

Jon Niermann, *Chairman*
Emily Lindley, *Commissioner*
Bobby Janecka, *Commissioner*
Toby Baker, *Executive Director*



MR
DU
TF
SM

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

June 8, 2022

TO: Persons on the attached mailing list.

RE: Legends Ranch Municipal Utility District of Denton County
TCEQ Internal Control No. D-03262021-041

This letter is your notice that the Texas Commission on Environmental Quality (TCEQ) executive director (ED) has acted on the above-named application. According to 30 Texas Administrative Code (TAC) Section 50.135 the ED's action became effective on June 6, 2022, the date the ED signed the permit or other action unless otherwise specified in the permit or other action.

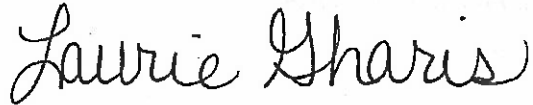
For certain matters, a **motion to overturn**, which is a request that the commission review the ED's action on an application, may be filed with the chief clerk. Whether a motion to overturn is procedurally available for a specific matter is determined by Title 30 of the Texas Administrative Code Chapter 50. According to 30 TAC Section 50.139, an action by the ED is not affected by a motion to overturn filed under this section unless expressly ordered by the commission.

If a motion to overturn is filed, the motion must be received by the chief clerk within 23 days after the date of this letter. An original and 7 copies of a motion must be filed with the chief clerk in person, or by mail to the chief clerk's address on the attached mailing list. On the same day the motion is transmitted to the chief clerk, please provide copies to the applicant, the ED's attorney, and the Public Interest Counsel at the addresses listed on the attached mailing list. If a motion to overturn is not acted on by the commission within 45 days after the date of this letter, then the motion shall be deemed overruled.

You may also request **judicial review** of the ED's action. The procedure and timelines for seeking judicial review of a commission or ED order are governed by Texas Water Code Section 5.351.

Individual members of the public may seek further information by calling the Public Education Program, toll free, at 1-800-687-4040.

Sincerely,

A handwritten signature in cursive script that reads "Laurie Gharis". The signature is written in dark ink and is positioned above the printed name and title.

Laurie Gharis
Chief Clerk

LG/lcr

Enclosure

MAILING LIST
for
Legends Ranch Municipal Utility District of Denton County
TCEQ Internal Control No. D-03262021-041

FOR THE APPLICANT:

Mindy Koehne
Coats Rose, PC
14755 Preston Road, Suite 600
Dallas, Texas 75254

T. Tabor Consulting, PLLC
1131 South Airport Circle, Suite 110
Euless, Texas 76040

Andrew Cansler, P.E.
Red Caprock Engineering, LLC
305 Spring Creek Village, Suite 518
Dallas, Texas 75248

PROTESTANTS/INTERESTED
PERSONS:

Sara Hensley
City of Denton
215 East McKinney Street
Denton, Texas 76201-4229

FOR THE EXECUTIVE DIRECTOR
via electronic mail:

Ryan Vise, Director
Texas Commission on Environmental
Quality
External Relations Division
Public Education Program MC 108
P.O. Box 13087
Austin, Texas 78711-3087

Bobby Salehi, Staff Attorney
Texas Commission on Environmental
Quality
Environmental Law Division MC 173
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Andrew Paynter, Technical Staff
Texas Commission on Environmental
Quality
Water Supply Division MC 152
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FOR PUBLIC INTEREST COUNSEL
via electronic mail:

Vic McWherter, Attorney
Texas Commission on Environmental
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Public Interest Counsel MC 103
P.O. Box 13087
Austin, Texas 78711-3087

FOR THE CHIEF CLERK
via electronic mail:

Laurie Gharis, Chief Clerk
Texas Commission on Environmental
Quality
Office of Chief Clerk MC 105
P.O. Box 13087
Austin, Texas 78711-3087

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



THE STATE OF TEXAS
COUNTY OF TRAVIS
I HEREBY CERTIFY THAT THIS IS A TRUE AND CORRECT COPY
OF A TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
DOCUMENT, WHICH IS FILED IN THE PERMANENT RECORDS

JUN 08 2022

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

AN ORDER GRANTING THE PETITION FOR CREATION OF LEGENDS RANCH MUNICIPAL UTILITY DISTRICT OF DENTON COUNTY AND APPOINTING TEMPORARY DIRECTORS

A petition by Legends Ranch Development, LLC, a Texas limited liability company (Petitioner) was presented to the Executive Director of the Texas Commission on Environmental Quality (TCEQ) for consideration of approval of the creation of Legends Ranch Municipal Utility District of Denton County (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 March 29, 2022 (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, 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.

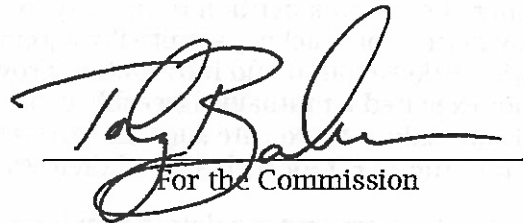
In accordance with LOCAL GOVERNMENT CODE §42.042 and TEX. WATER CODE §54.016, the Petitioner submitted a petition to the City of Denton, Texas (City), requesting the City's consent to the creation of the District. After more than 90 days passed without receiving consent, the Petitioner submitted a petition to the City to provide water or sewer services to the District. The 120-day period for reaching a mutually agreeable contract as established by the TEX. WATER CODE §54.016(c) expired and information provided indicates that the Petitioner and the City have not executed a mutually agreeable contract for service. Pursuant to TEX. WATER CODE §54.016(d), failure to execute such an agreement constitutes authorization for the Petitioner to proceed to the TCEQ for inclusion of their Property into the District.

All statutory and regulatory requirements for creation of Legends Ranch Municipal Utility District of Denton County have been fulfilled in accordance with TEX. WATER CODE §54.021 and 30 TEX. ADMIN. CODE §§293.11-239.12.

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

1. The petition for the creation of Legends Ranch Municipal Utility District of Denton County is hereby granted.
2. The District is created under the terms and conditions of Article XVI, Section 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 the extraterritorial jurisdiction of the City of Denton, and in Denton County, Texas, as described by metes and bounds in Exhibit "A" attached hereto and incorporated for all purposes.
5. The Memorandum dated March 29, 2022, attached as Exhibit "B" is hereby incorporated as part of the 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 6, 2022



For the Commission

Exhibit "A"

LEGENDS RANCH MUNICIPAL UTILITY DISTRICT OF DENTON COUNTY

496.136 ACRES

**T. Polk Survey, Abst. No. 998,
T. Egan Survey, Abst. No. 406,
M. Davis Survey, Abst. No. 374,
G. Orr Survey, Abst. No. 985
M.E.P. & P.P.R. Co. Survey, Abst. No. 1470
City of Denton ETJ, Denton County, Texas**

BEING all that certain lot, tract, or parcel of land situated in the G. Orr Survey Abstract Number 985, the W. Davis Survey Abstract Number 374, the T. Polk Survey Abstract Number 998, the T. Egan Survey Abstract Number 406 and the M.E.P. and P.R.R. Company Survey Abstract Number 1470 in the City of Denton, Denton County, Texas, being a part of that certain tract of land conveyed by deed from Wise Asset Management Corporation to Wise Asset #1, Ltd. recorded in Volume 4797, Page 528, Real Property Records, Denton County, Texas and being all of Lots 2-5, Block A and all of Lots 1-3, Block B of Golden Hoof Ranchettes, an Addition to Denton County, Texas, according to the plat thereof recorded in Volume 4, Page 8, Plat Records, Denton County, Texas and being more particularly described as follows:

COMMENCING at a right of way disc found for corner in the north line of U.S Highway Number 380, a public roadway having a variable width right of way, said point being the southeast of that certain tract of that certain tract of land conveyed by deed from Mark L. Schrimpf to Larry L. Bailey and Patricia L. Bailey, recorded in Volume 5409, Page 4755, Real Property Records, Denton County, Texas;

THENCE N 00° 12' 20" E, 1022.80 feet with the east line of said Bailey tract to an iron pipe found for corner, said point lying in the south line of said Orr Survey and in the south line of that certain tract of land conveyed by deed from Wise Asset Management Corporation to Jan K. Bradley, recorded under Clerk's File Number 93-R0091889, Real Property Records, Denton County, Texas;

THENCE N 89° 27' 40" E, 852.39 feet with said south line said Orr Survey and said south line of said Bradley tract to the **POINT OF BEGINNING**;

THENCE N 89° 27' 40" E, 222.97 feet with said south line said Orr Survey and said south line of said Bradley, said point being the southeast corner of said Bradley tract;

THENCE N 54° 20' 29" W, 225.34 feet with the east line of said Bradley tract to a point for corner in said Hickory Creek;

THENCE N 69° 29' 24" W, 449.26 feet with said east line of said Bradley tract to a point for corner in said Hickory Creek;

THENCE N 17° 39' 04" W, 543.10 feet with said east line of said Bradley tract to a point in said Hickory Creek, said point being the northeast corner of said Bradley tract;

THENCE N 89° 48' 46" W, 2093.20 feet with the north line of said Bradley tract to a railroad spike set for corner point in an east line of the W. Stoneham Survey Abstract Number 1145 and in Nail Road, a public roadway, said point being the northwest corner of said Bradley tract;

THENCE N 00° 20' 22" E, 631.35 feet with said east line of said Stoneham Survey and with said Nail Road to an iron rod found for corner in the southeasterly line of the G.C. and S.F. Railroad Company right of way;

THENCE N 28° 39' 15" E, 1355.14 feet with said southeasterly line of the G.C. and S.F. Railroad Company right of way to a railroad spike set for corner in Jackson Road, a public roadway and in a south line of said Stoneham Survey;

THENCE N 89° 33' 44" E, 1746.85 feet with the said south line of said Stoneham Survey and with said Jackson Road to an iron rod found for corner, said point being the southeast corner of said Stoneham Survey;

THENCE N 00° 57' 04" E, 138.93 feet with the most easterly east line of said Stoneham Survey to an iron rod found for corner;

THENCE N 89° 14' 20" E, 2597.32 feet with said Jackson Road to an iron rod found for corner;

THENCE N 87° 52' 07" E, 2285.31 feet with said Jackson Road to an iron rod found for corner at the intersection of said Jackson Road and Thomas J. Egan Road, a public roadway;

THENCE S 00° 12' 20" W, 3028.48 feet with said Thomas J. Egan Road to a Mag Nail set for corner in said Thomas J. Egan Road;

THENCE N 83° 09' 51" W, 22.64 feet to an iron rod marked 4561 set for corner in the west line of said Thomas J Egan Road, said point being the northeast corner of said Golden Hoof Ranchettes, an Addition to Denton County, Texas, recorded in Volume 4, Page 8, Plat Records, Denton County;

THENCE S 00° 27' 25" W, 835.02 feet with said west line of said Thomas J. Egan Road to an iron rod for corner;

THENCE N 83° 09' 04" W, pass at 10.06 feet the northeast corner of Lot 1R1 of Golden Hoof Ranchettes, an Addition to Denton County, Texas according to the plat thereof recorded under Document Number 2015-319, Plat Records, Denton County, Texas and continuing a total distance of 960.42 feet with the north line of said Lot 1R1 of said Golden Hoof Ranchettes and with the north line of Lot 6, Block A, of said Golden Hoof Ranchettes,

recorded in Volume 4, Page 8, Plat Records, Denton County, Texas to an iron rod found for corner in the east line of Golden Hoof Drive, a public roadway having a right of way of 60 feet.

THENCE S 00° 26' 47" W, 284.06 feet with said east line of said Golden Hoof Drive to an iron rod set for corner;

THENCE N 83° 15' 08" W, 2780.56 feet with the south line of said Lot 6 of said Golden Hoof Ranchettes and with the south line of Lot 1R2 of said Golden Hoof Ranchettes to an iron rod set for corner;

THENCE N 06°44'52" E, a distance of 225.39 feet, to an iron rod set for corner;

THENCE N 47°09'34" W, a distance of 126.12 feet, to an iron rod set for corner;

THENCE N 57°37'43" W, a distance of 396.06 feet, to an iron rod set for corner;

THENCE N 60°36'12" W, a distance of 559.09 feet, to the **PLACE OF BEGINNING and containing 496.136 acres of land.**

Texas Commission on Environmental Quality

TECHNICAL MEMORANDUM

To: Justin P. Taack, Manager
Districts Section *JPT 3-29-2022* Date: March 29, 2022

From: Andrew Paynter, Technical Specialist
Districts Section

Subject: Petition by Legends Ranch Development, LLC for Creation of Legends Ranch
Municipal Utility District of Denton County; Pursuant to Texas Water Code
Chapters 49 and 54.
TCEQ Internal Control No. D-03262021-041 (TC)
CN: 605876291 RN: 111238085

A. GENERAL INFORMATION

The Texas Commission on Environmental Quality (TCEQ) received a petition within the application requesting approval for the creation of Legends Ranch Municipal Utility District of Denton County (District). The petition was signed by Leonard S. Zak, Manager of Legends Ranch Development, LLC, a Texas 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 western Denton County, approximately 5 miles west of the City of Denton (City). The proposed District is entirely within the extraterritorial jurisdiction of the City and not located within the corporate limits of any city. Access to the proposed District is provided by Highway 380.

Metes and Bounds Description

The proposed District contains one tract of land totaling 496.136 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

In accordance with Local Government Code Section 42.042 and TWC Section 54.016, the Petitioner submitted a petition to the City, requesting the City's consent to the creation of the District. After more than 90 days passed without receiving consent, the Petitioner submitted a petition to the City to provide water or sewer services to the District. The 120-day period for reaching a mutually agreeable contract as established by TWC Section 54.016(c) expired and the information provided indicates that the Petitioner and the City have not executed a mutually agreeable contract for service. Pursuant to TWC Section 54.016(d), failure to execute such an agreement constitutes authorization for the Petitioner to initiate proceedings to include the land within the district.

Statements of Filing Petition

Evidence of filing the petition with the City Secretary's office, Denton County Clerk's office, the TCEQ's Dallas/Fort Worth 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 letter dated November 15, 2021, the Denton 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 that Legends Ranch Development, LLC will carry out the development of the proposed District. Tommy Cansler, Manager of TCCI Land Company, LLC, manager of Legends Ranch Development, LLC, has extensive experience with residential development in the Dallas/Fort Worth Metroplex.

Appraisal District Certificate

By certificate dated January 25, 2021, the Denton Central Appraisal District has certified that the appraisal roll indicates that Legends Ranch Development, LLC is 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:

Kilene Pylant
Ronald Lee Davis

David Gowen
Keith Armstrong

Antoine Fotré

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 19 and December 26, 2021, in the *Denton Record - Chronicle*, a newspaper regularly published or circulated in Denton County, the county in which the District is proposed to be located. Proper notice of the application was posted on December 15, 2021, at the place for posting legal notices at the Denton County Courthouse. Accordingly, the notice requirements of 30 TAC Section 293.12(b) have been satisfied.

B. ENGINEERING ANALYSIS

The Creation engineering report indicates the following:

Availability of Comparable Service

According to information provided, the proposed District will receive retail water and wastewater service from the City. No other comparable water or wastewater services were evaluated in the engineering report.

Water Supply

The engineering report states that the proposed District will receive retail water service from the City. The proposed District will provide water supply by the off-site extension of a 16-inch water line along Masch Branch Road to the east of the proposed District, the 12-inch water line along Jackson Road along the north edge of the proposed District, and the off-site extension of a 12-inch waterline along Highway 380. All water distribution and supply system improvements to serve the proposed District will be designed in accordance with the criteria established by the TCEQ and the City.

Water Distribution

The water distribution system for full development of the proposed District will consist of approximately 81,200 linear feet of 8-inch to 12-inch on-site water lines, and 17,900 linear feet of 12-inch off-site water lines, along with all related appurtenances. Internal water facilities will be constructed by the proposed District and will be maintained and operated by the City. The proposed water distribution system will be looped where feasible to provide alternate service routes during emergencies and maintenance periods, and to equalize pressure in the system.

Wastewater Treatment

The engineering report states that the proposed District will receive wastewater service from the City via an existing City wastewater interceptor that crosses the northeast corner of the District. According to the engineering report, due to storm water inflow and infiltration, the City may put a moratorium on using the interceptor until the existing inflow and infiltration issues are resolved. The developer, on behalf of the proposed District, intends to install an interim wastewater treatment plant to serve the proposed District, operated by either the proposed District or the City. All wastewater facilities will be designed in accordance with the criteria established by the TCEQ.

Wastewater Collection

The wastewater collection system for full development of the proposed District will consist of approximately 59,500 linear feet of 8-inch to 12-inch wastewater lines, along with related manholes and appurtenances. Three lift stations and a series of force mains will be used to pump wastewater to the gravity lines that contribute to the wastewater treatment plant.

Storm Water Drainage System and Drainage Improvements

The storm water runoff within the proposed District will be directed along curb and gutter streets to an underground drainage system which outfalls into North Hickory Creek and Dry Fork Creek. All storm drainage improvements will be designed in accordance with criteria established by Denton County.

Road Improvements

Application material indicates the proposed District will construct road improvements, including primary local streets and collector streets, within the proposed District. All streets will be designed in accordance with criteria established by the City.

Topography

The topography of the proposed District generally drains towards North Hickory Creek and Dry Fork Creek. Elevations within the proposed District range from 650 feet to 710 feet above mean sea level.

Floodplain

According to Federal Emergency Management Agency Flood Insurance Rate Map Panel No. 48121C0355G dated April 18, 2011, approximately 352 acres of the proposed district are within Zone X or Zone D, 60 acres are located in Zone A, and 84 acres are located in Zone AE. According to the engineering report, no development will occur within the floodway.

Subsidence

According to application material, the proposed District will receive its water from the City, and it is anticipated to have no effect on subsidence.

Groundwater Level

According to application material, the proposed District will receive its water from the City, and it is anticipated to have no effect on the groundwater levels in the region.

Water Quality

No adverse effect on the water quality of ground or surface water is anticipated due to the treatment and disposal of wastewater flows from the District into its proposed interim wastewater treatment facilities or the City's wastewater treatment facilities.

Dam Safety Analysis

The Dam Safety Section of the TCEQ has conducted a review of the proposed creation of the subject District and has concluded that there are no dams associated with the proposed District. Therefore, no dam safety analysis is required.

C. SUMMARY OF COSTS

WATER AND DRAINAGE

<u>Construction Costs</u>	District's ⁽¹⁾ <u>Share</u>
A. Developer Contribution Items	
1. Water, Wastewater, and Drainage	\$ 12,903,005
2. Contingencies (15% of Item No. 1)	1,935,451
3. Engineering, Surveying, and Inspection (10% of Item No. 1)	<u>1,290,300</u>
Total Developer Contribution Items	\$ 16,128,756
B. District Items	
1. Off-Site Water Line	\$ 1,152,693
2. Wastewater Treatment Plant	4,274,808
3. Contingencies (15% of Items No. 1 and 2)	814,125
4. Engineering, Surveying, and Inspection (10% of Items No. 1 and 2)	542,750
5. Land Costs/Easement Acquisition	<u>827,105</u>
Total District Items	\$ 7,611,481
TOTAL CONSTRUCTION COSTS (76.82% of Bond Issues)	\$ 23,740,237
<u>Nonconstruction Costs</u>	
A. Legal Fees	\$ 772,625
B. Fiscal Agent Fees	618,100
C. Interest	
1. Capitalized Interest (12 months at 4.5%)	1,390,725
2. Developer Interest (24 months at 4.5%)	2,136,621
D. Bond Discount (3%)	927,150
E. Bond Issuance Expenses	211,374
F. Bond Application Report Costs	300,000
G. Creation Expenses	350,000
H. Operating Expenses	350,000
I. Attorney General Fee (0.10%)	30,905
J. TCEQ Bond Issuance Fee (0.25%)	<u>77,263</u>
TOTAL NONCONSTRUCTION COSTS (23.18% of Bond Issues)	\$ 7,164,763
TOTAL BOND ISSUE REQUIREMENT	\$ 30,905,000

Note:

(1) Assumes 66% funding of anticipated developer contribution items, where applicable.

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. Roads	\$ 9,208,649
B. Right-of-Way Acquisition	2,009,603
C. Excavation, Erosion Control, and Miscellaneous	4,026,112
D. Contingencies (15% of Items A-C)	2,286,655
E. Engineering, Surveying, and Inspection (10% of Items A-C)	<u>1,524,436</u>
TOTAL CONSTRUCTION COSTS (79.96% of Bond Issues)	\$ 19,055,455
 <u>Nonconstruction Costs</u>	
A. Legal Fees	\$ 595,750
B. Fiscal Agent Fees	476,600
C. Interest	
1. Capitalized Interest (12 months at 4.5%)	1,072,350
2. Developer Interest (24 months at 4.5%)	1,714,991
D. Bond Discount (3%)	714,900
E. Bond Issuance Expenses	176,124
F. Attorney General Fee (0.10%)	<u>23,830</u>
TOTAL NONCONSTRUCTION COSTS (20.04% of Bond Issues)	\$ 4,774,545
 TOTAL BOND ISSUE REQUIREMENT	 \$ 23,830,000

Note:

(1) Assumes 66% funding of anticipated developer contribution items, where applicable.

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 projected in the following table.

<u>Development</u>	<u>Acres</u>	<u>ESFCs</u>
Single-Family	306.73	1,619
Street Right-of-Way	11.17	0
Open Spaces	<u>178.24</u>	<u>0</u>
Total	496.14	1,619

Market Study

A market study, prepared by Residential Strategies, Inc., has been submitted in support of the creation of the proposed District. The market study indicates that the proposed District will contain 1,691 single-family homes. Homes will be priced between \$210,000 and \$265,000 on 40-foot lots and are expected to be absorbed at a rate of 56 to 61 homes annually, between \$240,000 and \$295,000 on 50-foot lots and are expected to be absorbed at a rate of 85 to 93 homes annually, and between \$260,000 and \$330,000 on 60-foot lots and are expected to be absorbed at a rate of 10 to 12 homes annually.

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)	671	\$230,000	\$154,330,000
Single-Family (50-Foot Lots)	878	\$275,000	\$241,450,000
Single-Family (60-Foot Lots)	70	\$325,000	<u>\$22,750,000</u>
Total Assessed Valuation			\$418,530,000

The application considers an estimated bond issue requirement of \$54,735,000 (\$30,905,000 for utilities and \$23,830,000 for roads), assumes 66% financing, a bond coupon rate of 4.5%, and a 25-year bond life; therefore, the average annual debt service requirement would be \$3,691,275 (\$2,084,203 for utilities and \$1,607,072 for roads). Assuming a 98% collection rate and an ultimate assessed valuation of \$418,530,000, a tax rate of approximately \$0.91 (\$0.51 for utilities and \$0.40 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 2020 overlapping tax rates on land within the proposed District are shown in the following table.

<u>Taxing Jurisdiction</u>	<u>Tax Rate</u> ⁽¹⁾
Denton County	\$ 0.22
Krum ISD	1.35
Proposed Legends Ranch MUD of Denton County	<u>1.01</u> ⁽²⁾
Total Tax Rate	\$ 2.58

Notes:

(1) Represents tax rate per \$100 assessed valuation.

(2) Includes a \$0.91 debt service tax rate (utilities and roads) and a \$0.10 maintenance tax rate.

Based on the proposed District tax rate and the year 2020 overlapping tax rate on land within the proposed District, 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 \$78.50.

Comparative Water District Tax Rates

A combined projected tax rate of \$1.01 per \$100 assessed valuation, as indicated above, for 66% financing for the proposed District is comparable to other districts in the area. 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, and drainage facilities and roads, a combined projected tax rate of \$1.01 per \$100 assessed valuation, 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 creation of Legends Ranch Municipal Utility District of Denton County.
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:

Kilene Pylant

David Gowen

Antoine Fotr 

Ronald Lee Davis

Keith Armstrong

H. ADDITIONAL INFORMATION

The petitioner's professional representatives are:

Attorney: Ms. Mindy Koehne – Coats Rose, PC

Engineer: Mr. Tommy D. Tabor, P.E. – T. Tabor Consulting, PLLC

Market Analyst: Residential Strategies, Inc.

