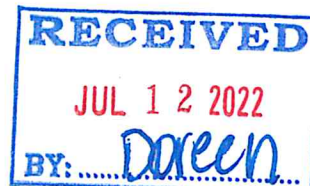


Jon Niermann, *Chairman*
Emily Lindley, *Commissioner*
Bobby Janecka, *Commissioner*
Toby Baker, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution



July 7, 2022

Mr. Anthony S. Corbett
Mclean and Howard LLP
4301 Bull Creek Road
Suite 150
Austin, Texas 78731

Re: Guadalupe County Municipal Utility District No. 4, Order Approving the Creation of the District

Dear Mr. Corbett:

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

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

Sincerely,

A handwritten signature in black ink that reads "Cari-Michel La Caille".

Cari-Michel La Caille, Deputy Director
Water Supply Division

CML/ds

Enclosures

ccs: Mailing list

MAILING LIST

Guadalupe County Municipal Utility District No. 4
TCEQ Internal Control No. D-02282022-041

<p>Mr. Tony Corbett McLean and Howard LLP 4301 Bull Creek Road Suite 150 Austin, Texas 78731</p> <p>Mr. Ken Heroy, P.E. Jones-Heroy and Associates, Inc. 13915 North Mopac Expressway, Suite 408 Austin, TX 78728</p> <p>Mr. Cameron Lopez TCEQ Region 13 14250 Judson Rd. San Antonio, TX 78233</p> <p>The Honorable John Kuempel State Representative District No. 44 Room GW.6 P.O. Box 2910 Austin, Texas 78768</p> <p>The Honorable Donna Campbell Senate District No. 25 P.O. Box 12068 Capitol Station Austin, Texas 78711</p> <p>Guadalupe County Attn: Teresa Kiel, County Clerk 211 W. Court St. Seguin, Texas 78155</p> <p>Commissioners Court of Guadalupe County c/o The Honorable Kyle Kutscher County Judge 101 East Court St. Seguin, Texas 78155</p> <p>City of Marion Attn: Maria Hernandez, City Secretary 303 S. Center St. Marion, TX 78124</p>	<p>Green Valley Special Utility District P.O. Box 99 Marion, TX 78124</p> <p>Alamo Area Council of Governments 2700 NE Loop 410, Suite 101 San Antonio, TX 78217</p> <p>Texas Commission on Environmental Quality P. O. Box 13087 Austin, Texas 78711-3087</p> <p>Todd Galiga, Senior Attorney, Environmental Law Division, MC-173</p> <p>Kayla Murray, Attorney, Environmental Law Division, MC-173</p> <p>Justin Taack, Technical Manager, Districts Creation Review Team, MC-152</p> <p>Michael Briscoe, Leader, Districts Creation Review Team, MC-152</p> <p>Daniel Finnegan, Leader, Districts Bond Team, MC-152</p> <p>Darryl Smith, Districts Bond Team, MC-152</p> <p>Sean Ables, Drinking Water Technical Review, Water Supply Division, MC-155</p> <p>Vic McWherter, Office of the Public Interest Counsel, MC-103</p>
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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

JUL - 7 2022

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

AN ORDER GRANTING THE PETITION FOR CREATION OF GUADALUPE COUNTY MUNICIPAL UTILITY DISTRICT NO. 4 AND APPOINTING TEMPORARY DIRECTORS

A petition by Grafted Investments, LLC, a Texas limited liability company (Petitioner) was presented to the Executive Director of the Texas Commission on Environmental Quality (TCEQ) for approval of the creation of Guadalupe County Municipal Utility District No. 4 (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 June 20, 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, and groundwater level within the region, recharge capability of a groundwater source, natural runoff rates and drainage, water quality, or total tax assessments on all land located within the proposed District.

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

All statutory and regulatory requirements for creation of Guadalupe County Municipal Utility District No. 4 have been fulfilled in accordance with TEX. WATER CODE § 54.021 and 30 TEX. ADMIN. CODE §§ 293.11-293.12.

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

1. The petition for the creation of Guadalupe County Municipal Utility District No. 4 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 wholly within Guadalupe County, Texas, and the extraterritorial jurisdiction of the City of Marion, described by metes and bounds in Exhibit "A" attached hereto and incorporated herein for all purposes.

5. The Memorandum dated June 20, 2022, 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.

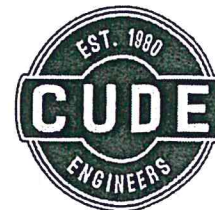
9. If any provision, sentence, clause, or phrase of this Order is for any reason held to be invalid, the invalidity of any portion shall not affect the validity of the remaining portions of the Order.

Issue Date: **June 30, 2022**



For the Commission

Exhibit "A"



PERIMETER DESCRIPTION 117.7 ACRES OF LAND

PERIMETER DESCRIPTION OF A 117.7 ACRE TRACT OF LAND OUT OF THE JOSEPH N. DE LOS CORTINAS SURVEY 64, ABSTRACT 90, SITUATED IN GUADALUPE COUNTY, TEXAS, AND BEING THAT SAME TRACT DESCRIBED AS 117.714 ACRES IN A GENERAL WARRANTY DEED WITH VENDOR'S LIEN TO GRAFTED INVESTMENTS LLC, DATED JUNE 15, 2021 AND RECORDED IN DOCUMENT NO. 202199021067, OFFICIAL PUBLIC RECORDS OF GUADALUPE COUNTY, TEXAS, SAID 117.7 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING, AT A WOOD FENCE CORNER POST FOUND IN THE EAST LINE OF THE REMAINDER OF THAT CERTAIN TRACT DESCRIBED AS TRACT NO. 1 IN A WARRANTY DEED WITH VENDOR'S LIEN TO MICHAEL GERDES, DATED OCTOBER 16, 2001 AND RECORDED IN VOLUME 1646, PAGE 845, OFFICIAL PUBLIC RECORDS, GUADALUPE COUNTY, TEXAS, FOR THE CALLED WEST CORNER OF SAID 117.714 ACRE TRACT AND FOR THE WEST CORNER OF THIS TRACT;

THENCE, N 59°30'41" E 239.37 FEET WITH THE NORTH LINE OF SAID 117.714 ACRE TRACT AND THIS TRACT TO A 1/2 INCH IRON ROD FOUND FOR THE SOUTH CORNER OF THAT CERTAIN TRACT DESCRIBED AS A 2.41 ACRES IN A RIGHT-OF-WAY DEED TO THE COUNTY OF GUADALUPE, STATE OF TEXAS, DATED OCTOBER 23, 1979 AND RECORDED IN VOLUME 587, PAGE 75 OF SAID OFFICIAL PUBLIC RECORDS, SAID RIGHT-OF-WAY BEING COUNTY ROAD 315A, ALSO KNOWN AS GERDES ROAD;

THENCE, WITH THE SOUTH LINE OF SAID COUNTY ROAD 315A (SAID 2.41 ACRE TRACT), AND WITH THE NORTH LINE OF SAID 117.714 ACRE TRACT AND THIS TRACT THE FOLLOWING TWO (2) COURSES:

1. N 59°29'46" E 1360.71 FEET TO A 1/2 INCH IRON ROD WITH CAP INSCRIBED "CUDE" SET,
2. N 66°31'25" E 299.45 FEET TO A 1/2 INCH IRON ROD WITH CAP INSCRIBED "MMES RPLS 6490" FOUND FOR THE EAST CORNER OF SAID 2.41 ACRE TRACT (COUNTY ROAD 315A), BEING AT THE SOUTH END OF A 60 FOOT RIGHT-OF-WAY (CONTINUATION OF COUNTY ROAD 315A) AS DESCRIBED IN VOLUME 349, PAGE 201 OF THE DEED RECORDS OF GUADALUPE COUNTY, TEXAS;

THENCE, CONTINUING WITH THE SOUTH LINE OF SAID COUNTY ROAD 315A, AND WITH THE NORTH LINE OF SAID 117.714 ACRE TRACT AND THIS TRACT THE FOLLOWING THREE (3) COURSES:

1. N 59°53'40" E 761.54 FEET TO A 1/2 INCH IRON ROD WITH CAP INSCRIBED "MMES RPLS 6490" FOUND,
2. N 52°07'20" E 345.31 FEET TO A 1/2 INCH IRON ROD WITH CAP INSCRIBED "MMES RPLS 6490" FOUND,
3. N 59°22'39" E 1631.08 FEET TO A 1/2 INCH IRON ROD WITH CAP INSCRIBED "MMES RPLS 6490" FOUND IN THE WEST LINE OF S. SANTA CLARA ROAD (NO RECORD INFORMATION FOUND) FOR THE NORTH CORNER HEREOF;

THENCE, S 30°08'52" E 1044.96 FEET WITH THE WEST MARGIN OF S. SANTA CLARA ROAD TO 1/2 INCH IRON ROD WITH CAP INSCRIBED "MMES RPLS 6490" FOUND FOR THE EAST CORNER HEREOF;

THENCE, S 58°28'52" W 70.47 FEET CONTINUING WITH THE WEST LINE OF S. SANTA CLARA ROAD, TO A 1/2 INCH IRON ROD IN CONCRETE FOUND FOR THE CALLED NORTH CORNER OF THAT CERTAIN TRACT DESCRIBED AS 138.474 ACRES IN A WARRANTY DEED WITH VENDOR'S LIEN TO GRAFTED INVESTMENTS LLC, DATED JUNE 15, 2021 AND RECORDED IN DOCUMENT NO. 202199021066, OF SAID OFFICIAL PUBLIC RECORDS;

THENCE, WITH THE COMMON LINE OF SAID 117.695 ACRE AND SAID 138.474 ACRE GRAFTED INVESTMENTS LLC TRACTS, AND WITH THE SOUTH LINE OF THIS TRACT THE FOLLOWING THREE (3) COURSES:

1. S 58°32'55" W 732.90 FEET TO 1/2 INCH IRON ROD IN CONCRETE FOUND,
2. S 26°41'11" E 192.39 FEET TO 1/2 INCH IRON ROD IN CONCRETE FOUND;
3. S 59°39'17" W 3289.36 FEET TO A 1/2 INCH IRON ROD FOUND FOR THE CALLED MOST EASTERLY SOUTH CORNER OF SAID 117.714 ACRE TRACT AND THE SOUTH CORNER OF THIS TRACT;

THENCE, N 30°00'40" W, WITH THE WEST LINE OF SAID 117.714 ACRE TRACT, AT 10.22 FEET PASSING A 2 INCH PIPE FOUND FOR THE CALLED EASTERLY CORNER OF THAT CERTAIN TRACT DESCRIBED AS 208.655 ACRES IN A SPECIAL WARRANTY DEED TO PFANNSTIEL FARMS LLC, DATED MAY 9, 2017 AND RECORDED IN DOCUMENT NO. 2017011095, SAID OFFICIAL PUBLIC RECORDS, AND CONTINUING WITH SAID WEST LINE FOR AN OVERALL DISTANCE OF 797.87 FEET TO A 1 INCH IRON ROD FOUND;

THENCE, S 59°10'23" W 288.15 FEET WITH THE COMMON LINE OF SAID 117.714 ACRE GRAFTED INVESTMENTS LLC TRACT AND SAID PFANNSTIEL FARMS LLC TRACT TO A 1 INCH IRON ROD FOUND;

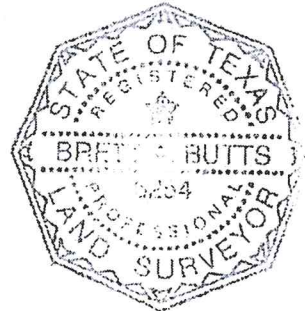
THENCE, S 59°30'28" W 239.46 FEET CONTINUING WITH THE COMMON LINE OF SAID 117.714 ACRE GRAFTED INVESTMENTS LLC TRACT AND SAID PFANNSTIEL FARMS LLC TRACT TO A 3/8 INCH IRON ROD FOUND IN THE EAST LINE OF SAID GERDES REMAINDER TRACT;

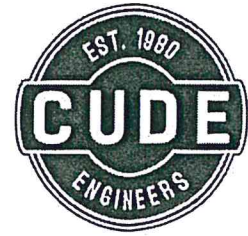
THENCE, N 30°27'44" W 439.21 FEET WITH THE COMMON LINE OF SAID 117.714 ACRE GRAFTED INVESTMENTS LLC TRACT AND SAID GERDES REMAINDER TRACT TO THE POINT OF BEGINNING.

BEARINGS BASED ON GRID NORTH, TEXAS STATE PLANE COORDINATE SYSTEM, SOUTH CENTRAL ZONE (4204), NAD 83 (2011). ALL DISTANCES SHOWN HEREON ARE GROUND DISTANCES USING A COMBINED SCALE FACTOR OF 1.00013. A SURVEY PLAT ACCOMPANIES THIS FIELD NOTE DESCRIPTION.

Brett A. Butts DECEMBER 8, 2021

BRETT A. BUTTS
 REGISTERED PROFESSIONAL LAND SURVEYOR NO. 6254
 CUDE ENGINEERS
 12301 RESEARCH BLVD, BUILDING V, SUITE 160
 AUSTIN, TX 78759
 TBPELS FIRM NO. 10048500
 TBPE FIRM NO. 455
 JOB NO. 3608.000





**CLOSURE CALCULATION
117.7 ACRES OF LAND**

Mapcheck 2: TRACT 2

Closure Summary

Precision, 1 part in: 1168096.58'
Error distance: 0.01'
Error direction: N37° 06' 53"W
Area: 117.7 Acres
Square area: 5127023.272
Perimeter: 11732.23'

Point of Beginning

Easting: 2233934.9150'
Northing: 13750256.1500'

Side 1: Line

Direction: N59° 30' 41"E
Angle: [-120°29'19"]
Deflection angle: [59°30'41"]
Distance: 239.37'
Easting: 2234141.1873'
Northing: 13750377.5985'

Side 2: Line

Direction: N59° 29' 46"E
Angle: [179°59'05"]
Deflection angle: [-0°00'55"]
Distance: 1360.71'
Easting: 2235313.5679'
Northing: 13751068.2906'

Side 3: Line

Direction: N66° 31' 25"E
Angle: [-172°58'21"]
Deflection angle: [7°01'39"]
Distance: 299.45'
Easting: 2235588.2307'
Northing: 13751187.5828'

Side 4: Line

Direction: N59° 53' 40"E
Angle: [173°22'15"]
Deflection angle: [-6°37'45"]
Distance: 761.54'
Easting: 2236247.0411'
Northing: 13751569.5672'

Side 5: Line

Direction: N52° 07' 20"E
Angle: [172°13'40"]

Deflection angle: [-7°46'20"]
 Distance: 345.31'
 Easting: 2236519.6019'
 Northing: 13751781.5803'

Side 6: Line

Direction: N59° 22' 39"E
 Angle: [-172°44'41"]
 Deflection angle: [7°15'19"]
 Distance: 1631.08'
 Easting: 2237923.2149'
 Northing: 13752612.4188'

Side 7: Line

Direction: S30° 08' 52"E
 Angle: [-89°31'31"]
 Deflection angle: [90°28'29"]
 Distance: 1044.96'
 Easting: 2238448.0272'
 Northing: 13751708.8075'

Side 8: Line

Direction: S58° 28' 52"W
 Angle: [-91°22'16"]
 Deflection angle: [88°37'44"]
 Distance: 70.47'
 Easting: 2238387.9538'
 Northing: 13751671.9672'

Side 9: Line

Direction: S58° 32' 55"W
 Angle: [-179°55'57"]
 Deflection angle: [0°04'03"]
 Distance: 732.90'
 Easting: 2237762.7292'
 Northing: 13751289.5583'

Side 10: Line

Direction: S26° 41' 11"E
 Angle: [94°45'54"]
 Deflection angle: [-85°14'06"]
 Distance: 192.39'
 Easting: 2237849.1328'
 Northing: 13751117.6621'

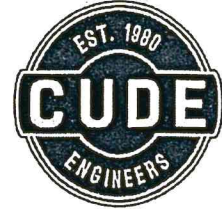
Side 11: Line

Direction: S59° 39' 17"W
 Angle: [-93°39'32"]
 Deflection angle: [86°20'28"]
 Distance: 3289.36'
 Easting: 2235010.4264'
 Northing: 13749455.8453'

Side 12: Line

Direction: N30° 00' 40"W
 Angle: [-89°39'57"]
 Deflection angle: [90°20'03"]
 Distance: 797.87'
 Easting: 2234611.3574'

Northing: 13750146.7436'
Side 13: Line
Direction: S59° 10' 23"W
Angle: [89°11'03"]
Deflection angle: [-90°48'57"]
Distance: 288.15'
Easting: 2234363.9175'
Northing: 13749999.0821'
Side 14: Line
Direction: S59° 30' 28"W
Angle: [-179°39'55"]
Deflection angle: [0°20'05"]
Distance: 239.46'
Easting: 2234157.5753'
Northing: 13749877.5750'
Side 15: Line
Direction: N30° 27' 44"W
Angle: [-89°58'12"]
Deflection angle: [90°01'48"]
Distance: 439.21'
Easting: 2233934.9089'
Northing: 13750256.1580'



PERIMTER DESCRIPTION
138.4 ACRES OF LAND

BEING 138.4 ACRES OF LAND OUT OF THE JOSEPH N. DE LOS CORTINAS SURVEY 64, ABSTRACT 90, SITUATED IN GUADALUPE COUNTY, TEXAS, AND BEING THAT SAME TRACT DESCRIBED AS 138.474 ACRES IN A GENERAL WARRANTY DEED WITH VENDOR'S LIEN TO GRAFTED INVESTMENTS LLC, DATED JUNE 15, 2021 AND RECORDED IN DOCUMENT NO. 202199021066, OFFICIAL PUBLIC RECORDS OF GUADALUPE COUNTY, TEXAS, SAID 138.4 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A 1/2 INCH IRON ROD IN CONCRETE FOUND IN THE EAST LINE OF THAT CERTAIN TRACT DESCRIBED AS 20.000 ACRES IN A PARTITION DEED TO DEBORAH K. PARSONS AND AUBREY PARSONS, DATED APRIL 4, 2019 AND RECORDED IN DOCUMENT NO. 201999009941, OF SAID OFFICIAL PUBLIC RECORDS, ON OR NEAR THE WEST CORNER OF THAT CERTAIN TRACT DESCRIBED AS 15.11 ACRES IN A WARRANTY DEED TO GILFORD ARLON ADAMS, DATED NOVEMBER 29, 2000 AND RECORDED IN VOLUME 1598, PAGE 806, SAID OFFICIAL PUBLIC RECORDS, AND BEING THE CALLED SOUTH CORNER OF SAID 138.474 ACRE GRAFTED INVESTMENTS LLC TRACT AND THE SOUTH CORNER OF THIS TRACT;

THENCE, N 20°27'55" W 1206.88 FEET WITH THE WEST LINE OF SAID GRAFTED INVESTMENTS LLC TRACT TO A 1/2 INCH IRON ROD IN CONCRETE FOUND ALONG THE SOUTH LINE OF THAT CERTAIN TRACT DESCRIBED AS 208.655 ACRES IN A SPECIAL WARRANTY DEED TO PFANNSTIEL FARMS, LLC, DATED MAY 9, 2017 AND RECORDED IN DOCUMENT NO. 2017011095, OF SAID OFFICIAL PUBLIC RECORDS, FOR THE NORTH CORNER OF SAID 20.000 ACRE PARSONS TRACT AND THE CALLED MOST SOUTHERLY WEST CORNER OF SAID GRAFTED INVESTMENTS LLC TRACT, AND FOR THE WEST CORNER OF THIS TRACT;

THENCE, N 60°16'29" E 745.80 FEET WITH THE NORTH LINE OF SAID 138.474 ACRE GRAFTED INVESTMENTS LLC TRACT AND THE NORTH LINE OF THIS TRACT TO A 1/2 INCH IRON ROD FOUND FOR THE CALLED MOST EASTERLY SOUTH CORNER OF THAT CERTAIN TRACT DESCRIBED AS 117.714 ACRES IN A GENERAL WARRANTY DEED WITH VENDOR'S LIEN TO GRAFTED INVESTMENTS LLC, DATED JUNE 15, 2021 AND RECORDED IN DOCUMENT NO. 202199021067, SAID OFFICIAL PUBLIC RECORDS;

THENCE, WITH THE COMMON LINE OF SAID 138.474 ACRE AND SAID 117.714 ACRE GRAFTED INVESTMENTS LLC TRACTS, AND CONTINUING WITH THE NORTH LINE OF THIS TRACT, THE FOLLOWING THREE (3) COURSES:

1. N 59°39'17" E 3289.36 FEET TO A 1/2 INCH IRON ROD IN CONCRETE FOUND;
2. N 26°41'11" W 192.39 FEET TO A 1/2 INCH IRON ROD IN CONCRETE FOUND;
3. N 58°32'55" E 732.90 FEET TO A 1/2 INCH IRON ROD IN CONCRETE FOUND IN THE WEST MARGIN OF S. SANTA CLARA ROAD (NO RECORD INFORMATION FOUND) FOR THE CALLED NORTH CORNER OF SAID 138.474 ACRE GRAFTED INVESTMENTS LLC TRACT AND FOR THE NORTH CORNER OF THIS TRACT, FOR REFERENCE A 1/2 INCH IRON ROD WITH CAP INSCRIBED "MMES RPLS 6490" FOUND IN SAID WEST MARGIN FOR THE CALLED EAST CORNER OF SAID 117.695 ACRE GRAFTED INVESTMENTS LLC TRACT BEARS N 58°28'52" E 70.47 FEET;

THENCE, S 32°25'12" E 1411.89 FEET WITH THE WEST MARGIN OF SAID S. SANTA CLARA ROAD AND WITH THE EAST LINE OF SAID 138.474 ACRE GRAFTED INVESTMENTS LLC TRACT AND THIS TRACT TO A 1/2 INCH IRON ROD IN CONCRETE FOUND (MONUMENT OF RECORD DIGNITY) FOR THE EAST CORNER OF THIS TRACT, FOR REFERENCE A 5/8 INCH IRON ROD FOUND (NOT HONORING) FOR THE OSTENSIBLE EAST CORNER AS DESCRIBED IN SAID 138.474 ACRE GRAFTED INVESTMENTS DEED BEARS S 42°01'19" E 6.15 FEET;

THENCE, OCCASIONALLY ALONG OR NEAR A FENCE, WITH THE SOUTH LINE OF SAID 138.474 ACRE TRACT, AND WITH THE SOUTH LINE OF THIS TRACT, AS FOUND MONUMENTED ON THE GROUND, THE FOLLOWING FOURTEEN (14) COURSES:

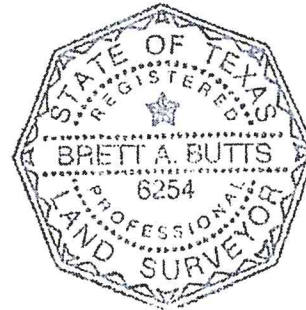
1. S 59°44'20" W WITH THE NORTH LINE OF THAT CERTAIN TRACT DESCRIBED AS 2.50 ACRES IN A GENERAL WARRANTY DEED TO TYLER J. ZUNKER AND EMILY RENEE ZUNKER DATED APRIL 8, 2019 AND RECORDED IN DOCUMENT NUMBER 201999007560 OF SAID OFFICIAL PUBLIC RECORDS, AND IN SUCCESSION, WITH THE NORTH LINE OF THAT CERTAIN TRACT DESCRIBED AS 16.050 ACRES IN A GENERAL WARRANTY DEED TO 4E LLC DATED AUGUST 27, 2020 AND RECORDED IN DOCUMENT NUMBER 202099023331 OF SAID OFFICIAL PUBLIC RECORDS, AT 200.3 FEET PASSING THE CENTER OF SANTA CLARA CREEK BEING ON OR NEAR THE NORTHWEST CORNER OF SAID 2.50 ACRE TRACT, AT 250.00 FEET PASSING A 1/2 INCH IRON ROD WITH CAP INSCRIBED "WALS" FOUND FOR A CALLED WITNESS MONUMENT IN THE NORTH LINE OF SAID 16.050 ACRE 4E LLC TRACT, AND CONTINUING FOR AN OVERALL DISTANCE OF 1029.02 FEET TO A 1/2 INCH IRON ROD WITH CAP INSCRIBED "B&A RLPS 2633" FOUND FOR THE WEST CORNER OF SAID 16.050 ACRE 4E LLC TRACT, SAME BEING THE NORTH CORNER OF LOT 17 OF KNOWLES SUBDIVISION PHASE 2 AS RECORDED IN VOLUME 6, PAGE 797-798 OF THE MAP AND PLAT RECORDS OF GUADALUPE COUNTY, TEXAS,
2. S 59°50'26" W 334.83 FEET WITH THE NORTH LINE OF SAID LOT 17 TO A 1/2 INCH IRON ROD WITH CAP INSCRIBED "B&A RLPS 2633" FOUND FOR THE NORTH CORNER OF LOT 16 OF SAID KNOWLES SUBDIVISION,
3. S 59°39'49" W 279.87 FEET WITH THE NORTH LINE OF SAID LOT 16 TO A 1/2 INCH IRON ROD WITH CAP INSCRIBED "B&A RLPS 2633" FOUND FOR THE NORTH CORNER OF LOT 15 OF SAID KNOWLES SUBDIVISION,
4. S 59°47'10" W 350.52 FEET WITH THE NORTH LINE OF SAID LOT 15 TO A 1/2 INCH IRON ROD WITH CAP INSCRIBED "B&A RLPS 2633" FOUND FOR THE NORTH CORNER OF LOT 14 OF SAID KNOWLES SUBDIVISION,
5. S 59°46'31" W 69.38 FEET WITH THE NORTH LINE OF SAID LOT 14 TO A CALCULATED POINT,
6. S 60°05'31" W 145.56 FEET CONTINUING WITH THE NORTH LINE OF SAID LOT 14 TO A 1/2 INCH IRON ROD FOUND FOR THE NORTH CORNER OF THAT CERTAIN TRACT DESCRIBED AS 10.00 ACRES IN A WARRANTY DEED WITH VENDOR'S LIEN TO BRIAN D. OGLE DATED NOVEMBER 26, 2012 AND RECORDED IN VOLUME 4008, PAGE 923 OF SAID OFFICIAL PUBLIC RECORDS,
7. S 60°05'58" W 255.41 FEET WITH THE NORTH LINE OF SAID 10.00 ACRE OGLE TRACT TO A 3/8 INCH IRON ROD FOUND FOR THE NORTH CORNER OF LOT 7 OF RED OAK SUBDIVISION AS RECORDED IN VOLUME 5, PAGE 178-B AND 179-A OF SAID MAP AND PLAT RECORDS,
8. S 59°55'11" W 201.13 FEET WITH THE NORTH LINE OF SAID LOT 7 TO A 1/2 INCH IRON ROD FOUND FOR THE NORTH CORNER OF LOT 6 OF SAID RED OAK SUBDIVISION,
9. S 59°54'14" W 230.99 FEET WITH THE NORTH LINE OF SAID LOT 6 TO A 1/2 INCH IRON ROD FOUND FOR THE NORTH CORNER OF THAT CERTAIN TRACT DESCRIBED AS 4.693 ACRES IN A WARRANTY DEED WITH VENDOR'S LIEN TO GEORGE ANTHONY MARTINEZ AND KORIN LEIGH MARTINEZ DATED AUGUST 13, 2008 AND RECORDED IN DOCUMENT NUMBER 201899018965 OF SAID OFFICIAL PUBLIC RECORDS,
10. S 59°49'34" W 153.10 FEET WITH THE NORTH LINE OF SAID 4.693 ACRE MARTINEZ TRACT TO A 3/8 INCH IRON ROD FOUND FOR THE NORTH CORNER OF THAT CERTAIN TRACT DESCRIBED AS 5.015 ACRES IN A GENERAL WARRANTY DEED TO CREOLA KENNEDY DATED AUGUST 30, 2006 AND RECORDED IN VOLUME 2366, PAGE 563 OF SAID OFFICIAL PUBLIC RECORDS,

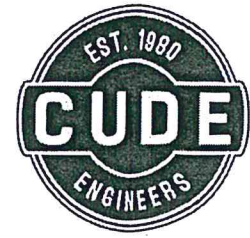
11. S 60°33'17" W 160.86 FEET WITH THE NORTH LINE OF SAID 5.015 ACRE KENNEDY TRACT TO A 1/2 INCH IRON ROD FOUND FOR THE NORTH CORNER OF THAT CERTAIN TRACT DESCRIBED AS 5.50 ACRES IN A WARRANTY DEED WITH VENDOR'S LIEN TO JASON P. ELLIS AND ALICIA N. ELLIS DATED JULY 30, 2012 AND RECORDED IN VOLUME 3155, PAGE 729 OF SAID OFFICIAL PUBLIC RECORDS,
12. S 60°01'57" W 187.71 FEET WITH THE NORTH LINE OF SAID 5.50 ACRE ELLIS TRACT TO A 1/2 INCH IRON ROD FOUND FOR THE NORTH CORNER OF THAT CERTAIN TRACT DESCRIBED AS 10.0 ACRES IN A WARRANTY DEED WITH VENDOR'S LIEN TO TIM H. SHULER AND DONNA M. SHULER DATED APRIL 18, 2017 AND RECORDED IN DOCUMENT NUMBER 2017008564 OF SAID OFFICIAL PUBLIC RECORDS,
13. S 60°04'20" W 382.02 FEET WITH THE NORTH LINE OF SAID 10.0 ACRE SHULER TRACT TO A 1/2 INCH IRON ROD FOUND FOR THE NORTH CORNER OF THAT CERTAIN TRACT DESCRIBED AS 10.00 ACRES IN A WARRANTY DEED WITH VENDOR'S LIEN TO RICHARD E. WALTON AND LISA L. WALTON DATED MARCH 32, 2004 AND RECORDED IN VOLUME 1987, PAGE 987 OF SAID OFFICIAL PUBLIC RECORDS,
14. S 60°01'55" W 1258.04 FEET WITH THE NORTH LINE OF SAID 10.00 ACRE WALTON TRACT, AND WITH THE NORTH LINE OF SAID 15.11 ACRE ADAMS TRACT TO THE POINT OF BEGINNING.

BEARINGS BASED ON GRID NORTH, TEXAS STATE PLANE COORDINATE SYSTEM, SOUTH CENTRAL ZONE (4204), NAD 83 (2011). ALL DISTANCES SHOWN HEREON ARE GROUND DISTANCES USING A COMBINED SCALE FACTOR OF 1.00013. A SURVEY PLAT ACCOMPANIES THIS FIELD NOTE DESCRIPTION.

Brett A. Butts DECEMBER 9, 2021

BRETT A. BUTTS
 REGISTERED PROFESSIONAL LAND SURVEYOR NO. 6254
 CUDE ENGINEERS
 12301 RESEARCH BLVD, BUILDING V, SUITE 160
 AUSTIN, TX 78759
 TBPELS FIRM NO. 10048500
 TBPE FIRM NO. 455
 JOB NO. 3608.000





**CLOSURE CALCULATION
138.4 ACRES OF LAND**

Mapcheck 1: TRACT 1

Closure Summary

Precision, 1 part in: 3892658.42'
Error distance: 0.00'
Error direction: S52° 17' 33"W
Area: 138.4 Acres
Square area: 6028908.705
Perimeter: 12617.66'

Point of Beginning

Easting: 2234784.7400'
Northing: 13747955.3340'

Side 1: Line

Direction: N20° 27' 55"W
Angle: [159°32'05"]
Deflection angle: [-20°27'55"]
Distance: 1206.88'
Easting: 2234362.7669'
Northing: 13749086.0409'

Side 2: Line

Direction: N60° 16' 29"E
Angle: [-99°15'36"]
Deflection angle: [80°44'24"]
Distance: 745.80'
Easting: 2235010.4292'
Northing: 13749455.8397'

Side 3: Line

Direction: N59° 39' 17"E
Angle: [179°22'48"]
Deflection angle: [-0°37'12"]
Distance: 3289.36'
Easting: 2237849.1356'
Northing: 13751117.6565'

Side 4: Line

Direction: N26° 41' 11"W
Angle: [93°39'32"]
Deflection angle: [-86°20'28"]
Distance: 192.39'
Easting: 2237762.7319'
Northing: 13751289.5527'

Side 5: Line

Direction: N58° 32' 55"E
Angle: [-94°45'54"]

Deflection angle: [85°14'06"]
 Distance: 732.90'
 Easting: 2238387.9566'
 Northing: 13751671.9616'

Side 6: Line

Direction: S32° 25' 12"E
 Angle: [-90°58'07"]
 Deflection angle: [89°01'53"]
 Distance: 1411.89'
 Easting: 2239144.9012'
 Northing: 13750480.1276'

Side 7: Line

Direction: S59° 44' 20"W
 Angle: [-87°50'28"]
 Deflection angle: [92°09'32"]
 Distance: 1029.02'
 Easting: 2238256.0977'
 Northing: 13749961.5617'

Side 8: Line

Direction: S59° 50' 26"W
 Angle: [-179°53'54"]
 Deflection angle: [0°06'06"]
 Distance: 334.83'
 Easting: 2237966.5934'
 Northing: 13749793.3405'

Side 9: Line

Direction: S59° 39' 49"W
 Angle: [179°49'23"]
 Deflection angle: [-0°10'37"]
 Distance: 279.87'
 Easting: 2237725.0446'
 Northing: 13749651.9849'

Side 10: Line

Direction: S59° 47' 10"W
 Angle: [-179°52'39"]
 Deflection angle: [0°07'21"]
 Distance: 350.52'
 Easting: 2237422.1418'
 Northing: 13749475.5929'

Side 11: Line

Direction: S59° 46' 31"W
 Angle: [179°59'21"]
 Deflection angle: [-0°00'39"]
 Distance: 69.38'
 Easting: 2237362.1935'
 Northing: 13749440.6675'

Side 12: Line

Direction: S60° 05' 31"W
 Angle: [-179°41'00"]
 Deflection angle: [0°19'00"]
 Distance: 145.56'
 Easting: 2237236.0182'

Northing: 13749368.0899'
 Side 13: Line
 Direction: S60° 05' 58"W
 Angle: [-179°59'33"]
 Deflection angle: [0°00'27"]
 Distance: 255.41'
 Easting: 2237014.6053'
 Northing: 13749240.7690'
 Side 14: Line
 Direction: S59° 55' 11"W
 Angle: [179°49'13"]
 Deflection angle: [-0°10'47"]
 Distance: 201.13'
 Easting: 2236840.5627'
 Northing: 13749139.9600'
 Side 15: Line
 Direction: S59° 54' 14"W
 Angle: [179°59'03"]
 Deflection angle: [-0°00'57"]
 Distance: 230.99'
 Easting: 2236640.7135'
 Northing: 13749024.1296'
 Side 16: Line
 Direction: S59° 49' 34"W
 Angle: [179°55'20"]
 Deflection angle: [-0°04'40"]
 Distance: 153.10'
 Easting: 2236508.3579'
 Northing: 13748947.1776'
 Side 17: Line
 Direction: S60° 33' 17"W
 Angle: [-179°16'17"]
 Deflection angle: [0°43'43"]
 Distance: 160.86'
 Easting: 2236368.2769'
 Northing: 13748868.1001'
 Side 18: Line
 Direction: S60° 01' 57"W
 Angle: [179°28'40"]
 Deflection angle: [-0°31'20"]
 Distance: 187.71'
 Easting: 2236205.6621'
 Northing: 13748774.3373'
 Side 19: Line
 Direction: S60° 04' 20"W
 Angle: [-179°57'37"]
 Deflection angle: [0°02'23"]
 Distance: 382.02'
 Easting: 2235874.5826'
 Northing: 13748583.7445'
 Side 20: Line
 Direction: S60° 01' 55"W

Angle: [179°57'35"]
Deflection angle: [-0°02'25"]
Distance: 1258.04'
Easting: 2234784.7374'
Northing: 13747955.3320'

Texas Commission on Environmental Quality

TECHNICAL MEMORANDUM

To: Justin P. Taack, Manager
Districts Section

Date: June 20, 2022

J.P.T. 6-20-2022

Thru: Daniel Finnegan, Team Lead
District Bond Team

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

Subject: Petition by Grafted Investments, LLC for Creation of Guadalupe County Municipal Utility District No. 4; Pursuant to Texas Water Code Chapters 49 and 54.
TCEQ Internal Control No. D-02282022-041 (TC)
CN: 605990845 RN: 111448999

A. GENERAL INFORMATION

The Texas Commission on Environmental Quality (TCEQ) received a petition within the application requesting approval for the creation of Guadalupe County Municipal Utility District No. 4 (District). The petition was signed by Jason Osuna as the manager of Grafted Investments, 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 is one lienholder, Sigman Investments, LP on the property to be included in the proposed District and the aforementioned entity has consented to the petition.

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

Location and Access

The proposed District is located in Guadalupe County, Texas, approximately 2.5 miles north of Interstate Highway 10, south of County Road 315A and west of Santa Clara Road. The proposed District is not within the corporate limits of any city; however, it is located entirely within the extraterritorial jurisdiction of the City of Marion (City). Access to the proposed District will be provided by County Road 315A and Santa Clara Road. The site is approximately 1.0 miles southwest of the City of Marion.

Metes and Bounds Description

The proposed District contains 256.188 acres of land. The metes and bounds description of the proposed District has been reviewed and checked by TCEQ's staff and has been found to form an acceptable closure.

No City Consent

The proposed district is within the extraterritorial jurisdiction of the City of Marion, Texas, a municipality. Therefore, the requirements of TWC Section 54.016 and Texas Local Government Code Section 42.042 apply. On June 28, 2021, 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. On July 12, 2021, the City Council voted affirmatively to refuse consent to the creation of, and inclusion of the land within the District. The Petitioner on July 13, 2021, submitted a petition to the City to provide water or sewer services to the District. On July 20, 2021, the City Council of the City determined by vote that it could not provide the requested services, would not again take up the matter, and that there would be no contract for services with Petitioner in accordance with Section 54.016(c) of the Texas Water Code. 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. The District is within the water utility CCN of Green Valley SUD and proposes to contract water and wastewater services with Green Valley SUD.

County Notification

In accordance with TWC Section 54.0161, a certified letter, dated March 14, 2022, was sent to the Commissioners Court of Guadalupe County which provided notice of the proposed District's pending creation application and provided them an opportunity to make their recommendations. To date, the county has not responded to this notification.

Statements of Filing Petition

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

Type of Project

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

Developer Qualifications

Grafted Investments LLC, managed by Jason Osuna, leverages over 20 years of experience in entitlements, permitting, development management and construction administration that has resulted in the development of thousands of residential lots, multiple commercial developments, educational facilities, and large public works/infrastructure projects. The Grafted Investments, LLC team has led numerous residential and commercial construction projects in the San Antonio and Comal County areas. Through these engagements, Mr. Osuna has established relationships with engineering firms, home builders, traffic control specialists and other specialists to build a portfolio of resources to support Grafted initiatives.

Certificate of Ownership

By signed certificate dated January 21, 2022, the Guadalupe Appraisal District has certified that the appraisal rolls indicate that the Petitioners are the owners of all of the land in the proposed District.

Temporary Director Affidavits

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

Brad Claus	Taylor Felan	Kevin Smith
Norman Dugas	Ryan Hoff	

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 3 and April 10, 2022, in the Seguin Gazette, a newspaper regularly published or circulated in Guadalupe County, the county in which the district is proposed to be located. Proper notice of the application was posted on March 31, 2022, in the Guadalupe County Courthouse, the place where legal notices in Guadalupe County are posted. Accordingly, the notice requirements of 30 TAC Section 293.12(b) have been satisfied. The opportunity for the public to request a contested case hearing (comment period) expired May 10, 2022.

B. ENGINEERING ANALYSIS

The creation engineering report indicates the following:

Availability of Comparable Service

The proposed District is located within the extraterritorial jurisdiction of the City of Marion (City) and the "Petitioner" submitted a petition to the City requesting water or sewer services. The District's request for services was denied by the City. The District is located within the water utility Certificate of Convenience and Necessity (CCN) of Green Valley SUD and proposes "by agreement" to contract water and wastewater services with Green Valley SUD. No other feasible/comparable water or wastewater services are available in the area.

Water Supply Improvements

All water supply and distribution system improvements to serve the proposed District will be designed and conform to criteria established by the TCEQ, the City and Guadalupe County. Per the engineering report, it is estimated that the proposed District will contain 891 living unit equivalents (LUEs) at ultimate development. Further, the engineering report indicates that water supply services will be provided by Green Valley SUD and distributed via a (district constructed/owned) network to retail residential customers in the District. It is anticipated that the District will reach a rate schedule agreement with the water supplier in the near future.

Water Distribution Improvements

The water distribution system for full development of the proposed District will consist of approximately 34,000 linear feet (LF) of 12" and 8" polyvinyl chloride (PVC) pipe along with all related appurtenances. The proposed water distribution system will consist of a network of arterial and interconnecting loop mains. The design of the water supply and distribution system will be based on a projection of the water demand conditions based on service connections, and the pressure at which it must be supplied.

Wastewater Treatment Improvements

It is estimated that the proposed District will contain 891 LUEs at ultimate development. According to the engineering report a flow rate of 300 gallons per day per LUE is projected. The proposed District is located in the CCN of Green Valley SUD and will use a gravity collection/distribution system to convey influent to the Green Valley SUD WWTP site. The proposed District will construct lift station(s) and distribution lines as needed to serve its customers.

Wastewater Collection Improvements

The proposed District's wastewater collection system at full development will consist of approximately 29,000 LF of 12", 10" and 8" PVC pipe, lift station(s), along with 103 standard manholes and all related appurtenances. The collection system will be designed to meet TCEQ, City and Guadalupe County design criteria.

Storm Water Drainage System and Drainage Improvements

The proposed District's storm water collection is through an internal drainage system that will drain to three detention ponds. The internal drainage system will consist of reinforced concrete box culverts, storm sewers with manholes, inlets, and drainage channels. Storm water will be released from the detention ponds via a gravity outfall to an existing offsite easement, and flow directly into Santa Clara Creek.

The proposed internal drainage system and drainage improvements will provide adequate drainage and detention for the developed property without adversely affecting upstream or downstream landowners. Design of the storm sewer system will be based on requirements of Guadalupe County, the City, and TCEQ.

Road Improvements

Application material indicates the District will have main points of access from County Road 315A and Santa Clara Road. The District will fund the main entrances, collector roads, and local streets. The developer will construct a network of major collector road, minor collectors, and local streets to provide access to the areas of the District depending on the land use plan. The streets and roadways will be designed in accordance with criteria established by Guadalupe County.

Recreational Facilities

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

Topography/Land Elevation

The District consists mainly of farm and ranch land with minimal trees. The natural drainage is in a southerly and easterly direction collecting to a tributary of Santa Clara Creek. The existing District elevations range from approximately 650 feet above mean sea level (msl) in the western portion to approximately 600 feet above msl in the southeastern portion. There are no plans to significantly alter land elevations in the District. Therefore, development within the proposed District is not expected to have an unreasonable effect on overall land elevations.

Floodplain

A portion of the proposed District is currently within the 100 year floodplain as shown on the Federal Emergency Management Agency Flood Insurance Rate Map (FIRM) No.48187C0245F effective November 2, 2007. 79.9 acres of the 103.5 acres designated as open space in the land use plan is in the Zone "A" floodplain. According to the District Engineer all plans for the drainage system will be reviewed and approved by Guadalupe County.

Subsidence

The proposed District will receive its water from Green Valley SUD; therefore, the proposed District is not expected to have an effect on subsidence. Green Valley SUD will be responsible for compliance with any subsidence or groundwater reduction programs in the area.

Dam Safety Analysis

The TCEQ Dam Safety Program personnel reviewed the location of the proposed District and confirmed by letter dated January 22, 2022, that there are no dam safety issues associated with the proposed District.

Groundwater Levels/Recharge

The District anticipates receiving all their water from Green Valley SUD; therefore, groundwater levels and recharge rates are not anticipated to be impacted within the proposed District. Green Valley SUD will be responsible for maintaining compliance with all groundwater regulations.

Natural Run-off and Drainage

Runoff from the proposed District will be collected in detention ponds before out falling into Santa Clara Creek. Development of the proposed District will increase the natural runoff rates

when compared to the present undeveloped state of the land. The ponds will be designed to mitigate any effect on downstream runoff rates.

Water Quality

No adverse effect of the water quality of ground or surface water is anticipated as a result of this development. The treatment and disposal of wastewater from the proposed District will be provided by Green Valley SUD in compliance with the terms of the waste discharge permit obtained from the TCEQ.

C. SUMMARY OF COSTS

WATER, WASTEWATER, AND DRAINAGE

<u>Construction Costs</u>	<u>District Share</u> ⁽¹⁾
A. Developer Contribution Items	
1. Water	\$ 3,853,855
2. Wastewater	5,883,807
3. Drainage	5,147,339
4. Erosion Control	1,329,850
5. Contingencies (10% of Items Nos. 1-4)	1,621,485
6. Engineering / Test (Items Nos. 1-4)	<u>1,621,485</u>
Total Developer Contribution Items	\$ 19,457,821
B. District Items	
1. Offsite Water	\$ 417,797
2. Land Cost	84,000 ⁽²⁾
3. Contingencies (10% of Item No. 1)	41,780
4. Engineering (10% of Item No. 1)	<u>41,780</u>
Total District Items	\$ 585,357
 TOTAL CONSTRUCTION COSTS	 \$ 20,043,178
 <u>Non-Construction Costs</u>	
A. Legal Fees	\$ 650,000
B. Fiscal Agent Fees	520,000
C. Interest Costs	
1. Capitalized Interest (2 years @ 3.5%)	1,820,000
2. Developer Interest (2 years @ 3.5% of Construction Costs)	1,403,022 ⁽³⁾
D. Bond Discount (3%)	780,000
E. Bond Issuance Expenses	167,800
F. District Creation Expenses	100,000
G. Bond Application Report Costs	300,000
H. Attorney General Fee (0.1%)	26,000

I. Administration and Operations	125,000
J. TCEQ Bond Issuance Fee (0.25%)	<u>65,000</u>
TOTAL NON-CONSTRUCTION COSTS	\$ 5,956,822
TOTAL W, WW, & D BOND ISSUE REQUIREMENT	\$ 26,000,000

Notes: (1) Assumes 100% funding of anticipated developer contribution items, where applicable.
(2) Represents land cost for detention ponds and easements.
(3) Assumes the bonds to reimburse the developer will be sold on average 2 years following the completion of facilities.

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

ROAD IMPROVEMENT

<u>Construction Costs</u>	<u>District Share</u> ⁽¹⁾
A. Roads	\$ 14,107,849
B. Contingencies (10% of Item No. 1)	1,410,785
C. Engineering (10% of Item No. 1)	1,410,785
D. Land Cost	<u>380,000</u>
TOTAL CONSTRUCTION COSTS	\$ 17,309,419
 <u>Non-Construction Costs</u>	
A. Legal Fees	\$ 546,250
B. Fiscal Agent Fees	437,000
C. Interest Costs	
1. Capitalized Interest (2 years @ 3.75%)	1,529,500
2. Developer Interest (2 years @ 3.75% of Construction Costs)	1,211,659 ⁽²⁾
D. Bond Discount (3%)	655,500
E. Bond Report Fee	60,000
F. Bond Issuance Expenses	78,822
G. Attorney General Fee (0.1%)	<u>21,850</u>
TOTAL NON-CONSTRUCTION COSTS	\$ 4,540,581
 TOTAL ROAD BOND ISSUE REQUIREMENT	 \$ 21,850,000

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

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

D. ECONOMIC ANALYSIS

Land Use

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

<u>Land Use</u>	<u>Acreage</u>	<u>LUEs</u>
Single Family/Residential	148.59	890
Open Space/Floodplain/Drainage/Detention	103.50	0
Amenity Center	<u>4.10</u>	<u>1</u>
Total	256.19	891

Market Study

A market study, prepared in September 2021 by Zonda Advisory, has been submitted in support of the creation of the proposed District. The proposed District is expected to include approximately 890 living unit equivalents on a tract totaling approximately 148.6 acres. The home values are expected to be approximately \$265,000 for 40-foot lots, \$285,000 for 45-foot and \$305,000 for 50-foot lots. The study indicates single-family homes for that price range within the study's market area and projects average annual home sales of 189 homes and build out within 4 to 6 years.

Project Financing

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

<u>Development Description</u>	<u>Lots</u>	<u>Developed Unit Value (per home per lot)</u>	<u>Total Buildout Value</u>
40-foot single-family lots	406	\$ 265,000	\$107,590,000
45-foot single-family lots	293	\$ 285,000	\$ 83,505,000
50-foot single-family lots	191	\$ 305,000	\$ <u>58,255,000</u>
		Total Assessed Valuation	\$249,350,000

The total estimated bond issue requirement for financing construction costs for the water, wastewater, drainage, and road projects proposed to serve the District is \$47,850,000 (\$26,000,000 utilities and \$21,850,000 roads) assuming the District qualifies for a waiver of the 30% developer contribution rule. Based the application material, assuming the issuance of bonds to reimburse the developer under the 100% reimbursement scenario, projected home values and build-out schedule from the market study, and the bond issue requirement of \$47,850,000, a debt service tax rate of \$1.133 per \$100 of assessed value (\$0.616 for utilities, and \$0.517 for roads) is sufficient to retire the bonds. The tax rate calculations assume the bonds will be sold at a 3.50% interest rate, with a 98% tax collection over the 27 year life of the bond. Adding a projected operation and maintenance tax of \$0.05 results in a projected District combined tax rate of \$1.183.

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

<u>Taxing Jurisdiction</u>	<u>Tax Rates</u> <u>(Montgomery County)</u> ⁽¹⁾
Guadalupe County MUD No. 4 (District)	\$ 1.1828 ⁽²⁾⁽³⁾
Guadalupe County	\$ 0.3299
Guadalupe County Lateral Road	\$ 0.0500
Marion Independent School District	\$ <u>1.3203</u>
TOTAL TAX per \$100 AV:	\$ 2.8830

Notes: (1) Tax rate per \$100 assessed valuation.
 (2) Represents \$0.616 for utilities, \$0.517 for roads, and \$0.05 for operation and maintenance tax.
 (3) Assuming 100% funding of anticipated developer contribution items, where applicable.

Based on the proposed District tax rate and the year 2021 overlapping tax rate on land within the proposed District, and assuming 100% financing, the project is considered economically feasible.

Water and Wastewater Rates

According to information provided, Green Valley SUD will provide retail water and wastewater services to the proposed District's customers. The current water rates are as follow:

Water rate:

<u>Monthly Fee</u>	<u>Water Usage</u>
\$29.77 Base Fee/LUE	0 - 2000 gallons
\$4.10 /1,000 gallons	2,001 to 5,000 gallons
\$5.30/1,000 gallons	5,000 to 10,000 gallons
\$6.56/1,000 gallons	10,001 to 15,000 gallons
\$7.98/1,000 gallons	15,001 to 25,000 gallons
\$10.50/1,000 gallons	25,001 to 50,000 gallons
\$13.13/1,000 gallons	50,001 gallons or more

Wastewater rate:

Monthly Fee	\$50.00 Flat Fee
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Based on the above rates, the estimated monthly fee for 10,000 gallons of water and wastewater would be \$118.57.

Comparative Water District Tax Rates

A tax rate of \$1.183 (\$0.616 for utilities, \$0.517 for roads, and \$0.05 for operation and maintenance tax) for the proposed District is comparable to other districts in the target market 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, a benefit to the land within the proposed District, and necessary as a means to finance utilities and to provide utility service to future customers.
2. Based on a review of the preliminary engineering report; market study; the proposed District's water, wastewater, drainage facilities, and road facilities; a combined projected tax rate of \$1.183 per \$100 AV when assuming 100% financing; the proposed District obtaining a 3.5% bond coupon interest rate; and other supporting data the proposed District is considered feasible under the feasibility limits prescribed by 30 TAC Section 293.59.
3. The recommendations are made under authority delegated by the Executive Director of the TCEQ.

G. RECOMMENDATIONS

1. Grant the petition for creation of Guadalupe County Municipal Utility District No. 4.
2. Grant the District's request to acquire road powers in accordance with TWC Section 54.234 and 30 TAC Sections 293.11(d)(11), 293.201, and 293.202 subject to the requirement imposed by the TCEQ and the general laws of the state relating to the exercise of such powers.
3. The Order granting the petition should include the following statements:

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

4. Appoint the following five persons to serve as temporary directors until permanent directors are elected and qualified:

Brad Claus	Taylor Felan	Kevin Smith
Norman Dugas	Ryan Hoff	

Justin P. Taack, Manager
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June 20, 2022

H. ADDITIONAL INFORMATION

The Petitioner's professional representatives are:

Attorney: Mr. Anthony S. Corbett - Mclean and Howard, LLP
Creation Engineer: Mr. Ken Heroy, P.E. - Jones-Heroy and Associates, Inc.

