall be filed with the District and retained in its records.

7. This Order shall in no event be construed as an approval of any proposed agreements or of any particular items in any documents provided in support of the petition for creation, nor as a commitment or requirement of the TCEQ in the future to approve or disapprove any particular items or agreements in future applications submitted by the District for TCEQ consideration.

8. The Chief Clerk of the TCEQ shall forward a copy of this Order to all affected persons.

9. If any provision, sentence, clause, or phrase of this Order is for any reason held to be invalid, the invalidity of any portion shall not affect the validity of the remaining portions of the Order.

Issue Date: February 16, 2023


For the Commission

Exhibit "A"

C. CAMPBELL SURVEY
ABSTRACT NO. 8
GUADALUPE COUNTY, TEXAS

AUGUST 05, 2022
LJAS322-2201
PAGE 1 OF 2

LEGAL DESCRIPTION

GUADALUPE COUNTY MUNICIPAL UTILITY DISTRICT NO. 7

BEING A 70.42 ACRE TRACT OF LAND SITUATED IN THE C. CAMPBELL SURVEY, ABSTRACT NO. 8, GUADALUPE COUNTY, TEXAS, AND DESCRIBED AS BEING A PORTION OF A CALLED 176.831 ACRE TRACT (TRACT 1) AND A CALLED 7.879 ACRE TRACT (TRACT 2) CONVEYED TO AUSTIN MARK VENTURES, LLC, A TEXAS LIMITED LIABILITY COMPANY, RECORDED IN DOCUMENT NO. 202199031729, OFFICIAL PUBLIC RECORDS OF GUADALUPE COUNTY, TEXAS (O.P.R.G.C.TX.), SAID 70.42 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A 1/2-INCH IRON ROD WITH CAP STAMPED "WALS 10111700" FOUND ON THE NORTH RIGHT-OF-WAY LINE OF FM 1339, AT THE EAST CORNER OF SAID TRACT 1 AND THE SOUTH CORNER OF A CALLED 1.948 ACRE TRACT;

THENCE SOUTH 48 DEGREES 48 MINUTES 18 SECONDS WEST, WITH THE SOUTHEAST LINE OF SAID TRACT 1 AND THE NORTH RIGHT-OF-WAY LINE OF SAID FM 1339, A DISTANCE OF 2882.62 FEET TO A CALCULATED POINT ON THE APPROXIMATE CITY OF STAPLES ETJ LINE FOR THE **POINT OF BEGINNING** OF SAID 70.42 ACRE TRACT;

THENCE SOUTH 48 DEGREES 48 MINUTES 18 SECONDS WEST, WITH THE SOUTHEAST LINE OF SAID TRACT 1 AND THE NORTH RIGHT-OF-WAY LINE OF SAID FM 1339, A DISTANCE OF 599.34 FEET TO A 1/2-INCH IRON ROD FOUND FOR A SOUTHEAST CORNER OF SAID TRACT 1 AND THE EAST CORNER OF A CALLED 10.892 ACRE TRACT, RECORDED IN DOCUMENT NO. 2016000553, O.P.R.G.C.TX.;

THENCE NORTH 41 DEGREES 32 MINUTES 49 SECONDS WEST, WITH A SOUTHWEST LINE OF SAID TRACT 1 AND THE NORTHEAST LINE OF SAID 10.892 ACRE TRACT, A DISTANCE OF 1153.63 FEET TO A 1/2-INCH IRON ROD WITH A CAP STAMPED "BLS 2024" FOUND FOR AN ELL CORNER OF SAID TRACT 1 AND THE NORTH CORNER OF SAID 10.892 ACRE TRACT;

THENCE SOUTH 48 DEGREES 51 MINUTES 21 SECONDS WEST, WITH A SOUTHEAST LINE OF SAID TRACT 1 AND THE NORTHWEST LINE OF SAID 10.892 ACRE TRACT, A CALLED 10.895 ACRE TRACT, RECORDED IN DOCUMENT NO. 201899012458, O.P.R.G.C.TX., A CALLED 10.899 ACRE TRACT, RECORDED IN DOCUMENT NO. 201899008528, O.P.R.G.C.TX., A CALLED 10.1 ACRE TRACT, RECORDED IN DOCUMENT NO. 2016027761, O.P.R.G.C.TX., A CALLED 10.307 ACRE TRACT, RECORDED IN DOCUMENT NO. 2015001722, O.P.R.G.C.TX., A CALLED 10.294 ACRE TRACT, RECORDED IN DOCUMENT NO. 201899015890, O.P.R.G.C.TX., A CALLED 10.280 ACRE TRACT, RECORDED IN DOCUMENT NO. 2015012673, O.P.R.G.C.TX., A CALLED 10.264 ACRE TRACT, RECORDED IN DOCUMENT NO. 2015019833, O.P.R.G.C.TX., A CALLED 10.434 ACRE TRACT, RECORDED IN VOLUME 4243, PAGE 1043, O.P.R.G.C.TX., AND A CALLED 20.119 ACRE TRACT, RECORDED IN VOLUME 4179, PAGE 532, O.P.R.G.C.TX., A DISTANCE OF 4360.46 FEET TO A 1/2-INCH IRON ROD WITH A CAP STAMPED "BLS 2024" FOUND ON THE NORTHEAST LINE OF OFFERMANN HILL ROAD, FOR THE SOUTH CORNER OF SAID TRACT 2 AND THE WEST CORNER OF SAID 20.119 ACRE TRACT;

THENCE NORTH 41 DEGREES 09 MINUTES 13 SECONDS WEST, WITH A SOUTHWEST LINE OF SAID TRACT 2 AND THE NORTHEAST LINE OF SAID OFFERMANN HILL ROAD, A DISTANCE OF 452.35 FEET TO A 1/2-INCH IRON ROD FOUND FOR THE WEST CORNER OF SAID TRACT 2 AND THE SOUTH CORNER OF A CALLED 21.90 ACRE TRACT (TRACT 3B), RECORDED IN VOLUME 4133, PAGE 175, O.P.R.G.C.TX.;

THENCE WITH THE NORTHWEST LINE OF SAID TRACT 2, SAID TRACT 1, THE SOUTHEAST LINE OF SAID TRACT 3B, A CALLED 47.48 ACRE TRACT, RECORDED IN VOLUME 1270, PAGE 455, O.P.R.G.C.TX., AND A CALLED 110.61 ACRE TRACT, RECORDED IN DOCUMENT NO. 2015024067, O.P.R.G.C.TX., THE FOLLOWING TWO (2) COURSES AND DISTANCES:

- 1) NORTH 49 DEGREES 03 MINUTES 28 SECONDS EAST, AT A DISTANCE OF 1487.51 FEET, PASSING A 1/2-INCH IRON ROD FOUND FOR THE COMMON CORNER OF SAID TRACT 3B AND SAID 47.48 ACRE TRACT, CONTINUING FOR A TOTAL DISTANCE OF 3464.73 FEET TO A 1/2-INCH IRON ROD WITH CAP STAMPED "PRECISION SURVEYING" FOUND FOR THE COMMON CORNER OF SAID 47.48 ACRE TRACT AND SAID 110.61 ACRE TRACT, AND
- 2) NORTH 48 DEGREES 27 MINUTES 36 SECONDS EAST, A DISTANCE OF 1697.68 FEET TO A CALCULATED POINT ON THE APPROXIMATE CITY OF STAPLES ETJ LINE, FOR THE NORTH CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE SOUTH 34 DEGREES 14 MINUTES 20 SECONDS EAST, OVER AND ACROSS SAID TRACT 1 AND WITH THE APPROXIMATE CITY OF STAPLES ETJ LINE, A DISTANCE OF 1616.66 FEET TO THE **POINT OF BEGINNING** AND CONTAINING 70.42 ACRES OF LAND.

BEARING BASIS:

ALL BEARINGS SHOWN ARE BASED ON THE TEXAS COORDINATE SYSTEM, SOUTH CENTRAL ZONE, NAD83/2011. ALL DISTANCES SHOWN ARE SURFACE AND MAY BE CONVERTED TO GRID BY MULTIPLYING BY A SURFACE ADJUSTMENT FACTOR OF 0.999870017. UNITS: U.S. SURVEY FEET.

I HEREBY CERTIFY THAT THIS LEGAL DESCRIPTION AND THE ACCOMPANYING PLAT OF EVEN DATE REPRESENTS THE FACTS FOUND DURING AN ACTUAL SURVEY MADE ON THE GROUND UNDER MY SUPERVISION.




Matt Overall

MATT OVERALL, RPLS # 6864
LJA SURVEYING, INC.
7500 RIALTO BLVD, BUILDING II, SUITE 100
AUSTIN, TEXAS 78735
TEXAS FIRM NO. 10194382

05 August 2022

Texas Commission on Environmental Quality

TECHNICAL MEMORANDUM

To: Justin P. Taack, Manager
Districts Section 
2/9/2023

Date: January 20, 2023

Thru: Daniel Finnegan, Team Lead
District Bond Team

From: Darryl Smith, P.E.
Districts Bond Team

Subject: Austin Mark Ventures LLC, a Texas limited liability company (the "Petitioner") for Creation of Guadalupe County Municipal Utility District No. 7; Pursuant to Texas Water Code Chapters 49 and 54.
TCEQ Internal Control No. D-10032022-006
CN: 606066173 RN: 111583407

A. GENERAL INFORMATION

The Texas Commission on Environmental Quality (TCEQ) received a petition within the application requesting approval for the creation of Guadalupe County Municipal Utility District No. 7 (District). The petition was signed by Seshu Yalamanchili, Manager of Indigo Laya, LLC, a Texas limited liability company on behalf of Austin Mark Ventures LLC, a Texas limited liability company (the "Petitioner"). The petition states that the Petitioners hold title to a majority in value of the land in the proposed District and it further states there is one lienholder, BancorpSouth Bank, on the property to be included in the proposed District and the aforementioned entity has consented to the petition.

The District is proposed to be created and organized according to the terms and provisions of Article XVI, Section 59 of the Texas Constitution, and Chapters 49 and 54 of the Texas Water Code (TWC).

Location and Access

The proposed District is located west of Staples Road (FM 621) and north of Farm to Market Road (FM) 1339 within Guadalupe County, approximately 1 mile west of the City of Staples, Texas, and approximately 10 miles southeast of downtown San Marcos, Texas (via FM 621). The vicinity map indicates the land tract is near the intersection of FM 1339 and Offerman Hill Road. Access to the District is provided by collector roads connecting to FM 1339 and Offerman Hill Road. According to the application materials, the District is not located within the city limits or extraterritorial jurisdiction of any City.

Metes and Bounds Description

The proposed District contains 70.42 acres of land. The metes and bounds description of the proposed District has been reviewed and checked by TCEQ's staff and has been found to form an acceptable closure.

City Consent

The proposed district is not within the corporate limits or extraterritorial jurisdiction of any municipality, therefore, the requirements of TWC Section 54.016 and Texas Local Government Code Section 42.042 do not apply.

County Notification

In accordance with TWC Section 54.0161, a certified letter, dated November 7, 2022, was sent to the Commissioners Court of Guadalupe County which provided notice of the proposed District's pending creation application and provided them an opportunity to make their recommendations. To date, the county has not responded to this notification.

Statements of Filing Petition

Evidence of filing a copy of the petition with the Guadalupe County Clerks' office, the TCEQ's regional office, the Texas state representative, and the Texas state senator was included in the application.

Type of Project

The proposed District will be considered a "developer project" as defined by 30 Texas Administrative Code (30 TAC) Section 293.44(a). Therefore, developer cost participation in accordance with 30 TAC Section 293.47 will be required.

Developer Qualifications

According to a letter provided by the District's legal representative dated September 28, 2022, the petitioner (Austin Mark Ventures, LLC) will not be developing the District. The letter stated that homebuilders and large developers are interested in purchasing the land included in the District and negotiations are currently considered confidential.

Certificate of Ownership

By signed certificate dated September 29, 2022, the Guadalupe Central Appraisal District has certified that the appraisal rolls indicate that the Petitioners are the owners of all of the land in the proposed District.

Temporary Director Affidavits

The TCEQ has received affidavits for consideration of the appointment of the following five temporary directors:

Elizabeth Braselton

Ajai Narayan

Rahul Raj

Faith Norman

Cassily Crumley

Each of the above persons named is qualified, as required by 30 TAC Section 293.32(a), to serve as a temporary director of the proposed District as each (1) is at least 18 years old, (2) is a resident of the State of Texas, and (3) either owns land subject to taxation within the proposed District or is a qualified voter within the proposed District. Additionally, as required by TWC Section 54.022, the majority are residents of the county in which the proposed District is located, a county adjacent to the county in which the proposed District is located, or if the

proposed District is located in a county that is in a metropolitan statistical area designated by the United States Office of Management and Budget or its successor agency, a county in the same metropolitan statistical area as the county in which the proposed District is located.

Notice Requirements

Proper notice of the application was published on December 7, 2022, and December 14, 2022, in the *Seguin Gazette*, a newspaper regularly published or circulated in Guadalupe County, the county in which the district is proposed to be located. Proper notice of the application was posted on December 12, 2022, in the Guadalupe County Courthouse, the place where legal notices in Guadalupe County are posted. Accordingly, the notice requirements of 30 TAC Section 293.12(b) have been satisfied. The opportunity for the public to request a contested case hearing (comment period) expired January 13, 2023.

B. ENGINEERING ANALYSIS

The creation engineering report indicates the following:

Availability of Comparable Service

According to the application materials, the District is within the water supply Certificate of Convenience and Necessity (CCN) for Crystal Clear Special Utility District (CCSUD). The District is not located within a city/municipality that has the available capacity to serve its customers. Based on the engineering report the District intends to receive water service from CCSUD, however there are no existing wastewater providers with the capacity or ability to serve the project in the general vicinity of the District. Furthermore, the information provided (including maps) indicates there are no other adjacent active water utility districts directly available with water distribution, wastewater collection and drainage facilities. The District plans to construct water distribution facilities, a wastewater treatment and collection system, a storm drainage system, roads, and detention improvements to serve its customers. All systems and facilities will be designed according to applicable criteria established by Guadalupe County and TCEQ as appropriate.

Water Supply Improvements

CCSUD will provide water service for the District. It is anticipated that the District will construct the necessary distribution waterlines and connect to existing 12-inch CCSUD main waterline. According to the engineering report CCSUD has identified the additional improvements needed to CCSUD production and storage facilities to serve the District's ultimate buildout. The District will be responsible for connection fees and rate schedules as required by CCSUD. Construction will be phased to coincide with the overall rate of development. At full development, the District is anticipated to have a demand of 350 living unit equivalents (LUEs).

Water Distribution Improvements

The proposed water service for the District will be provided from CCSUD's existing water line located along FM 1339, however looping is required through the District with a 12" water line to connect to the existing system located at Offerman Hill Road. The water distribution system within the District will consist of approximately 2,200 linear feet of 12-inch waterline along with all related appurtenances. The main line into the District is sized at 12 inches in diameter. The remaining lines are sized at 8 and 12 inches depending on the number of lots served. The

water distribution system will be designed with the capacity to maintain a minimum pressure of 35 psi under normal operating conditions and a minimum pressure of 20 psi under emergency operating conditions per TCEQ requirements. The water distribution and supply system improvements will be designed in accordance with applicable design criteria as established by the TCEQ and Guadalupe County. Water will be distributed within the District by internal facilities constructed by the District as needed.

Wastewater Treatment Improvements

It is estimated that the proposed District will contain 350 LUEs at ultimate development. According to the engineering report a flow rate of 245 gallons per day per LUE is projected. Based on the application material, the District will build, own, and maintain a wastewater treatment plant (WWTP) to serve the District. The wastewater treatment facility will be sized at 100,000 gpd based on the proposed flow calculations. The proposed District will construct the WWTP and associated facilities in phases as needed to serve its customers.

Wastewater Collection Improvements

The wastewater generated by development within the District will flow by gravity through internal sanitary sewer lines to an on-site wastewater treatment plant (WWTP) located within proposed District. The District will design and construct the wastewater collection system including lift station, force mains, collection lines and wastewater treatment facility. The District will own and operate such facilities. The wastewater collection system will be designed in accordance with criteria established by the Texas Commission on Environmental Quality (TCEQ).

Storm Water Drainage System and Drainage Improvements

The storm water collection system for full development of the District will consist of a combination of street curbs and gutters with inlets, internal storm sewers and a regional detention facility. The storm sewer conveyance will ultimately outfall into an on-site detention facility and discharge into adjacent drainage channels. According to the application materials, flows at the point of analysis will be maintained at pre-development levels for the 2, 10, 25, and 100 year storm events. The on-site drainage system will provide detention storage in conformance with Guadalupe County criteria to ensure minimal downstream or upstream impact.

Road Improvements

Application materials indicate the District will fund main points of access by constructing thoroughfares and paved (curb and gutter) streets. Based on the land use plan the District will provide access to the main entrances, collector roads, and local streets. Local streets for access to lots and collector roads connecting to existing off-site roads will be conveyed to Guadalupe County. The District's roadway system will be designed in accordance with Guadalupe County and TxDOT standards.

Recreational Facilities

The proposed District is not funding parks and recreational facilities in the creation material.

Topography/Land Elevation

The District acreage is farmland with mostly grassy vegetation. The existing elevations throughout the tract range from approximately 540 feet above mean sea level (msl) to 590 feet above msl. There are no plans to significantly alter land elevations in the District. Therefore, development within the proposed District is not expected to have an unreasonable effect on overall land elevations.

Floodplain

According to the Federal Emergency Management Agency Flood Insurance Rate Map (FIRM) No. 48187C0065G effective January 19, 2006, the District tract is not located in "Zone A" the 100 year floodplain.

Subsidence

The District's water source (CCSUD) is located within the Edwards Aquifer Authority (EAA) and purchases surface water as well as groundwater from multiple sources. CCSUD will be directly responsible for compliance with any existing water conservation programs. It is anticipated that the District's water usage will not have an adverse effect on land subsidence within the area.

Dam Safety Analysis

The TCEQ Dam Safety Program personnel reviewed the location of the proposed District and confirmed by letter dated September 13, 2022, that there are no dam safety issues associated with the proposed District.

Groundwater Levels/Recharge

The District will receive its water from ground water sources managed and controlled by (CCSUD). Groundwater sources in the area include the Edwards and Carrizo - Wilcox Aquifers. CCSUD will be directly responsible for compliance with any existing groundwater reduction/reservoir recharge programs. It is anticipated that the District will have no adverse effect on the groundwater recharge capability in the area.

Natural Run-off and Drainage

The District is located within the San Marcos River watershed and the property primarily drains from north to south. Development of the proposed District will increase the natural runoff rates when compared to the present undeveloped state of the land. Detention improvements within the District should prevent any significant problems from the increased run-off. All proposed detention improvements will be designed and constructed in accordance with Guadalupe County criteria.

Water Quality

Water supply quality will be controlled and maintained by CCSUD per TCEQ rules and regulations. The treatment and disposal of wastewater from the proposed District will be provided by dedicated wastewater treatment facilities owned and operated by the District,

requiring applicable regulatory permits to ensure compliance. No adverse effect of the water quality of ground or surface water is anticipated as a result of this development.

C. SUMMARY OF COSTS

WATER, WASTEWATER, AND DRAINAGE

<u>Construction Costs</u>	<u>District Share</u> ⁽¹⁾
A. Developer Contribution Items (Sections 1 and 2)	
1. Water Distribution System	\$ 1,260,750
2. Wastewater System	1,435,750
3. Drainage Improvements	1,698,250
4. E/S Controls (SWPPP)	129,650
5. Contingencies (15% of Item Nos. 1-4)	678,660
6. Geotechnical, Surveying, Design, Project Management, Testing	<u>780,459</u>
Total Developer Contribution Items	\$ 5,983,519
B. District Items	
1. Offsite Water (Connection Fees)	\$ 1,785,000
2. Wastewater Treatment Plant	2,250,000
3. Lift Station	600,000
4. Detention Improvements	250,000
5. Land Costs	50,000 ⁽²⁾
6. Geotechnical, Surveying, Design, Project Management, Testing	<u>888,300</u>
Total District Items	\$ 5,823,300
 TOTAL CONSTRUCTION COSTS	 \$ 11,806,819
<u>Non-Construction Costs</u>	
A. Legal Fees	\$ 425,000
B. Fiscal Agent Fees	340,000
C. Interest Costs	
1. Capitalized Interest (2 years @ 5.0%)	\$1,700,000
2. Developer Interest (5.0%)	1,180,682 ⁽³⁾
D. Bond Discount (3%)	510,000
E. TCEQ Bond Issuance Fee (0.25%)	42,500
F. Bond Application Report Costs	200,000
G. Market Study	40,000
H. Operating Advances	300,000
I. District Creation Cost	150,000
J. Attorney General's Fee (0.10%)	17,000
K. Issuance Expenses	<u>287,999</u>
TOTAL NON-CONSTRUCTION COSTS	\$ 5,193,181
 TOTAL W, WW, & D BOND ISSUE REQUIREMENT	 \$ 17,000,000

Notes: (1) Assumes 100% funding of anticipated developer contribution items, where applicable.
(2) Land costs for lift station and detention sites.
(3) Assumes the bonds to reimburse the developer will be sold on average 2 years following the completion of facilities.

Eligibility of costs for District funding and 30% developer contribution requirements will be determined in accordance with TCEQ rules in effect at the time bond applications are reviewed.

ROAD IMPROVEMENT

<u>Construction Costs</u>	<u>District Share</u> ⁽¹⁾
A. Roads	\$ 1,650,000
B. Contingencies (10% of Item A)	165,000
C. Geotechnical, Surveying, Design, Project Management, Testing	<u>326,700</u>
TOTAL CONSTRUCTION COSTS	\$ 2,141,700
<u>Non-Construction Costs</u>	
A. Legal Fees	\$ 75,000
B. Fiscal Agent Fees	60,000
C. Interest Costs	
1. Capitalized Interest (2 year @ 5.0%)	300,000
2. Developer Interest (5.0%)	214,170 ⁽²⁾
D. Bond Discount (3%)	90,000
E. Bond Engineering Cost	50,000
F. Attorney General's Fee (0.10%)	3,000
G. Bond Issuance Expenses	<u>66,130</u>
TOTAL NON-CONSTRUCTION COSTS	\$ 858,300
TOTAL ROAD BOND ISSUE REQUIREMENT	\$ 3,000,000

Notes: (1) Assumes 100% funding of anticipated developer contribution items, where applicable.
(2) Based on developer advancing funds approximately two years prior to reimbursement.

A preliminary layout of roads proposed for funding has been provided, and they appear to benefit the proposed District and the land included within the proposed District. TCEQ's review of eligibility of costs may be determined in accordance with TCEQ rules in effect at the time bond applications are reviewed.

Eligibility of costs for District funding and 30% developer contribution requirements will be determined in accordance with TCEQ rules in effect at the time bond applications are reviewed.

D. ECONOMIC ANALYSIS

Land Use

The District is planned to consist of single-family home development. Planned ultimate development in the proposed District, as shown in the land use plan provided, is as follows:

<u>Land Use</u>	<u>Acreage</u>	<u>LUEs</u>
Single Family	57.50	350
Greenbelt / Water Quality / Drainage	2.50	0
Right-of-Way	<u>10.42</u>	<u>0</u>
Total	70.42	350

Market Study

A market study, prepared in June 2022 by Zhonda Advisory has been submitted in support of the creation of the proposed District. The proposed District is expected to include approximately 350 equivalent single family connections on a tract totaling approximately 70.42 acres. The average unit home value for a single family 40' x 120' lots is expected to range from approximately \$300,000 - \$375,000 per unit and \$340,000 - \$415,000 per unit for 45' x 120' lots. The study indicates the anticipated absorption of 9 units per month including both categories of single-family lots over a 3 to 4 year period.

Project Financing

The projected taxable assessed valuation (AV) for the proposed District is as follows:

<u>Development Description</u>	<u>Units</u>	<u>Estimated Value per Unit (Acre)</u>	<u>Total Buildout Value</u>
Single Family 40' Lots	207	\$337,500	\$69,862,500
Single Family 45' Lots	143	\$377,500	<u>\$53,982,500</u>
		Total Assessed Valuation	\$123,845,000

Considering the issuance of a total of \$20,000,000 (\$17,000,000 for utilities and \$3,000,000 for roads) in bonds, assuming 100% financing, a bond coupon rate of 5.0%, and a 25-year bond life, the average annual debt service requirement would be \$1,419,049 (\$1,206,192 for utilities and \$212,857 for roads). Assuming a 95% collection rate and an ultimate AV of \$123,845,000, a projected ultimate tax rate of approximately \$1.22 (\$1.03 for utilities and \$0.19 for roads) per \$100 AV was indicated to be necessary to meet the annual debt service requirements for the proposed District. An additional \$0.14 per \$100 AV is projected to be levied for maintenance and operating expenses, for a combined proposed District tax rate of \$1.36.

Based on the information provided and assuming 100% financing, the total year 2021 overlapping tax rates on land within the proposed District are shown as follows:

<u>Taxing Jurisdiction</u>	<u>Tax Rates (Guadalupe County)</u> ⁽¹⁾
Guadalupe County MUD No. 7 (District)	\$1.360 ⁽²⁾⁽³⁾
Guadalupe County	\$0.330
Lateral Road	\$0.050
York Creek Improvement District	\$0.005
San Marcos CISD	<u>\$1.171</u>
TOTAL TAX per \$100 AV:	\$ 2.916

Notes: (1) Tax rate per \$100 assessed valuation.
(2) Represents \$1.03 for utilities, \$0.19 for roads and \$0.14 for operation and maintenance tax.

(3) Assuming 100% funding of anticipated developer contribution items, where applicable.

Based on the proposed District tax rate and the year 2021 overlapping tax rate on land within the proposed District, the project is considered economically feasible. Each bond issue will be evaluated based on its own economic feasibility merits.

Water and Wastewater Rates

According to information provided, CCSUD will provide retail water and the District will provide wastewater services to its customers at competitive rates as follows:

Water rate (CCSUD 11/1/2022):

<u>Monthly Fee</u>	<u>Water Usage</u>
Residential (\$48.07 Base Fee/ESFC)	0 gallons
\$5.94 per 1,000 gallons	1 to 5,000 gallons
\$6.53 per 1,000 gallons	5,001 to 10,000 gallons
\$7.77 per 1,000 gallons	10,001 to 20,000 gallons

Wastewater rate:

<u>Monthly Fee</u>
Residential (\$50.00 Base Fee/ESFC plus \$4 .00 per 1000 gallons)

Based on the above rates, the estimated monthly fee for 10,000 gallons of water and wastewater would be \$200.42 (not including taxes & fees).

Comparative Water District Tax Rates

A combined projected tax rate of \$1.36 per \$100 assessed valuation, as indicated above, for 100% financing for the proposed District is comparable to other districts in the area. Each particular bond issue will be evaluated based on its own economic feasibility merits and the rules and regulations in place at the time prior to the issuance of any bonds by the District.

E. SPECIAL CONSIDERATION

Request for Road Powers

A request for approval of road powers was included in the petition for creation of the proposed District. Pursuant to TWC Section 54.234, approval of road powers may be requested at the time of creation. The engineering report provided with the application included a summary of the estimated costs. The proposed roads appear to benefit the proposed District, and financing appears feasible.

F. CONCLUSIONS

1. Based on TCEQ policy, compliance with TCEQ rules, and review of the engineering report and supporting documents, the proposed District is considered feasible, practicable, a benefit to the land within the proposed District, and necessary as a means to finance utilities and to provide utility service to future customers.

2. Based on a review of the preliminary engineering report; market study; the proposed District's water, wastewater, drainage facilities and roads; a combined projected tax rate of \$1.36 per \$100 AV when assuming 100% financing; the proposed District obtaining a 5.0% bond coupon interest rate; and other supporting data the proposed District is considered feasible under the feasibility limits prescribed by 30 TAC Section 293.59.
3. The recommendations are made under authority delegated by the Executive Director of the TCEQ.

G. RECOMMENDATIONS

1. Grant the petition for creation of Guadalupe County Municipal Utility District No. 7.
2. Grant the District's request to acquire road powers in accordance with TWC Section 54.234 and 30 TAC Sections 293.11(d)(11), 293.201, and 293.202 subject to the requirement imposed by the TCEQ and the general laws of the state relating to the exercise of such powers.
3. The Order granting the petition should include the following statements:

"This Order shall in no event be construed as an approval of any proposed agreements or of any particular items in any documents provided in support of the petition for creation, nor as a commitment or requirement of the TCEQ in the future to approve or disapprove any particular items or agreements in future applications submitted by the District for TCEQ consideration."
4. Appoint the following five persons to serve as temporary directors until permanent directors are elected and qualified:

Elizabeth Braselton

Ajai Narayan

Rahul Raj

Faith Norman

Cassily Crumley

H. ADDITIONAL INFORMATION

The Petitioner's professional representatives are:

Attorney: Mr. Ryan Harper - Allen Boone Humphries Robinson, LLP
Creation Engineer: Mr. Daniel Ryan, P.E.- LJA Engineering, Inc.