

Brooke T. Paup, *Chairwoman*
Bobby Janecka, *Commissioner*
Catarina R. Gonzales, *Commissioner*
Kelly Keel, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

June 25, 2025

Ms. Julianne Kugle
SK Law
1330 Post Oak Boulevard, Suite 2650
Houston, Texas 77056

Re: Harris County Municipal Utility District No. 610, Order approving the Creation of the District

Dear Ms. Kugle:

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 Kisha Jerrells at (512)239-4605.

Sincerely,

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

Michele Risko, Deputy Director
Water Supply Division

MR/kj

Enclosures

ccs: Mailing list

MAILING LIST

Harris County Municipal Utility District No. 610
TCEQ Internal Control No. D-01242025-030

Ms. Julianne Kugle SK Law 1330 Post Oak Boulevard, Suite 2650 Houston, Texas 77056 Mr. Andrew Johnson, P.E. A&S Engineers, Inc. 10377 Stella Link Road Houston, Texas 77025 Ms. Nicole Bealle TCEQ Region 12 5425 Polk Street, Suite H Houston, Texas 77023 The Honorable Tom Oliverson State Representative, District No. 130 Room E2.408 P.O. Box 2910 Austin, Texas 78768 The Honorable Lois Kolkhorst State Senator, District No. 18 P.O. Box 12068 Capital Station Austin, Texas 78711 Harris County Clerk Attn: Ms. Teneshia Hudspeth, County Clerk 201 Caroline Street, Suite 310 Houston, Texas 77002	Texas Commission on Environmental Quality P.O. Box 13087 Austin, Texas 78711-3087 Todd Galiga, Senior Attorney, Environmental Law Division, MC-173 Kisha Jerrells, Technical Manager, Districts Creation Review Team, MC-152 Stephanie DeSouza, Districts Creation Review Team, MC-152 Justin P. Taack, Manager, Districts Section, MC-152 Michelle Voytko, Drinking Water Special Functions Section, Water Supply Division, MC-153 Garrett Arthur, Office of the Public Interest Counsel, MC-103
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JUN 25 2025

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

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



AN ORDER GRANTING THE PETITION FOR CREATION OF HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 610 AND APPOINTING TEMPORARY DIRECTORS

A petition by Margerstadt, LLC, a Delaware limited liability company (Petitioner) was presented to the Executive Director of the Texas Commission on Environmental Quality (TCEQ) for approval of the creation of Harris County Municipal Utility District No. 610 (District) pursuant to Article XVI, § 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 June 5, 2025 (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, 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, 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 Harris County Municipal Utility District No. 610 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 Harris County Municipal Utility District No. 610 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 in Harris County, Texas and wholly outside of the corporate limits and the extraterritorial jurisdiction of any city, town, or village, as described by metes and bounds in Exhibit "A" attached hereto and incorporated herein for all purposes..

5. The Memorandum dated June 5, 2025, 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: June 20, 2025



For the Commission



Exhibit A

A description of a 196.466 acre, (8,558,059 square feet) tract of land, consisting of a called 17.0115 acre tract of land, a called 105.3435 acre tract of land, a called 2.000 acre tract of land, and a called 72.426 acre tract of land conveyed to Margerstadt, LLC, as recorded in clerk's file number RP-2024-146652 of the Official Public Records of Real Property of Harris County, Texas, situated in Block 8 of the South Half of the Jesse Denson League (Susan H. Boone Partition), as recorded in Volume 1, Page 123 of the Map Records of Harris County, Texas, the Jesse Denson League, Abstract No. 14, Harris County, Texas, said 196.466 acres being more fully described by metes and bounds as follows; the bearings shown hereon are referenced to the Texas State Plane Coordinate System, southcentral zone, (4204) NAD83, were derived using GPS observations and the distances shown hereon are US Survey Feet ground distances, the coordinates shown hereon are GRID coordinates referenced to the Texas State Plane Coordinate System, southcentral zone, (4204) NAD83, the scale factor used for this survey is 1.00013:

BEGINNING at a 3/4 inch, outside diameter, iron pipe, found approximately 10 feet south of the south high bank of Spring Creek, for the northwest corner of a called 100.00 acre tract conveyed to James Calvin Smith and wife, Martha Faye Smith, by deed recorded in Volume 5387, Page 520 of the Deed Records of Harris County, Texas, the northeast corner of said 17.0115 acre tract and the northeast corner of the tract herein described, said iron pipe having GRID coordinates of N: 13,962,728.00 and E: 2,960,969.05;

THENCE, South 02°30'19" East, along and with the west line of said 100.00 acre tract, the east lines of said 17.0115 acre tract and said 105.3435 acre tract, at 973.54 feet passing a 5/8 inch iron rod found for the southeast corner of said 17.0115 acre tract and the northeast corner of said 105.3435 acre tract, at 2,060.46 feet passing a 5/8 inch iron rod found for reference, for a total distance of 4,234.66 feet to a 3/4 inch iron rod found for the northeast corner of a called 130.00 acre tract conveyed to Thomas Murrell by deed recorded in clerk's file number 20150251401 of the Official Public Records of Real Property of Harris County, Texas, the southeast corner of said 105.3435 acre tract, and the southeast corner of the tract herein described;



THENCE, South $87^{\circ}31'10''$ West, along and with the north line of said 130.00 acre tract and the south line of said 105.3435 acre tract, a distance of 1,001.87 feet to a 1/2 inch iron rod found for an angle point in the eastern most line of a called 153.42 acre tract conveyed to TLI Land Fund II, LLC by deed recorded in clerk's file number RP-2022-96142 of the Official Public Records of Real Property of Harris County, Texas, for the southern most southeast corner of said 105.3435 acre tract and of the tract herein described, from which a 1/2 iron rod found for the southeast corner of said 153.42 acre tract bears South $02^{\circ}31'53''$ East – 283.42 feet;

THENCE, North $02^{\circ}28'13''$ West, along and with the east line of said 153.42 acre tract, the west line of said 105.3435 acre tract, and the southernmost west line of the tract herein described, a distance of 715.95 feet to a 5/8 inch iron rod with cap stamped A&S 10194881 set for an interior corner of said 153.42 acre tract, the southeast corner of the aforementioned 72.426 acre tract, and an interior corner of the tract herein described;

THENCE, South $87^{\circ}35'07''$ West, along and with a north line of said 153.42 acre tract, the south line of said 72.426 acre tract, and the northern most south line of the tract herein described, a distance of 1,196.54 feet to a 1/2" iron pipe found for an interior corner of said 153.42 acre tract the southwest corner of said 72.426 acre tract, and the northernmost southwest corner of the tract herein described;

THENCE, North $02^{\circ}42'48''$ West, along and with a east line of said 153.42 acre tract, the west line of said 72.426 acre tract, and the west line of the tract herein described, a distance of 1,462.64 feet to a 5/8 inch iron rod found for the northern most northeast corner of said 153.42 acre tract, the southeast corner of a called 20.01 acre tract conveyed to John Timothy Jenkinson and Joan M. Jenkinson, by deed recorded in clerk's file number RP-2017-227459 of the Official Public Records of Real Property of Harris County, Texas, an interior corner of said 72.426 acre tract, and of the tract herein described;

THENCE, North $02^{\circ}24'23''$ West, along and with the east line of said 20.01 acre tract, the west line of said 72.426 acre tract, and the west line of the tract herein described, a distance of 895.31 feet to a 5/8 inch iron rod found for angle in the east line of said 20.01 acre tract, the west line of said 72.426 acre tract, and the west line of the tract herein described;

THENCE, North $02^{\circ}31'01''$ West, along and with the east line of said 20.01 acre tract, the west line of said 72.426 acre tract, and the west line of the tract herein described, at 1,217.41 feet passing a 1/2 inch iron pipe found for the northeast corner of said 20.01 acre tract, for a total distance of 1,229.24 feet to a 5/8 inch iron rod with cap stamped A&S 10194881 set in the south line of Margerstadt Road, Volume 1, Page 123 of the Map Records of Harris County, Texas for the northwest corner of said 72.426 acre tract and the northwest corner of the tract herein described;



THENCE, North $88^{\circ}32'04''$ East, along and with the south line of Margerstadt Road, the north line of said 72.426 acre tract, the north line of said 2.000 acre tract, the north line of the aforementioned 105.3435 acre tract, and the north line of the tract herein described, at 599.91' passing a 1/2 inch iron rod found for the northeast corner of said 2.000 acre tract and the northwest corner of said 105.3435 acre tract, a total distance of 1,193.92 feet to a 5/8 inch iron rod found for angle point in the south line of Margerstadt Road, the north line of said 105.3435 acre tract, and the north line of the tract herein described;

THENCE, South $89^{\circ}42'57''$ East, along and with the south line of Margerstadt Road, the North line of said 105.3435 acre tract, the north line of the aforementioned 17.0115 acre tract, and the north line of the tract herein described, a distance of 1,009.46 feet to the POINT OF BEGINNING, containing 196.466 acres or 8,558,059 square feet of land, more or less.

A plat map of even date accompanies this description.

Walt Smith
Registered Professional
Land Surveyor No. 7040
A&S Engineers, Inc - Surveying Firm #10194881
10377 Stella Link Road
Houston, TX 77025-5445
713-942-2700

06/10/2024



Texas Commission on Environmental Quality

TECHNICAL MEMORANDUM

To: Justin P. Taack, Manager *for*
Districts Section *6/5/2025* **Date:** June 5, 2025

Thru: Michael Briscoe, Team Lead
Districts Creation Review Team

From: Kisha Jerrells
Districts Creation Review Team

Subject: Petition by Margerstadt, LLC for Creation of Harris County Municipal Utility District No. 610; Pursuant to Texas Water Code Chapters 49 and 54.
TCEQ Internal Control No. D-01242025-030 (TC)
CN: 606346385 RN: 112126818

A. GENERAL INFORMATION

The Texas Commission on Environmental Quality (TCEQ) received a petition within the application requesting approval for the creation of Harris County Municipal Utility District No. 610 (District). The petition was signed by James Bohannon, Manager of Margerstadt, LLC, a Delaware limited liability company (Petitioner). The petition states that the Petitioner holds title to a majority in value of the land in the proposed District, and it further states that there are no lienholders on the property to be included in the proposed District.

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 in in northwest Harris County (County), Texas, approximately 39 miles northwest of downtown Houston, and approximately 32 miles east of the City of Brenham. The proposed District is located south of Margerstadt Road, east of Kickapoo Road, and north of Waller Spring Creek Road. The proposed District is located entirely outside the corporate limits or extraterritorial jurisdiction of any city, town, or village. Access to the proposed District will be provided by Margerstadt Road to the north.

Metes and Bounds Description

The proposed District contains a tract of land totaling 196.3 acres. The metes and bounds description of the proposed District has been checked by TCEQ staff and has been found to form an acceptable closure.

City Consent

The proposed District is located outside the corporate limits and extraterritorial jurisdiction of any city, town, or village. Therefore, the requirements of Texas Local Government Code Section 42.042 and TWC Section 54.016 are not applicable.

Statements of Filing Petition

Evidence of filing the petition with the Harris County Clerk's office, the TCEQ's Houston regional office, the Texas state representative, and the Texas state senator was included in the application.

Notification of County

TWC Section 54.0161 requires the TCEQ to notify the County Commissioners Court of a creation application if all of the proposed District is located outside of the corporate limits of a municipality. Information provided indicates the proposed District is entirely outside the corporate limits of any municipality. By certified letter dated February 20, 2025, the Harris County Commissioners Court was notified of the subject application. A response has not been received to date.

Type of Project

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

Developer Qualifications

Application material indicates KB Homes, will develop the property. KB Homes, invests in a wide range of real estate investments and is a diversified homebuilding and land development company. KB homes currently operates in California, Idaho, Washington, Arizona, Nevada, Colorado, Texas, Florida, and North Carolina.

Appraisal District Certificate

By certificate dated November 7, 2024, the Harris Central Appraisal District has certified that the appraisal roll indicates that Margerstadt, LLC the owner of the majority in value of the land in the proposed District.

Temporary Director Affidavits

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

Ryan Bruns
Samuel Gibson

Cody Cagle
Andrew Stelling

Hollis Gasper

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 April 11 and April 18, 2025, in the *Houston Business Journal*, a newspaper regularly published or circulated in Harris County, the county in which the District is proposed to be located. Proper notice of the application was posted on April 2, 2025, at the place for posting legal notices at the Harris County Courthouse. 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 May 19, 2025.

B. ENGINEERING ANALYSIS

The Creation engineering report indicates the following:

Availability of Comparable Service

According to information provided, the proposed District anticipates receiving water and sewer service from Quadvest and/or Undine as a wholesale retail provider through a wholesale agreement. There are no other comparable water or wastewater providers in the area.

Water Supply and Water Distribution

The application indicates that the proposed District will receive all its water supply from Quadvest and/or Undine. The proposed District is expected to contain 646 equivalent single-family connections (ESFCs) at full development. The proposed district will construct a 12-inch water line to serve as a distribution line from Quadvest and/or Undine's proposed water plant facility to the proposed District.

The water distribution system will consist of a network of approximately 21,000 linear feet (LF) of 8-inch water line. The water distribution improvements to serve the proposed District will be designed in accordance with the criteria established by the TCEQ.

Wastewater Treatment and Collection

The application indicates that the proposed District will receive all its wastewater treatment from Quadvest and/or Undine. The proposed District is expected to contain 646 ESFCs at full development, requiring 161,500 gallons per day of wastewater treatment capacity, using 250 gallons per day per connection.

The wastewater collection system will consist of a network of approximately 20,300 LF of 8-inch gravity sewer lines which convey wastewater via gravity flow to Quadvest and/or Undine's wastewater treatment plant. The wastewater collection improvements to serve the proposed District will be designed in accordance with the criteria established by the TCEQ.

Storm Water Drainage System and Drainage Improvements

The proposed District stormwater conveyance system will be routed through curb and gutter streets and an underground pipe system that will outfall into one of two detention ponds, one of which outfalls into Spring Creek and one of which outfalls into Kickapoo Creek. The drainage system will be sized to handle flow from a 2-year and 100-year frequency storm at a minimum velocity of 3 feet per second and a maximum velocity of 8 feet per second.

Road Improvements

Application material indicates the proposed District intends to construct internal and collector roadways. Upon completion of the proposed roads and improvements, the roads will be conveyed to Harris County for ownership and maintenance. All paving improvements will be designed in accordance with the applicable design criteria established by the County.

Floodplain

According to Federal Emergency Management Agency Flood Insurance Rate Map No. 48201C0180L dated June 18, 2007, the proposed District has land located within Zone AE and within Zone X.

Topography/Land Elevation

Elevations within the proposed District range from approximately 225 to 262 feet above mean sea level. The excavation and/or embankment associated with the development of the proposed District's systems is not expected to cause any changes in land elevation other than that normally associated with the construction of the underground utility systems, drainage facilities, and paving; therefore, the proposed District is not expected to have an unreasonable effect on land elevation.

Subsidence

The application material indicates that Harris Galveston Coastal Subsidence District (HGCSD) subsidence rate in the proposed District area is less than 0.5 cm/year. This rate of subsidence is not as significant as in other areas of Harris County. Therefore, the proposed District is not expected to have an unreasonable effect on the existing land elevation.

Groundwater Level/Recharge

Quadvest and/or Undine will be in compliance with all subsidence regulations required by HGCSD. The proposed District lies within a recharge zone for the Chicot Aquifer, however no substantial decrease in the recharge rate is expected to occur due to development of this tract. Therefore, the proposed District is not expected to have an unreasonable effect on groundwater levels or recharge.

Natural Run-off and Drainage

The existing run-off from the lands within the proposed District will flow directly into Spring Creek and Kickapoo Creek. The proposed District storm water collection system will provide adequate conveyance for the increased runoff rates resulting from the development of the property to the outfall points of the proposed detention ponds. The detention facilities will be sized to detain runoff developed from the 100-year frequency storm, reducing the rate at which flow enters Spring Creek and Kickapoo Creek. Therefore, the proposed District is not expected to have an unreasonable effect on natural run-off or drainage.

Water Quality

The proposed District is required by Harris County regulations to institute a Stormwater Quality Management Plan in order to treat runoff that has been collected from the storm sewer and detention systems within the proposed District. No unreasonable effect on water quality or groundwater is anticipated as treatment of the runoff will be by means of the Stormwater Quality Management Plan measures.

Dam Safety Analysis

The Dam Safety Section of the TCEQ has conducted a review of the proposed creation of the subject District and confirmed by letter dated January 2, 2025, that there appears to be a few small ponds within the proposed District boundaries. The ponds do not appear to be dams in our jurisdiction. If they will remain and are classified as dams within the TCEQ's jurisdiction, it will need to be evaluated for hydraulic adequacy and hazard classification.

C. SUMMARY OF COSTS

WATER, WASTEWATER, AND DRAINAGE

<u>Construction Costs</u>	District's ⁽¹⁾ <u>Share</u>
A. Clearing and Grubbing	\$ 491,050
B. Detention and Mass Grading	1,753,077
C. Water, Wastewater, and Drainage	5,671,335
D. Contingencies (10%)	791,546
E. Engineering (15%)	1,306,051
F. Geotechnical and Construction Material Testing (3%)	261,210
G. Stormwater Pollution Prevention Plan (2%)	174,140
H. Detention Land Costs	<u>882,525</u> ⁽²⁾
TOTAL CONSTRUCTION COSTS (74.40% of Bond Issues)	\$ 11,330,934
<u>Non construction Costs</u>	
A. Legal Fees	\$ 380,750
B. Fiscal Agent Fees	304,600
C. Interest	
1. Capitalized Interest (1.5 years at 4.50%)	1,028,025
2. Developer Interest (2 years at 4.50%)	1,019,784
D. Bond Discount (3%)	456,900
E. Bond Issuance Expenses	155,702
F. Bond Application Report Costs	200,000
G. Developer Advances	200,000
H. Creation Expenses	100,000
I. Attorney General Fee (0.10%)	15,230
J. TCEQ Bond Issuance Fee (0.25%)	<u>38,075</u>
TOTAL NONCONSTRUCTION COSTS	\$ 3,899,066
TOTAL BOND ISSUE REQUIREMENT	\$ 15,230,000

Notes:

(1) Assumes 70% funding of anticipated developer contribution items, where applicable.

(2) Represents approximately 20.50 acres of detention at \$61,500 per acre, funded at 70%.

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. Paving	\$	4,182,969
B. Contingencies (10%)		418,297
C. Engineering (15%)		690,190
D. Geotechnical and Construction Material Testing (3%)		138,038
E. Storm Water Pollution Prevention Plan (2%)		92,025
F. Right-of-Way Land		<u>1,168,076</u> ⁽²⁾
TOTAL CONSTRUCTION COSTS (74.66% of Bond Issues)	\$	6,689,595
<u>Non construction Costs</u>		
A. Legal Fees (2.5%)	\$	224,000
B. Fiscal Agent Fees (2%)		179,200
C. Interest		
1. Capitalized Interest (1.5 years at 4.50%)		604,800
2. Developer Interest (2 years at 4.50%)		602,064
D. Bond Discount (3%)		268,800
E. Bond Issuance Expenses		182,581
F. Bond Application Report Costs		200,000
G. Attorney General's Fee (0.10%)		<u>8,960</u>
TOTAL NONCONSTRUCTION COSTS	\$	2,270,405
TOTAL BOND ISSUE REQUIREMENT	\$	8,960,000

Notes:

- (1) Assumes 70% funding of anticipated developer contribution items, where applicable.
- (2) Represents approximately 27.133 acres of detention at \$61,500 per acre, funded at 70%.

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. 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 intended to accommodate single-family residential development. Planned ultimate development in the proposed District, as shown in the land use plan provided in the engineering report, is as follows:

<u>Development</u>	<u>Acres</u>	<u>ESFCs</u>
Single-Family	119.6	646
Recreational/Open Space	17.6	0
Detention	20.5	0
Floodplain	<u>38.6</u>	<u>0</u>
Total	196.3	646

Market Study

A market study, prepared in November 2024 by Location Strategy, LLC, has been submitted in support of the creation of the proposed District. The market study indicates that the proposed District will contain single-family homes on 40-foot lots priced between \$366,011 and \$424,306 and on 50-foot lots priced between \$440,274 and \$510,398, and are expected to be absorbed at a rate of 33 to 159 units per year among all lot sizes throughout the initial six years of activity.

Project Financing

The estimated total assessed valuation of the proposed District at completion is as follows:

<u>Units Planned</u>	<u>Number of Units/Acreage</u>	<u>Average Unit Value</u>	<u>Total Value at Build-Out</u>
Single-Family (40-Foot Lots)	386	\$394,585	\$152,309,617
Single-Family (50-Foot Lots)	260	\$474,645	<u>\$123,407,743</u>
Total Assessed Valuation			<u>\$275,717,360</u>

The application considers an estimated bond issue requirement of \$24,190,000 (\$15,230,000 for utilities and \$8,960,000 for roads), assuming 70% financing, a bond coupon rate of 4.50%, and a 30-year bond life; therefore, the average annual debt service requirement would be \$1,485,061 (\$934,993 for utilities and \$550,068 for roads). Assuming a 98% collection rate and an ultimate assessed valuation of \$275,717,360, a tax rate of approximately \$0.56 (\$0.35 for utilities and \$0.21 for roads) per \$100 assessed valuation would be necessary to meet the annual debt service requirement. Application material also indicates a maintenance tax of \$0.10 per \$100 assessed valuation is anticipated

The total 2024 overlapping tax rates on land within the proposed District are shown in the following table.

<u>Taxing Jurisdiction</u>	<u>Tax Rate</u> ⁽¹⁾
Waller ISD	\$ 1.106900
Harris County	0.385290
Harris County Flood Control	0.048970
Port of Houston Authority	0.006150
Harris County Hospital District	0.163480
Harris County Education Department	0.004799
Waller-Harris ESD 200	0.096641
Harris County MUD No. 610 (District)	<u>0.660000</u> ⁽²⁾⁽³⁾
Total Tax Rate	\$ 2.472230

Notes:

- (1) Represents tax rate per \$100 assessed valuation.
- (2) Includes a \$0.56 debt service tax rate (utilities and roads) and a \$0.10 maintenance tax rate.

- (3) Assuming 70% funding of anticipated developer contribution items, where applicable.

Based on the proposed District tax rate and the year 2024 overlapping tax rate on land within the proposed District, and assuming 70% financing, the project is considered economically feasible.

Water and Wastewater Rates

According to information provided, the estimated monthly fee for 10,000 gallons of water and wastewater service would be \$113.75.

Comparative Water District Tax Rates

A combined projected tax rate of \$0.66 per \$100 assessed valuation, as indicated above, for 70% financing for the proposed District, is comparable to other districts in the area. Based on the requirements and intent of 30 TAC Section 293.59, this project is considered economically feasible. 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 proposed District.

E. SPECIAL CONSIDERATIONS

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 \$0.66 per \$100 assessed valuation, the proposed District obtaining a 4.50% bond coupon rate, and other supporting data, the proposed District is considered feasible under the intent of 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 Harris County Municipal Utility District No. 610.

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 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 statement:

"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 Bruns
Samuel Gibson

Cody Cagle
Andrew Stelling

Hollis Gasper

H. ADDITIONAL INFORMATION

The petitioner's professional representatives are:

Attorney: Ms. Julianne Kugle - SK Law

Engineer: Mr. Andrew Johnson - A & S Engineers, Inc.

Market Analyst: Mr. Scott Davis - Location Strategy, LLC