

Jon Niermann, *Chairman*
Bobby Janecka, *Commissioner*
Catarina R. Gonzales, *Commissioner*
Kelly Keel, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

August 19, 2024

Mr. Kevin Flahive
Armbrust & Brown, PLLC
100 Congress Ave, Suite 1300
Austin, Texas 78701

Re: Caldwell County Municipal Utility District No. 9, Order approving the Creation of the District

Dear Mr. Flahive:

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. Daniel Harrison at (512) 239-1224.

Sincerely,

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

Michele Risko, Deputy Director
Water Supply Division

MR/dh

Enclosures

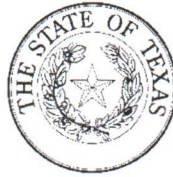
ccs: Mailing list

MAILING LIST

Caldwell County Municipal Utility District No. 9
TCEQ Internal Control No. D-03282024-058

<p>Mr. Kevin Flahive Armbrust & Brown, PLLC 100 Congress Ave, Suite 1300 Austin, Texas 78701</p> <p>Mr. Chris S. Ulmann, P.E. Jones-Heroy & Associates, Inc. 13915 N. Mopac Expressway, Suite 408 Austin, Texas 78728</p> <p>Mr. Benjamin Green Kimley-Horn 2600 Via Fortuna, Suite 300 Austin, Texas 78746</p> <p>Ms. Lori Wilson, Regional Director TCEQ Region 11 P. O. Box 13087 Austin, Texas 78711-3087</p> <p>The Honorable Judith Zaffirini Texas Senate District 21 P. O. Box 12068, Capitol Station Austin, Texas 78711</p> <p>The Honorable Stan Gerdes Texas House District 17 1011 Alley A Street, #B Bastrop, Texas 78602</p> <p>Caldwell County Judge Attn: The Honorable Hoppy Haden 110 S. Main Street, 1st Floor Lockhart, TX 78644</p> <p>Caldwell County Clerk Attn: Ms. Teresa Rodriguez 1703 S. Colorado Street, Box 1, Ste. 1200 Lockhart, Texas 78644</p> <p>Capital Area Council of Governments Attn: Community & Economic Development 6800 Burluson Road, Bldg. 310, Suite 165 Austin, Texas 78744</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>Kayla Murray, Staff Attorney, Environmental Law Division, MC-173</p> <p>Daniel Harrison, Technical Reviewer, Districts Bond Team, MC-152</p> <p>Justin P. Taack, Manager, Districts Section, MC-152</p> <p>Michelle Voytko, Data Infrastructure Specialist, Water Supply Division, MC-153</p> <p>Garrett T. Arthur, Office of the Public Interest Counsel, MC-103</p>
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TEXAS COMMISSION ON ENVIRONMENTAL QUALITY AUG 19 2024



OF THE COMMISSION, GIVEN UNDER MY HAND AND THE
SEAL OF OFFICE ON
Lauree Gharis
LAUREE GHARIS, CHIEF CLERK
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

AN ORDER GRANTING THE PETITION FOR CREATION OF
CALDWELL COUNTY MUNICIPAL UTILITY DISTRICT NO. 9
AND APPOINTING TEMPORARY DIRECTORS

A petition by RFJJ3 Investments, LLC (Petitioner) was presented to the Executive Director of the Texas Commission on Environmental Quality (TCEQ) for approval of the creation of Caldwell County Municipal Utility District No. 9 (District) pursuant to Article XVI, § 59 and Article III, § 52 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 July 31, 2024 (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 Caldwell County Municipal Utility District No. 9 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 Caldwell County Municipal Utility District No. 9 is hereby granted.
2. The District is created under the terms and conditions of Article III, § 52 and 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 described by metes and bounds in Exhibit "A" attached hereto and incorporated herein for all purposes.

5. The Memorandum dated July 31, 2024, 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: **August 14, 2024**



For the Commission

EXHIBIT "A"
LEGAL DESCRIPTION OF THE LAND

Exhibit "A"

BASELINE **BCCM**

14350 Northbrook Drive, Suite 130
San Antonio, TX 78232
Office: 210.490.7847

BaselineSurveyors.net
TxSurv F-10030200

Stafford Development, LLC
Caldwell County, Texas

Project No. 2200000265.000.2
October 16, 2023

PROPERTY DESCRIPTION
For an 89.19-Acre [3,884,820 SQ.FT]
Tract of Land

BEING A 89.18-ACRE [3,884,820 SQ. FT.] TRACT OUT OF THE THOMAS YATES LEAGUE, ABSTRACT 313, CALDWELL COUNTY TEXAS, BEING A PORTION OF THAT CALLED 114.4-ACRE TRACT DESCRIBED TO RFJJ 3, LLC AS RECORDED IN DOCUMENT NUMBER 2021-005512 OF THE OFFICIAL PUBLIC RECORDS OF CALDWELL COUNTY, TEXAS [O.P.R.C.C.T.], SAID 89.18-ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING at a 1/2-inch rod found in the west right-of-way line of Farm-to-Market Road 1966, an 80-feet wide right-of-way according to TxDOT CSJ Map 1850-01-002, for the southeast corner of said 114.4-acre tract, same being the northeast corner of Koeglar Hills, a subdivision according to the plat of record in Cabinet A, Slide 50 of the Plat Records of Caldwell County, Texas;

THENCE with the north line of said Koeglar Hills subdivision, same being the south line of said 114.4-acre tract, S59°38'10"W 2104.02 feet to a 1/2-inch iron rod found in the east line of that called 25.58-acre tract described to RFJO, LLC as recorded in Document Number 2022-003141 O.P.R.C.C.T., for the northwest corner of said Koeglar Hills subdivision, same being the southwest corner of said 114.4-acre tract and the southwest corner of the tract described herein;

THENCE with said east line of the 25.58-acre tract, same being the west line of said 114.4-acre tract, with the east line of the remainder of that called 491.661-acre tract described to Walton Texas, LP, as recorded in Document Number 2014-004509 of the Official Public Records of Real Property, Caldwell County, Texas, [O.P.R.R.P.C.C.T.], N41°45'12"W a distance of 855.70 feet to a 1/2-inch iron rod found in the south line of that called 111.88-acre tract described to Clarence Gene Schulle, as recorded in Document Number 2019-000130 O.P.R.R.P.C.C.T., for the northeast corner of said 491.661-acre tract, same being the west corner of said 114.4-acre tract and the west corner of the tract described herein;

THENCE continuing with said west line of the 114.4-acre tract, same being said south line of the 111.88-acre tract, with the south line of that called 50.000-acre tract described in document to Wing Wah Chow and Kelly G. Smith, as recorded in Volume 221, Page 169 O.P.R.R.P.C.C.T., N59°46'37"E 994.48 feet to a 1/2-inch iron rod with cap marked "HINKLE SURVEYORS" found for the east corner of said 50.000-acre tract, same being an angle point in said west line of the 114.4-acre tract and an angle point in the west line of the tract described herein;

THENCE continuing with said west line of the 114.4-acre tract, same being the east line of said 50.000-acre tract, N41°25'23"W 1836.48 feet to a 1/2-inch iron rod marked "BASELINE CORP." set for an angle point;

THENCE leaving said east line of the 50,000-acre tract and said west line of the 114.4-acre tract, crossing said 114.4-acre tract N48°29'49"E 1090.27 feet to a 1/2-inch iron rod marked "BASELINE CORP." set in said west right-of-way line of Farm-to-Market Road 1966, same being the northeast line of said 114.4-acre tract, for the north corner of said 114.4-acre tract, and north corner of the tract described herein;


THENCE with said west right-of-way line of Farm-to-Market Road 1966, and said northeast line of the 114.4-acre tract S41°30'11"E 2904.13 feet to said **POINT OF BEGINNING** and containing 89.18 acres [3,884,820 SQ. FT.].

Basis of bearings is the Texas Coordinate System, South Central Zone (4204), North American Datum of 1983, 2011 adjustment (Epoch 2010.00) using the Leica Smartnet Network. All coordinates are grid values. All distances are surface values and may be converted to grid by dividing by the surface adjustment factor of 1.000112223628. Units: U.S. survey feet.

This survey was performed without the benefit of a commitment for title insurance. Easements or other matters of record may exist where none are shown.

This survey substantially complies with the current Texas Society of Professional Surveyors manual of practice requirements for a Category 1B, Condition III Standard Land Survey.

I, Edward A. Prince, Registered Professional Land Surveyor, hereby certify that this property description and accompanying plat of even date represent an actual survey performed on the ground under my supervision.



Edward A. Prince
Registered Professional Land Surveyor
Texas Registration No. 6465
Baseline Corporation | TxSurv F-10030200
pjohnson@baselinesurveyors.net

10/16/2023
Date



Texas Commission on Environmental Quality

TECHNICAL MEMORANDUM

To: Justin P. Taack, Manager
Districts Section

JPT
7/31/2024

Date: July 31, 2024

Through: Dan J. Finnegan, Team Lead
Districts Bond Team

From: Daniel Harrison, Technical Reviewer
Districts Bond Team

Subject: Petition by RFJJ3 Investments, LLC for Creation of Caldwell County Municipal Utility District No. 9; Pursuant to Texas Water Code Chapters 49 and 54. TCEQ Internal Control No. D-03282024-058 (TC)
CN: 606247963 RN: 111948550

A. GENERAL INFORMATION

The Texas Commission on Environmental Quality (TCEQ) received a petition within the application requesting approval for the creation of Caldwell County Municipal Utility District No. 9 (District). The petition was signed by Joe F. Stafford, Manager of RFJJ3 Investments, LLC, a Texas limited liability company, (Petitioner). The petition states that the Petitioner holds title to a majority in value of the land to be included in the proposed District. The petition also states that there are no lienholders for the land included in the District.

The District is proposed to be created and organized according to the terms and provisions of Article III, Section 52 and 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 in Caldwell County, Texas and not within the corporate limits or extra-territorial jurisdiction (ETJ) of any municipality. The land included in the District was within the ETJ of the City of San Marcos, but by a letter dated October 20, 2023, San Marcos Planning and Development Services approved removal of that land from the ETJ. Physically, the proposed District is located approximately six miles northeast of San Marcos and approximately one thousand feet southeast of State Highway 21. The District is adjacent to Farm to Market (FM) Road 1966. Access to the proposed District will be by FM Road 1966 and FM Road 1984.

Metes and Bounds Description

The proposed District contains one tract of land, that the petition states includes 89.19 acres. The metes and bounds legal description has been checked by the TCEQ's staff and has been found to consist of 89.18 acres and to form an acceptable closure.

County Notification

In accordance with TWC Section 54.0161, as amended in 2013, a certified letter, dated April 11, 2024, was sent to the Commissioners Court of Caldwell County, and in which, TCEQ provided notice of the proposed District's pending creation application and provided them an opportunity to make a recommendation. To date, the county has not responded to this notification.

Statements of Filing Petition

Evidence of filing the petition with the Caldwell County Clerk's Office, the applicable Texas state representative, the applicable Texas state senator and TCEQ's Austin Regional office has been provided.

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

RFJJ3 Investments, LLC, for which the managing member is Joe Stafford, will be the developer of the land within the proposed District. Information provided states that Joe Stafford has considerable experience in land development and in real estate business in Hays and Caldwell Counties.

Certificate of Ownership

By affidavit dated January 8, 2024, the Caldwell County Appraisal District has certified that its tax rolls indicate that two parcels totaling 114.4 acres within which the land for the proposed District is located are owned by RFJJ 3 Investments, LLC.

Temporary Director Affidavits

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

Ryan Alvarado
John Petersen

Austin Jarmusch
Thomas Pharr

Gary Jones

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 citizen 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 June 27, 2024, and July 4, 2024, in the *Lockhart Post-Register*, a newspaper regularly published or circulated in Caldwell County, the county in which the district is proposed to be located. Proper notice of the application was posted on June 12, 2024, on the bulletin board used for posting legal notices for Caldwell County. Accordingly, the notice requirements of 30 TAC Section 293.12(b) have been satisfied.

B. ENGINEERING ANALYSIS

The preliminary engineering report indicates the following:

Availability of Comparable Service

The preliminary engineering report indicates that the proposed District is located within the Certificate of Convenience and Necessity (CCN) of Maxwell Special Utility District (Maxwell), and the TCEQ has verified this. Maxwell will provide retail water services within the proposed District upon the developer constructing the water distribution system and any offsite water transmission line improvements required to connect to Maxwell's water system. In addition, the proposed District is not within the CCN of any wastewater service provider, and the TCEQ has verified this. According to the preliminary engineering report, the proposed District will obtain wastewater service for the residents of the District from Aqua Water Supply Corporation (Aqua), which plans to construct a wastewater treatment plant (WWTP).

Water Supply

The preliminary engineering report states that the proposed District will obtain retail water service from Maxwell, whose water supply is sourced from surface water and groundwater from the Edwards Aquifer, the San Marcos River and Lake Dunlap. The District will construct connections to a Maxwell 16-inch water transmission line located along FM 1966. Maxwell will require the developer or homebuilder to pay service initiation and impact fees for each water connection.

Water Distribution Improvements

The proposed water distribution system will consist of a network of arterial and interconnecting 8-inch loop mains. The water system design will meet or exceed the minimum standards established by the TCEQ, according to the preliminary engineering report.

Wastewater Treatment Improvements

The proposed District will obtain wastewater service from Aqua, which plans to construct treatment facilities to serve the ultimate build-out demands of the District. The District will charge impact fees to the developer or homebuilder for connection to Aqua's wastewater system. Based on a wastewater flow criteria of 300 gallons-per-day (gpd) per connection, the District's full development will require a capacity of 144,900 gpd of wastewater treatment capacity, according to the preliminary engineering report.

Wastewater Collection

The internal wastewater collection system for the proposed District consists of a combination of gravity and forced wastewater collection lines that will transport flow to the WWTP. All wastewater facilities will be designed to meet or exceed state minimum requirements for the land uses and development plan, according to the preliminary engineering report.

Storm Water Drainage

Storm water runoff within the proposed District will be collected by a curb and gutter street system to underground lines, drainage culverts and detention ponds that will discharge to tributaries of Hemphill Creek and ultimately to the Guadalupe River. The proposed storm drainage system will be designed to accommodate 2-year and 100-year storm events. Detention ponds will be designed to prevent any adverse impacts to downstream landowners. All storm drainage improvements will be constructed in accordance with Caldwell County and TCEQ requirements, according to the preliminary engineering report.

Road Improvement

Access to the proposed District will be from FM Road 1966 and FM Road 1984. The preliminary engineering report indicates that the developer will construct local streets and main entrances, and the District will fund the eligible roads with bonds. All roadways will be designed in accordance with Caldwell County standards.

Topography/ Floodplain / Elevation

The proposed District is located within the Upper San Marcos River Watershed, and the natural drainage is southerly to tributaries of Hemphill Creek, thence to Elm Creek, then continuing east for eight miles discharging to the Guadalupe River. Elevations within the District range from approximately 610 feet above mean sea level (AMSL) in the southern portion to 650 feet AMSL in the northern portion.

According to Federal Emergency Management Agency Flood Insurance Rate Map Panel No. 48055C-0100E, with an effective date of June 19, 2012, less than an acre of the District is in the 100-year floodplain. The preliminary engineering report states that the floodplain will be contained within drainage easements and open space and no home construction will occur within this area.

According to the engineering report, elevations may be lowered or raised as needed to provide positive drainage, but the developer does not plan to significantly alter the natural topography of the land. Proposed lots are anticipated to maintain a natural state whenever possible. The design of street improvements will be based on existing natural grades to minimize excavation.

Effect of District on Land Subsidence

The proposed District will receive its water from Maxwell, whose source of water supply is groundwater from the Edwards Aquifer and surface water from the San Marcos River and Lake Dunlap. The Edwards Aquifer Authority regulates groundwater pumping in the area; therefore, the proposed District will have no unreasonable effect on subsidence, according to the engineering report.

Effect of District on Groundwater Level in Region

According to the engineering report, for the same reasons above as for land subsidence related to groundwater pumping regulation by the Edwards Aquifer Authority, the District should have no unreasonable effect on groundwater levels in the region.

Effect of District on Recharge Capability of Groundwater Source

The proposed District is not located in a recharge zone, according to the preliminary engineering report. Runoff from the District will generally follow existing topographical flow patterns, such that development of the District will not have an unreasonable effect on aquifer recharge.

Effect of District on Natural Runoff Rates and Drainage

Development of the proposed District will increase the natural runoff rates when compared to the present undeveloped state of the land, however, planned detention ponds will be designed to mitigate any effect on downstream runoff rates. Therefore, the District will have no unreasonable effect on natural runoff rates or drainage. All drainage facility construction within the District will be required to obtain approval from Caldwell County and will comply with applicable regulations, according to the engineering report.

Effect of District on Water Quality

District drainage projects will be designed to comply with Caldwell County regulations, as applicable, including any regulations related to stormwater quality, according to the engineering report. All construction within the proposed District will include erosion control measures that comply with required Storm Water Pollution Prevention Plans (SWPPP). In addition, wastewater treatment for the District will be by a WWTP permitted and approved by the TCEQ, which should minimize the effects on surface water quality. The engineering report concludes that the proposed District should have no unreasonable effect on water quality.

Dam Safety

According to a letter dated December 13, 2023, from the TCEQ Critical Infrastructure Division, there is one small pond that does not appear to include a dam within the proposed District boundaries. The letter states that the pond should be evaluated to determine if it will remain or be removed, and, if it will remain and is classified as a dam in TCEQ Critical Infrastructure jurisdiction, it will need to be evaluated for hydraulic adequacy and hazard classification.

C. SUMMARIES OF COSTS

WATER, WASTEWATER, AND DRAINAGE

<u>Construction Costs</u>	District's ⁽¹⁾ <u>Share</u>
A. Developer Contribution Items	
1. Water Facilities	\$ 2,296,806

2. Wastewater Facilities	1,889,472
3. Drainage Facilities	2,245,541
4. Erosion Control	441,321
5. Contingencies (15% of items no. 1-4)	1,030,971
6. Engineering (10% of items no. 1-4)	<u>687,314</u>
Total Developer Contribution Items	\$ 8,591,425
B. District Items	
1. Water Impact Fees	\$ 1,690,500
2. Offsite Water Lines	166,800
3. Contingencies (15% of items no. 1 & 2)	278,595
4. Engineering (10% of item no. 1)	<u>169,050</u>
Total District Items	\$ <u>2,304,945</u>
TOTAL CONSTRUCTION COSTS (76.9% OF BIR)	\$ 10,896,370
<u>Non-Construction Costs</u>	
A. Legal Fees (3%)	\$ 425,250
B. Fiscal Agent Fees (2.5%)	354,375
C. Interest	
1. Capitalized Interest (12 months @ 4.5%)	637,875
2. Developer Interest (2 years @ 4.5% of construction)	980,673 ⁽²⁾
D. Bond Discount (3%)	425,250
E. Operating Costs	100,000
F. Bond Issuance Costs	117,344
G. Bond Application Reports	88,250
H. Creation Costs	100,000
I. TCEQ Bond Issuance Fee (0.25%)	35,438
J. Attorney General Fee (0.1% of BIR)	<u>14,175</u>
TOTAL NON-CONSTRUCTION COSTS	\$ 3,278,630
TOTAL W, WW, & D BOND ISSUE REQUIREMENT (BIR)	\$ 14,175,000

Notes: (1) Assumes 100% District bond funding of anticipated developer contribution items, where applicable.

(2) Estimated based on sale of bonds for reimbursement of construction costs two years after construction completion on average, according to preliminary engineering report.

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.

ROADS

<u>Construction Costs</u>	District's ⁽¹⁾ <u>Share</u>
A. Road Construction	\$ 3,422,654
B. Contingencies (15% of item A)	513,398
C. Engineering (10% of item A)	<u>342,265</u>
TOTAL CONSTRUCTION COSTS (78.1% of BIR)	\$ 4,278,317

Non-Construction Costs

A. Legal Fees (3%)	\$	164,400
B. Fiscal Agent Fees (2%)		137,000
C. Interest		
1. Capitalized Interest (12 months @ 4.5%)		246,600
2. Developer Interest (2 years @ 4.5%)		385,048 ⁽³⁾
D. Bond Discount (3%)		164,400
E. Bond Issuance Costs		32,995
F. Bond Engineering Costs		16,440
G. Attorney General Fee (0.1%)		<u>54,800</u>
TOTAL NON-CONSTRUCTION COSTS	\$	<u>1,201,683</u>
TOTAL ROAD BOND ISSUE REQUIREMENT	\$	5,480,000

Notes: (1) Assumes 100% District bond funding.

(2) Estimated based on sale of bonds for reimbursement of construction costs two years after construction completion on average.

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

D. ECONOMIC ANALYSIS

Land Use

The land use for the proposed District is projected in the following table:

<u>Development</u>	<u>Acres</u>	<u>ESFCs</u> ⁽¹⁾
Single-Family Residential ⁽²⁾	48.22	481
Emergency Services Station & Park Land	11.35	2
Detention Pond/Easements/Open Space ⁽³⁾	<u>29.61</u>	<u>0</u>
Totals	89.18	483

Notes: (1) Equivalent single-family connections.

(2) Includes some right-of-way acreage, according to information provided.

(3) Includes less than one acre of floodplain, according to engineering report.

Market Study

A market study, prepared by 360° Real Estate Analytics, dated January 30, 2024, has been submitted in support of the creation of the proposed District. The market study indicates that the proposed District is located in the Austin Metropolitan Statistical Area. The study estimates demand for single-family homes within the subject market area for the lot sizes planned for the proposed District will be sufficient to absorb ten houses per month and to absorb the planned 481 homes within four years.

Project Financing

The estimated total assessed valuation (AV) of land in the proposed District at

completion is as follows:

<u>Development Type/Size</u>	<u>No. of Units</u>	<u>Average Unit Value</u>	<u>Value at Build Out</u>
Single-Family/40.5 feet	481	\$310,000	\$149,110,000

Considering estimated bond issue requirements of \$14,175,000 for water, wastewater and drainage (utilities) and \$5,480,000 for roads, for a total of \$19,655,000 (assuming 100% bond financing), a bond coupon rate of 4.5%, and a 25-year bond life, an average annual debt service of approximately \$1,344,768 would be sufficient to retire the debt for the bonds. Assuming a 98% collection rate and an ultimate AV of \$149,110,000, a tax rate of approximately \$0.91 per \$100 of AV (\$0.65 for utilities and \$0.26 for roads) would be necessary to meet the annual debt service requirement. The application material also indicates that a maintenance tax of \$0.05 per \$100 of AV may be levied, resulting in a combined tax rate of \$0.96 per \$100 of AV.

The total year 2023 overlapping tax rates on land within the proposed District are shown in the following tables:

<u>Taxing Jurisdiction</u>	<u>Caldwell County Tax Rates</u>
Lockhart Independent School District	\$0.9569
Caldwell County	0.4691
Caldwell County Emergency Services District No. 2	0.1000
Caldwell County Emergency Services District No. 5	0.1000
Farm-to-Market Road	0.0001
Proposed District	<u>0.9571</u>
Total Tax per \$100 AV	\$2.5832

Based on the proposed District tax rate and the year 2023 overlapping tax rate on land within the proposed District, the project is considered economically feasible.

Water and Wastewater Rates

According to information provided, the following is the single-family residential water rate for Maxwell:

Monthly Base Rate of \$33.25 plus
 Edwards Aquifer Authority Fee of \$1.40 plus
 TWC Fee of \$0.005 X Total Water Charge plus:

Volumetric Rate:

\$8.05 per 1,000 gallons	0 to 5,000 gallons
\$8.55 per 1,000 gallons	5,001 to 10,000 gallons
\$9.05 per 1,000 gallons	10,001 to 15,000 gallons
\$9.60 per 1,000 gallons	above 15,000 gallons

Based on the above rates, the estimated monthly fee for 10,000 gallons of water service would be \$118.24.

According to the preliminary engineering report, the projected monthly bill for 10,000 gallons of wastewater service for a typical home would be \$120.

Comparative Water District Tax Rates

A combined tax rate of \$0.96 per \$100 of AV for the proposed District is considered reasonable and acceptable for this type of development, according to the preliminary engineering report. Based on the requirements of 30 TAC Section 293.59, this project is considered economically feasible.

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, would be a benefit to the land within the proposed District, and would be 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, and road facilities; a combined projected tax rate of \$0.96 per \$100 of AV; the proposed District obtaining a 4.5% bond coupon 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 the creation of Caldwell County Municipal Utility District No. 9.
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), and 293.202, subject to the requirements imposed by the TCEQ and the general laws of the State of Texas 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 to serve as temporary directors until permanent directors are elected and qualified:

Ryan Alvarado
John Peterson

Austin Jarmusch
Thomas Pharr

Gary Jones

H. ADDITIONAL INFORMATION

The Petitioner's professional representatives are:

Attorney:	Mr. Kevin Flahive - Armbrust & Brown, PLLC
Engineer:	Mr. Chris S. Ulmann, P.E. - Jones-Heroy & Associates, Inc.
Market Analyst:	Mr. Eldon Y. Rude - 360° Real Estate Analytics