

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

January 21, 2020

Mr. J. Davis Bonham, Jr.
Smith Murdaugh Little & Bonham L.L.P.
2727 Allen Parkway - Suite 1100
Houston, Texas 77019-2191

Re: Galveston County Municipal Utility District No. 44; Application for Approval of \$3,250,000 Unlimited Tax Bonds, Seventh Issue, 4.77% Net Effective Interest Rate, Series 2020; Pursuant to Texas Water Code Section 49.181.
TCEQ Internal Control No. D-12052019-007
CN: 602565715 RN: 104423165

Dear Mr. Bonham:

Enclosed are (1) a copy of the Texas Commission on Environmental Quality's (TCEQ) initialed memorandum that constitutes the official TCEQ staff report on the referenced application and (2) a copy of the associated draft order for your review. After we receive your consent, we will finalize the order approving your application and submit it to the Executive Director for signature.

The Executive Director is authorized to sign the order on behalf of the Commission in accordance with Section 5.122 of the Texas Water Code and the TCEQ's rules. **Please e-mail the executed consent form to technical manager Daniel Harrison at Daniel.Harrison@tceq.texas.gov.** Please do not send additional copies via mail or fax. If the executed consent form is not received within 5 working days, the application for your district will be considered "contested" and finalization of the order could be delayed significantly. After the Executive Director signs the order, the Chief Clerk's Office will provide you with a signed copy.

If you request amendments to the memorandum and/or draft order because of changes to your application or because you provide more information, additional time will be required to review the requested changes and modify the memorandum and/or draft order. **This could result in significant delays for obtaining approval of your application.**

If you have any questions, please contact Daniel Harrison at 512-239-1224 or by e-mail at daniel.harrison@tceq.texas.gov.

Sincerely,



Chris S. Ulmann, P.E., Manager
Water Supply Division - Districts Section
Texas Commission on Environmental Quality

CSU/dh

_____ I concur with the recommendations contained in the memorandum dated January 17, 2020 and the associated draft order.

_____ I intend to respond to the recommendations contained in the memorandum dated January 17, 2020 and the associated draft order.

_____ I concur with the recommendations contained in the memorandum dated January 17, 2020 and the associated draft order, with the exception of the below stated objection(s)¹. I request that the Commission proceed with issuing the order as drafted and understand that the objections will be addressed in a subsequent application.

1. Objections described below include items deemed ineligible as stated in the memorandum or order which the District believes are reimbursable. The District may include items deemed ineligible in this application in a subsequent application and may provide additional information in favor of reimbursement justifying these items as part of the subsequent application. Please reference the section and page number of the staff memorandum when noting your objections.

_____ I concur with the recommendations contained in the memorandum dated January 17, 2020 and the associated draft order. However, the following non-substantive² changes are recommended.

2. Non-substantive changes described below, include typos, transposition of numbers, dates, etc. Please reference the section and page number of the staff memorandum when providing your comments.

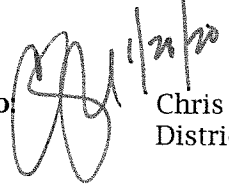
Objections/Comments: _____

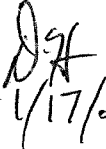
Signed: _____ Date: _____

Printed Name

Texas Commission on Environmental Quality

TECHNICAL MEMORANDUM

To:  Chris S. Ulmann, P.E., Manager
 Districts Section **Date:** January 17, 2020

From: Daniel Harrison 
 Districts Bond Team 1/17/20

Subject: Galveston County Municipal Utility District No. 44; Application for Approval of \$3,250,000 Unlimited Tax Bonds, Seventh Issue, 4.77% Net Effective Interest Rate, Series 2020; Pursuant to Texas Water Code Section 49.181. TCEQ Internal Control No. D-12052019-007 (TC) CN: 602565715 RN: 104423165

A. GENERAL INFORMATION

The Texas Commission on Environmental Quality (TCEQ) received an application from the Galveston County Municipal Utility District No. 44 (District) requesting approval for the issuance of \$3,250,000 in unlimited tax bonds to finance the following:

1. The remaining costs for Tuscan Lakes Section SF 50-5 SE water, wastewater and drainage;
2. The remaining costs for The Village at Tuscan Lakes Section 3, Phase 2 water, wastewater and drainage;
3. Water and wastewater capital recovery (impact) fees; and
4. Water, wastewater and drainage facilities serving the following development within the District:

<u>Development</u>	<u>Type of Development</u>	<u>Acreage⁽¹⁾</u>	<u>Existing ESFCs⁽²⁾</u>	<u>Ultimate ESFCs</u>
Tuscan Lakes Section SF 55-1 SE & 60-1 SE	Single-family	16.70	58	61
Tuscan Lakes Section SF 55-4 SE ⁽³⁾	Single-family	<u>1.36</u>	<u>2</u>	<u>4</u>
Totals		18.06	60	65

Notes: (1) According to the engineering report, reserves are accounted for separately, and these are developed lot acreages only.
 (2) Equivalent Single-Family Connections (ESFCs) as of October 2019, as stated in the engineering report.
 (3) Section SF 55-4 SE utilities were constructed in the contract for SF 55-1 and SF 60-1 SE, according to the engineering report.

The District's previous bond issues and use of surplus funds funded utilities to serve 758 ESFCs on 177.03 acres (both revised from the previous bond issue). Including this bond issue, the District will have funded utilities to serve 823 ESFCs on 195.09 acres. According to the engineering report, the District's ultimate development is projected to serve 1,968 ESFCs (revised from the previous bond issue) on 330.56 developable (out of 436.93 total) acres.

B. ECONOMIC ANALYSIS

Tax Rate Analysis

The financial feasibility of this bond issue is based on no-growth to an estimated taxable assessed valuation (AV) of \$267,342,896 as of November 1, 2019. A market study was not provided and is not required since the feasibility is based on no-growth.

According to a Galveston Central Appraisal District certificate, the District's November 1, 2019 estimated taxable AV is \$267,342,896. The annual debt service requirement for the bond amount of \$3,250,000 and existing debt averages \$1,847,448 for the 20-year life of the District's bond debt. The District levied a maintenance tax of \$0.07 in 2019 and, according to the engineering report, is projecting to levy a maintenance tax of \$0.07 in the future.

The District's financial advisor submitted cash flow schedules considering the requested \$3,250,000 bond issue, no-growth to an estimated taxable AV of \$247,416,518 as of July 15, 2019, 12 months of capitalized interest, a 5.0% bond interest rate, a 3% bond discount, a 98% collection rate, and a projected tax rate of \$0.73 per \$100 AV. A District's Section's financial analyst has reviewed the financial information submitted and concluded that the following level debt service tax rates would be sufficient.

<u>District</u>	<u>Projected Tax Rate</u>
Debt Service	\$ 0.73 ⁽¹⁾⁽²⁾
Maintenance	\$ 0.07
Total District Taxes	\$ 0.80
City of League City Taxes	\$ 0.06 ⁽³⁾
Total	\$ 0.86 ⁽⁴⁾

- Notes: (1) Based on existing debt, a proposed bond amount of \$3,250,000, a 4.77% net effective interest rate, a 98% collection rate, no-growth to an estimated taxable AV of \$267,342,896, 12 months of capitalized interest as shown in the cost summary and at least a 25% ending debt service fund balance.
(2) The term "commission-approved tax rate" in 30 Texas Administrative Code (TAC) Section 293.85 refers to an initial ad valorem debt service tax of at most \$0.73 per \$100 AV.
(3) Portion of the City's tax rate specifically attributable to drainage and recreation with none attributable to water or wastewater according information provided.
(4) Represents the combined projected tax rate as defined by 30 TAC Section 293.59(f).

Additional Financial Comments

The District is exempt from the 75% and 25% build-out requirements of 30 TAC Sections 293.59(l)(4) and 293.59(k)(7), respectively, based on its combined no-growth tax rate of \$0.86 being less than \$1.50 pursuant to 30 TAC Sections 293.59(l) and 293.59(k)(11)(C).

C. ENGINEERING ANALYSIS

Water Supply

Water supply for the District is provided by the City of League City (City) in accordance with the April 10, 2003 "Utility Agreement By and Between Galveston County Municipal Utility District No. 44, the Johnson Development Corporation, and the City of League City, Texas" (Agreement), as amended. The City's source of water is from a combination of existing wells and surface water from the City of Houston's Southeast Water Purification Plant and from the City of Dickinson's Thomas Mackey Water

Purification Plant. Pursuant to the Agreement, the City agrees to supply the District with all of its requirements of potable water for which the District agrees to pay the City connection charges (impact fees) for water service.

The District is requesting funding for water impact fees for 61 ESFCs in this bond issue.

The District has no emergency or other water supply interconnect agreements.

The City's water supply capacity appears to be adequate to serve the existing 1,043 ESFCs upon which the engineering feasibility of this bond issue is based.

Wastewater Treatment

Wastewater treatment for District customers is provided by the City's 6.0 million gallons per day (MGD) Dallas-Salmon Plant pursuant to the above-referenced Agreement, as amended. The plant operates under Texas Pollutant Discharge Elimination System (TPDES) Permit No. WQ0010568005 and has a permitted interim flow of 7.5 MGD and a final flow of 12.0 MGD. Pursuant to the Agreement, the City agrees to provide the District with wastewater service for which the District is to pay the City connection charges (impact fees). At full development, the District projects a total of 1,968 ESFCs of wastewater capacity at a daily rate of 300 gallons per ESFC.

The District is requesting funds for wastewater impact fees for 61 ESFCs in this bond issue.

The City's wastewater treatment capacity appears to be adequate to serve the existing 1,043 ESFCs upon which the engineering feasibility of this bond issue is based.

Storm Water Drainage

Storm water drainage for the District is collected by a network of underground collection lines which convey storm water into detention basins and ultimately outfall into Robinson Gully.

Purchase of Existing Facilities / Assumption of Contracts

<u>Project</u>	<u>Contractor</u>	<u>% Complete (Date)</u>	<u>Final Contract Amount⁽¹⁾</u>	<u>Amt. Subj. to Distr. Contrib.</u>
Tuscan Lakes Section SF 50-5 SE - W, WW & D	R Construction Company	100% (10/14/15)	\$1,298,332	\$1,298,332 \$194,750 ⁽²⁾
The Village at Tuscan Lakes Section 3, Phase 2 - W, WW & D	R Construction Company	100% (5/6/15)	\$901,447	\$901,447 \$766,230 ⁽³⁾
Tuscan Lakes Sections SF 55-1 SE & 60-1 SE - W, WW & D	5758 Construction, L.P.	100% (3/10/15)	\$1,216,980	\$1,216,980 \$876,226 ⁽⁴⁾

Notes: (1) Based on original contract amount plus/minus any change orders and quantity adjustments.

(2) Excludes \$1,103,582 which was reimbursed in the District's previous (sixth) bond issue.

(3) Excludes \$135,217 which was funded in the District's previous (sixth) bond issue.

(4) Due to bond funding limitations, the District is requesting to reimburse 72% of the costs in this bond issue, and the remaining 28% (\$340,754) may be requested in the future, according to material provided.

Approved plans and specifications, preconstruction agreements, and various construction contract documents have been provided.

January 17, 2020

Facilities to be Constructed

None.

Inspection

The District was inspected by a member of the Districts Section on January 14, 2020. Streets and utilities appeared to be complete within those projects which are being funded from the current bond issue. District name signs were properly posted.

D. SUMMARY OF COSTS

<u>Construction Costs</u>	<u>District's</u> ⁽¹⁾
	<u>Share</u>
A. Developer Contribution Items	
1. Remaining Costs for Tuscan Lakes Section SF 50-5 SE - W, WW & D	\$ 194,750
2. Remaining Costs for The Village at Tuscan Lakes Sec. 3, Ph. 2 - W, WW & D	766,230
3. Tuscan Lakes Sections SF 55-1 SE & 60-1 SE - W, WW & D	876,226
4. Engineering for Items No. 1-3	209,954 ⁽²⁾
5. Geotechnical for Items No. 1-3	42,158 ⁽³⁾
6. Surveying for Items No. 1 & 3	6,221 ⁽⁴⁾
7. Stormwater Consulting for Items No. 1-3	38,098 ⁽⁵⁾
8. Miscellaneous Fees for Items No. 1-3	<u>173</u>
Total Developer Contribution Items	\$2,133,810
B. District Items	
1. Water and Wastewater Impact Fees	\$ 343,674 ⁽⁶⁾
Total District Items	<u>\$ 343,674</u>
 TOTAL CONSTRUCTION COSTS (76.2% OF BIR)	 \$2,477,484
 <u>Non-Construction Costs</u>	
A. Legal Fees (3.0%)	\$ 96,250 ⁽⁷⁾
B. Fiscal Agent Fees (2.0%)	65,000 ⁽⁸⁾
C. Interest	
1. Capitalized Interest (12 months @ 4.5%)	141,458
2. Developer Interest	283,101 ⁽⁹⁾
D. Bond Discount (3.0%)	97,500
E. Bond Issuance Expenses	37,832
F. Bond Application Report	40,000
G. Attorney General Fee (0.10% or \$9,500 maximum)	3,250
H. TCEQ Bond Issuance Fee (0.25%)	<u>8,125</u>
 TOTAL NON-CONSTRUCTION COSTS	 \$772,516
 TOTAL BOND ISSUE REQUIREMENT	 \$3,250,000

- Notes:
- (1) The District has requested a waiver of the 30% developer contribution requirement.
 - (2) Includes \$22,036 for Item No. 1, which is the remaining portion of the \$146,905 in eligible engineering, which was partially funded in the District's sixth bond issue; plus \$93,840 for Item No. 2, which is the remaining portion of the \$110,401 in engineering partially funded in the District's sixth bond issue; plus \$94,078 for Item No. 3, which is 72% of the \$130,664 in eligible engineering, and the remaining \$36,586 (28%) may be requested in the future, according to material provided.
 - (3) Represents \$4,110 for Item No. 1, which is the remaining portion of the \$27,398 in eligible geotech fees, which was partially reimbursed in the District's sixth bond issue; plus \$20,379 for Item No. 2, which is the remaining portion of the \$23,976 in Geotech which was previously partially reimbursed; plus \$17,669 for Item No. 3, which is 72% of the \$24,540 in Geotech, and the remaining \$6,871 (28%) may be requested in the future, according to material provided.
 - (4) Represents \$692 for Item No. 1, which is the remaining portion of the \$4,610 in eligible surveying fees partially reimbursed in the District's sixth bond issue plus \$5,530 for Item No. 3, which is 72% of the \$7,680 in surveying, and the remaining \$2,150 (28%) may be requested in the future, according to material provided.
 - (5) Represents \$4,404 for Item No. 1, which is the remaining portion of stormwater fees, for which \$24,954 was previously reimbursed; plus \$26,226 for Item No. 3, for which \$3,934 was previously reimbursed; plus \$7,468 for Item No. 3, which represents partial reimbursement and the remaining portion may be requested in the future; according to the engineering report.
 - (6) Represents a payment to the City of \$196,115 for 61 ESFCs at \$3,215 each for water plus \$147,559 for 61 ESFCs at \$2,419 each for wastewater, pursuant to the Agreement with the City. See Special Consideration No. 2.
 - (7) According to the contract provided, the attorney's fees are 3% of the first \$3,000,000 of bonds issued, plus 2.5% of bonds from \$3,000,000 to \$5,000,000 and 2% of bonds above \$5,000,000.
 - (8) According to the contract provided, the fiscal agent's fees are 2% of the value of the bonds actually sold and delivered to and paid for by the purchaser(s).
 - (9) Estimated at 5.0% with a proposed bond funding date of September 1, 2020, or a maximum of two years in accordance with 30 TAC Section 293.50(a).

E. SPECIAL CONSIDERATIONS

1. Waiver of the 30% Developer Contribution Requirement

The District has requested a waiver of the 30% developer contribution requirement (30 TAC Section 293.47) pursuant to 30 TAC Section 293.47(a)(1), based on the District having a debt to assessed valuation ratio of 10% or less. The District's existing (\$22,165,000) and proposed (\$3,250,000) debt sum to \$25,415,000. The District has provided a Galveston Central Appraisal District certificate indicating an estimated taxable assessed valuation of \$267,342,896 as of November 1, 2019; therefore, its debt to assessed valuation ratio is 9.5%. The District's request for a waiver of the 30% developer contribution requirement should be granted pursuant to 30 TAC Section 293.47(a)(1).

2. Water and Wastewater Impact Fees

The District is required to make impact (capital recovery) fee payments to the City for capacity in the City's water and wastewater facilities and treatment plants, pursuant to the Agreement referenced above. Pursuant to a June 11, 2013 City ordinance, the current impact fee for water service is \$3,215 per ESFC, and the impact fee for wastewater service is \$2,419 per ESFC.

In its first six bond issues the District funded water impact fees for 542 ESFCs and wastewater impact fees for 521 ESFCs. The District is funding water and wastewater impact fees in this bond issue for 61 ESFCs, bringing the totals to 603 ESFCs in water impact fees and 582 ESFCs in wastewater impact fees.

F. CONCLUSIONS

1. Based on \$67,200,000 in unlimited tax bonds approved by voters for water, wastewater, and drainage facilities and \$23,445,000 previously approved by the TCEQ and issued by the District for utilities, the District has sufficient voter-authorized utility bonds (\$43,755,000) for the proposed utility bond issue.
2. Based on \$4,000,000 in unlimited tax bonds approved by voters on November 2, 2004 for park and recreational facilities and no bonds previously approved by the TCEQ or issued by the District for park and recreational facilities, the District has \$4,000,000 in remaining voter-authorized bonds for recreational facilities.
3. Based on the review of the engineering report, plans, specifications, and supporting documents, the bond issue is considered feasible and meets the economic feasibility criteria established by 30 TAC Section 293.59.
4. The recommendations are made under authority delegated by the Executive Director of the TCEQ.

G. RECOMMENDATIONS

1. Approve the bond issue in the amount of \$3,250,000 in accordance with the recommended summary of costs, at a maximum net effective interest rate of 4.77%.
2. Grant a waiver of the 30% developer contribution requirement pursuant to 30 TAC Section 293.47(a)(1).
3. Direct the District that it may expend funds for the purchase of facilities to be conveyed to the City without the need for a pre-purchase inspection pursuant to 30 TAC Section 293.69(h).
4. Direct the District that for facilities not conveyed to the City of League City, the District should not purchase facilities or assume facility contracts from the developer, until TCEQ staff has inspected the project, reviewed the contract administration, and given written authorization to finalize the purchase or assumption as required by 30 TAC Section 293.69.
5. Standard recommendations regarding developer interest, consultant fees, surplus proceeds, time of approval, and bond proceeds fee apply.

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



AN ORDER APPROVING AN ENGINEERING PROJECT AND THE ISSUANCE OF \$3,250,000 IN UNLIMITED TAX BONDS FOR GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 44

An application by Galveston County Municipal Utility District No. 44 (the "District") was presented to the Executive Director of the Texas Commission on Environmental Quality (TCEQ) for consideration of approval pursuant to TEX. WATER CODE §§ 5.122 and 49.181. The District requests approval of an engineering project and issuance of \$3,250,000 in bonds to finance: the remaining costs for Tuscan Lakes Section SF 50-5 SE water, wastewater and drainage; the remaining costs for The Village at Tuscan Lakes Section 3, Phase 2 water, wastewater and drainage; water and wastewater capital recovery fees; and water, wastewater and drainage facilities to serve residential development within Tuscan Lakes Sections SF 55-1 SE, 55-4 SE and 60-1 SE. The TCEQ has jurisdiction to consider this matter, and the following Findings of Fact and Conclusions of Law are appropriate after examining the application and supporting documentation.

FINDINGS OF FACT

1. The District filed an application with the TCEQ on December 5, 2019 for approval of a proposed engineering project and the issuance of \$3,250,000 in bonds.
2. The Executive Director of the TCEQ has investigated the District.
3. The application and accompanying documents have been examined. The District was inspected by a member of the Districts Section on January 14, 2020. A memorandum was prepared on the project dated January 17, 2020, a copy of which is attached and made a part hereof.
4. The District's project and issuance of an amount of \$3,250,000 in bonds at a maximum net effective interest rate of 4.77% to finance the project should be approved.
5. The request for a waiver of the 30% developer contribution requirement should be granted pursuant to 30 TEX. ADMIN. CODE § 293.47(a)(1).
6. The District should be directed that it may expend funds for the purchase of facilities conveyed to the City of League City without the need for a pre-purchase inspection pursuant to 30 TEX. ADMIN. CODE § 293.69(h).
7. The District should be directed that for facilities not conveyed to the City of League City, the District should not purchase facilities or assume facility contracts from the developer, until either (a) the TCEQ's region office has inspected the project, and the District has received a region office report with no deficiencies noted, for which approval is valid for 120 days from the date of this Order; or, if a region office report indicates deficiencies, (b) the TCEQ's Districts Section has received a request from the District and a region office report,

reviewed the contract administration, and given written authorization to finalize the purchase or assumption, either one in accordance with 30 TEX. ADMIN. CODE § 293.69.

9. The District's Board of Directors should be directed to review to its satisfaction the detailed calculations of the developer's interest to ensure that the costs are authorized District expenditures and in accordance with 30 TEX. ADMIN. CODE § 293.50 before reimbursement to the developer is made.

10. The District should be advised that the legal, fiscal agent, and engineering fees have not been evaluated to determine whether these fees are reasonable or competitive. These fees are included as presented in the engineering report.

11. The District should be directed that any surplus bond proceeds resulting from the sale of bonds at a lower interest rate than that proposed shall be shown as a contingency line item in the Official Statement and the use of such funds shall be subject to approval pursuant to TCEQ rules on surplus funds.

CONCLUSIONS OF LAW

1. The TCEQ has jurisdiction to consider the engineering report and bond application pursuant to TEX. WATER CODE § 49.181.

2. The Executive Director has investigated the District, and the TCEQ has found it legally organized and feasible.

3. The Districts Section's memorandum dated January 17, 2020 on this engineering project should be adopted as the written TCEQ project report in compliance with TEX. WATER CODE § 49.181(d).

NOW, THEREFORE, BE IT ORDERED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY that the Districts Section's memorandum dated January 17, 2020 on this engineering project and bond issue is adopted as the written TCEQ project report. Pursuant to TEX. WATER CODE § 49.181, the engineering project for Galveston County Municipal Utility District No. 44 is hereby approved together with the issuance of \$3,250,000 in bonds at a maximum net effective interest rate of 4.77%. The request for a waiver of the 30% developer contribution requirement associated with this bond issue is granted pursuant to 30 TEX. ADMIN. CODE § 293.47(a)(1). The District is directed that it may expend funds for the purchase of facilities to be conveyed to the City of League City without the need for a pre-purchase inspection pursuant to 30 TEX. ADMIN. CODE § 293.69(h). The District is directed that for facilities not conveyed to the City of League City, the District should not purchase facilities or assume facility contracts from the developer, until either (1) the TCEQ's region office has inspected the project, and the District has received a region office report with no deficiencies noted, for which approval is valid for 120 days from the date of this Order; or, if a region office report indicates deficiencies, (2) the TCEQ's Districts Section has received a request from the District and a region office report, reviewed the contract administration, and given written authorization to finalize the purchase or assumption; either one in accordance with 30 TEX. ADMIN. CODE § 293.69. The District's Board of Directors is directed to review to its satisfaction the detailed calculations of the developer's interest to ensure that the costs are authorized District expenditures and in accordance with 30 TEX. ADMIN. CODE § 293.50 before reimbursement to the developer is made. The District is advised that the legal, fiscal agent, and engineering fees have not been evaluated to determine whether these fees are reasonable or competitive. These fees are included as presented in the engineering report. The District is directed that any surplus bond proceeds resulting from the sale of bonds at a lower interest rate than that proposed shall be shown as a contingency line item in the Official Statement and the use of such funds shall be subject to approval pursuant

to TCEQ rules on surplus funds. The approval of the sale of these bonds herein shall be valid for one year from the date of this Order unless extended by written authorization of the TCEQ.

BE IT FURTHER ORDERED that pursuant to TEX. WATER CODE § 5.701, the District shall pay to the TCEQ 0.25% of the principal amount of bonds actually issued not later than the seventh (7th) business day after receipt of the bond proceeds. The fees shall be paid by check payable to the Texas Commission on Environmental Quality.

BE IT FURTHER ORDERED that to enable the TCEQ to carry out the responsibilities imposed by TEX. WATER CODE §§ 49.181-182, the District shall: (1) furnish the TCEQ copies of all bond issue project construction documentation outlined under 30 TEX. ADMIN. CODE § 293.62, including detailed progress reports and as-built plans required by TEX. WATER CODE § 49.277(b), which have not already been submitted; (2) notify the TCEQ and obtain approval of the TCEQ for any substantial alterations in the engineering project approved herein before making such alterations; and (3) ensure, as required by TEX. WATER CODE § 49.277(b), that all construction financed with the proceeds from the sale of bonds is completed by the construction contractor according to the plans and specifications contracted.

BE IT FURTHER ORDERED that failure of said District to comply with all applicable laws and with provisions of this Order shall subject the District and its directors to all penalties that are provided by law and shall further be considered by the TCEQ as grounds for refusal to approve other bonds of the District.

The Chief Clerk of the TCEQ is directed to forward the District a copy of this Order.

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: DRAFT

For the Commission