

TOWNHARBOUR ESTATES

A PREMIER COASTAL WATERFRONT COMMUNITY

DEVELOPED BY
Joseph L. Watson
Axis Point Developers, LLC
Direct: 281-932-4143

AXISPOINT



To: Mayor Pat Hallisey, City Council, City Manager, Director of Utilities
From: Joe Watson
Subject: TownHarbour Estates Annexation Into Bay Colony West MUD
Date: 6-26-17
CC:

We are planning the development of a 75-home gated waterfront community to be called TownHarbour Estates.

The development will be on the south shore of Clear Lake between the South Shore Harbour commercial and marina development and the Lakeside Subdivision.

TownHarbour is planned to be the premier coastal waterfront community on the Texas Gulf coast and we believe an important new addition to League City.

The internal canal will be a generous 140' wide, more the twice the width of other typical canal communities. Home sites are designed to allow waterfront homeowners to have up to 50' long boats at their backyards. 15 off-water homes will have full access to the marina and all amenities including boat slips inside the gates.

Special amenities in addition to the wide canal and private marina pier system will include multiple gazebos and decks overlooking the water, trails, and much more park land than the City ordinances require.

A site plan and a complete description of TownHarbour are included in this presentation.

In order for TownHarbour to be economically feasible, it is necessary to take advantage of the favorable financing resulting from being annexed into the Bay Colony West MUD. Like many communities, TownHarbour needs to benefit from MUD reimbursements and lower interest rate financing to be competitive with other MUD financed neighborhoods.

The Bay Colony West MUD voted on June 21, 2017 to annex TownHarbour Estates, LLC and approve a petition to the City of League City to consent to annexation. From the MUD's point of view, the high value TownHarbour homes (averaging over \$800,000 each) will average down the tax burden on other homeowners in the district (typical Bay Colony homes are approximately \$225,000) and effectively keep their taxes lower and/or allow them to pay off their bonds much sooner.

We had a positive meeting on May 17 with the board of the Bay Colony West HOA and received a letter from the President of the Board dated June 6 expressing their collective support of the annexation of TownHarbour into the MUD in which they live. The prime motivator for Bay Colony residents is the fact that TownHarbour positively impacts the homeowners by lowering their tax rates or reducing the number of years they have to pay MUD. And, it is worth noting that annexation of TownHarbour will not extend the life of the MUD and will

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likely shorten its term. Further, these benefits to the Bay Colony homeowners come with no risk what so ever because no bonds will be sold for reimbursement until after TownHarbour has enough tax value on the ground to pay for all of the principal and interest on the bonds.

The impact of MUD financed WSD (water, sewer, and drainage) on a TownHarbour waterfront canal home is to lower the purchase price of the home by approximately \$106,000 or 14%. Clearly home buyers shop carefully and would not pay the extra \$106,000 for a house when other cheaper options are available in other MUD district communities. Not being annexed into a MUD would put TownHarbour in a competitive market disadvantage.

MUD financed WSD actually lowers the annual cash outlay of homeowners. In the case of the average TownHarbour waterfront canal home, the savings of principal, interest, insurance, and property tax on the additional \$106,000 will be approximately \$8,000 annually.

TownHarbour will add \$65,000,000 to the property tax rolls. It will have high-income homeowners who will tend to spend more than double the average in League City benefiting sales tax revenue and local merchants. Essentially, this new community will positively impact League City revenue approximately \$450,000 per year in property and sales tax revenue.

We are requesting consent from the City Council to allow the Annexation of TownHarbour Estates into Bay Colony West MUD.

I will be pleased to answer any questions you may have.

Thank you for your consideration,
Joe Watson

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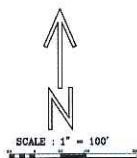
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Parks Town Harbour

A = 12,628 S.F.
B = 26,076 S.F.
C = 36,647 S.F.
D = 7,465 S.F.
E = 9,794 S.F.
F = 10,891 S.F.
G = 8,531 S.F.
H = 3,122 S.F.
I = 1,373 S.F.
J = 47,024 S.F.

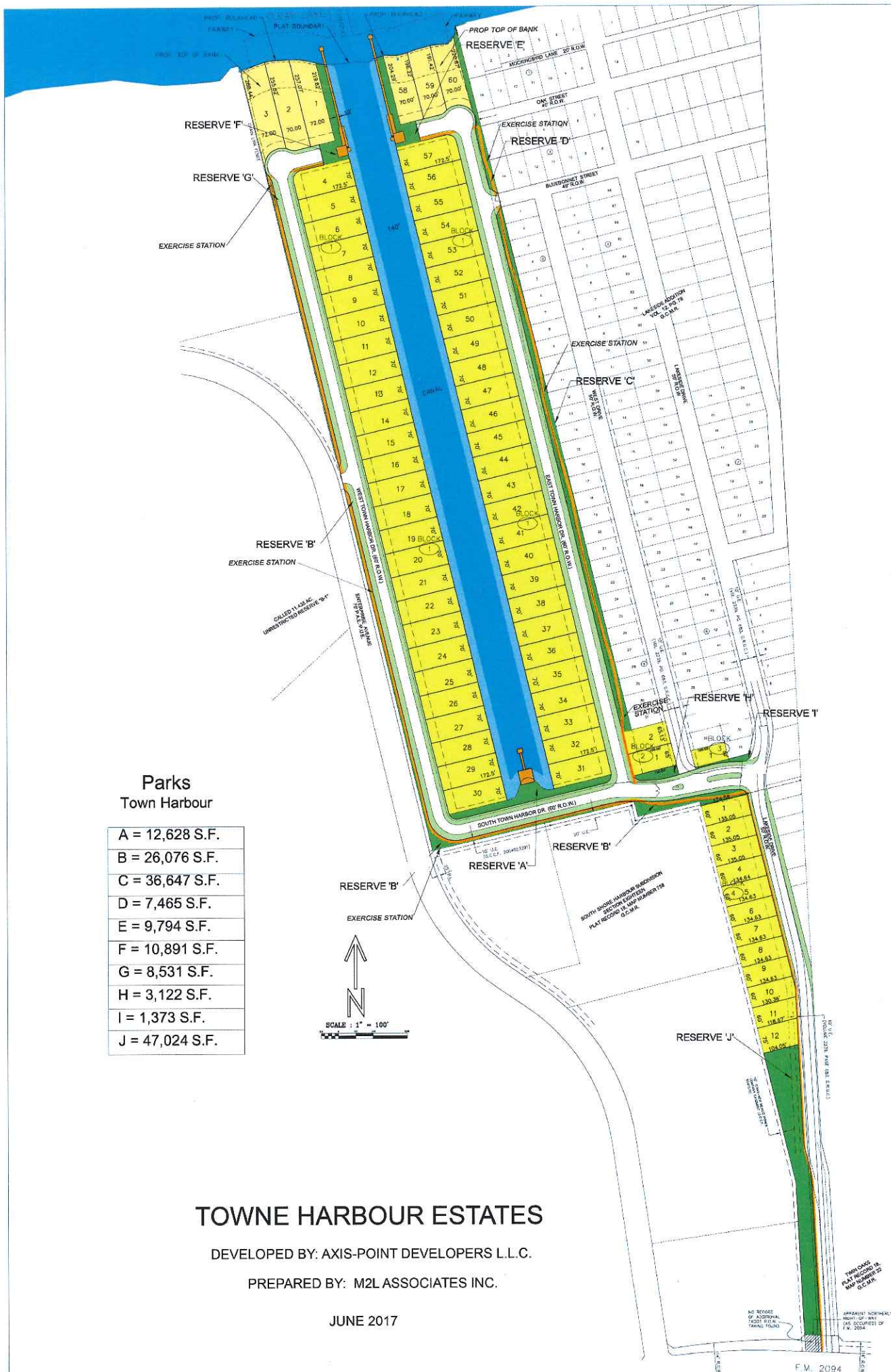


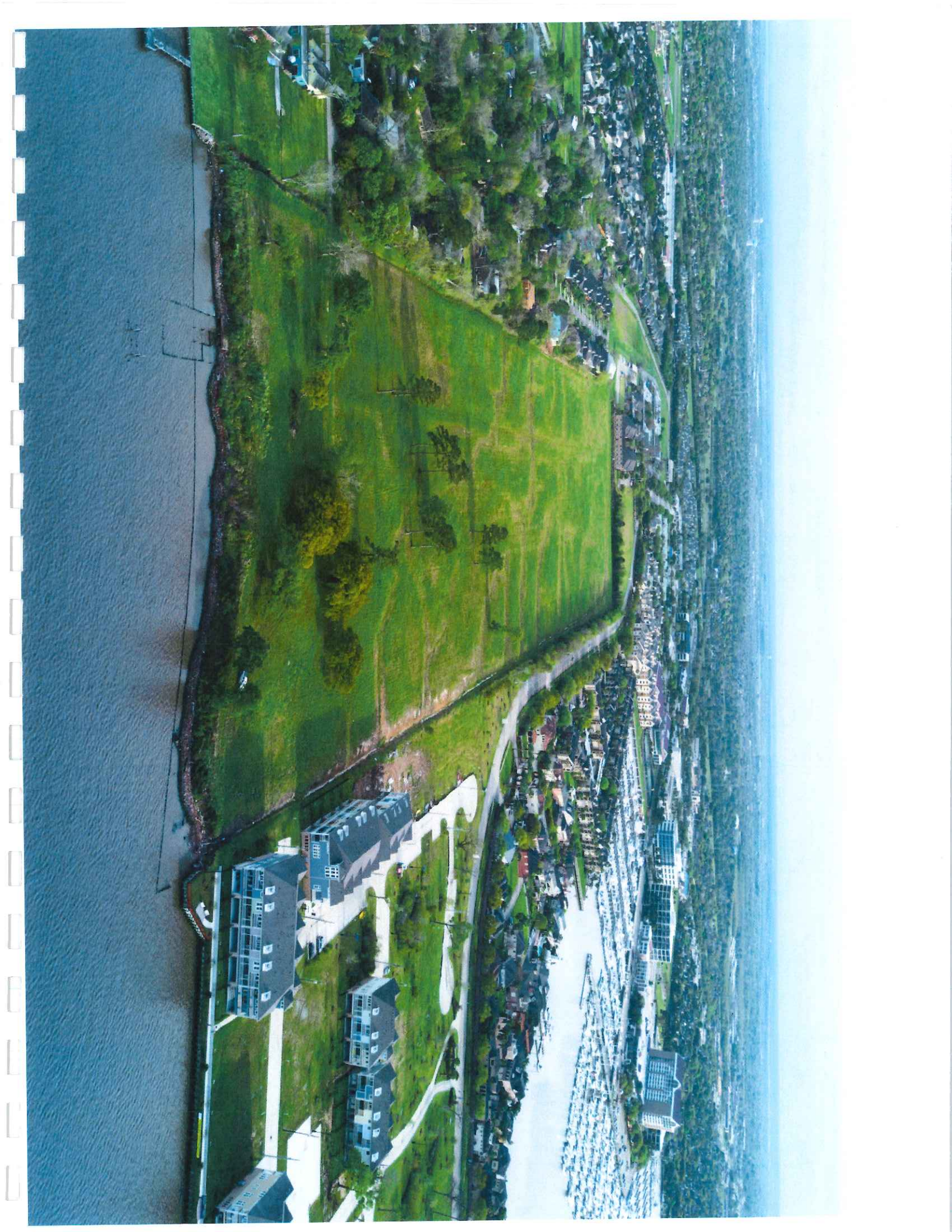
TOWNE HARBOUR ESTATES

DEVELOPED BY: AXIS-POINT DEVELOPERS L.L.C.

PREPARED BY: M2L ASSOCIATES INC.

JUNE 2017







AXISPOINT



To: TownHarbour Estates, LLC
From: Joe Watson
Subject: Summary of Proposed Development Program
League City PUD Zoning Document
Date: 6-12-17
CC:

TownHarbour will be the premier gated waterfront community on the Texas Gulf Coast. It will feature 60 waterfront homes: six facing Clear Lake and 54 homes on spacious 140' wide and 2,177' long canal. There will also be 15 water-view and off-water homes with full access to the waterfront amenities. The luxuriously landscaped community will have walking trails, a community center called Harbour House, and three pocket parks. Two piers with decks will extend into Clear Lake.

DEVELOPER:

TownHarbour is being developed by Axis Point Developers which has specialized in premium gated water oriented living. In addition to developing private lifestyle-lake communities, Axis has developed more canal home lots in Clear Lake than any other developer.

LOCATION:

Clear Lake is a major recreational and residential body of water which flows into Galveston Bay and on to the Gulf of Mexico. The TownHarbour community will be located on the well-developed southern shore of Clear Lake in the City of League City. The site is between the South Shore Harbour marina and commercial district on the west and the Lakeside subdivision on the east. The entrance will be from the intersection of Marina Bay Drive (Hwy 2094) and Lakeside Drive. Noteworthy of this location, there is no other large tract of land suitable for quality single family canal waterfront residential development left anywhere on Clear Lake.

WATERFRONT LIVING:

TownHarbour will have 632' of shoreline on Clear Lake allowing for premium lake-view homes expected to be valued at over \$1.2 million each. In the center of the shoreline the GrandView Canal will be built which will be 2,177' long and a very generous 140' wide. The separation resulting from doubling typical canal width and distances between backyards, will insure the quiet tranquility of life on the water will be enhanced.

This will likely be the widest major residential canal on the Texas Gulf Coast. The GrandView Canal, at 140' wide, it will accommodate large craft including sailboats and power boats above 50' in length.

The dirt excavated from the canal area will be used to elevate all lots above the flood plain.

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Unlike typical canal bulkheads built with wood or vinyl, the GrandView Canal will be lined with structurally sound permanent limestone which cannot deteriorate, ever. These extraordinarily attractive four-ton limestone blocks (6'x2'x2') will be 100% maintenance free and provide a look unequaled anywhere on the west coast of the U.S. Adding to the opulent look, a shelf adjacent to the limestone walls will be planted with lush wetland plants to provide a natural feel and benefit aquatic life.

All homes on the canal will have 70' of private limestone bulkheads for their personal vessels. No commercial boats or leasing of boat slips will be allowed. To maintain serenity, a strict "no-wake" rule and no-noise, muffler rule will be enforced by HOA imposed economic penalties.

GATED COMMUNITY AND LOT MIX:

TownHarbour is planned as a private-street gated community. Sixty-two Waterfront and Water-View lots will be behind the gates on 33.4 acres.

Clear Lake View Homes: In the gated section, six premium lots will have stunning views on Clear Lake. Lots will range in size from approximately 70'-72' wide to 191'-288' long. The waterfront of these homes will be dredged to accommodate private piers for boats with up to a seven-foot draft.

GrandView Canal Homes: This gated canal area will have 54 lots which will all be 70' wide and 172.5' deep. The depth of these wide home lots will allow for large one-story homes which are in high demand and generous yards gently sloped to the waters-edge. The canal will accommodate up to 7' draft boats. With a 70' limestone bulkhead, many homeowners will choose to have multiple water crafts. Boathouse designs will be architecturally controlled as to design, height, and material. Experience indicates that more than 90% of the canal lot homes will have private boathouses or piers. We expect the value of these homes to start in the low \$700,00 range and reach well over one million.

Water-View Homes: Two Water-View Homes will be inside the gates which will be on 65' wide and 127' deep lots.

OFF-WATER HOMES:

The approach to TownHarbour Estates will be from Marina Bay Drive on Lakeside Dr. which will be identified by a lighthouse style entry monument. The first 800' of this 4.28-acre tract will be a tropically landscaped nature reserve designed to set the stage for the TownHarbour community. Beyond that, 13 off-water homes will be built to the TownHarbour standard of quality on 65' x 127' lots.

SITE PLAN:

Currently Lakeside Drive is a non-standard 50' Right of Way (ROW) width. TownHarbour will dedicate 10' of additional ROW on the west side of Lakeside Drive adjacent to the property which will allow widening and resurfacing the paving section. The powerlines on the west side of Lakeside will be either modified or moved and improved.

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The gated waterfront area of the site plan for TownHarbour Estates indicates a single-loaded "U" shaped road inside the gates with two stub roads near the north end of the canal. These single-loaded streets will provide additional guest parking areas, have minimal traffic, and will be built as concrete curb and gutter to normal city standards.

The plan also includes an area for the formal entrance gates to the gated section which area joins West Dr. This entrance to the gated section will have a masonry entry monument structure with appropriate landscaping, signage, and lighting. In this plan, West Drive will be slightly modified and widened.

PARKS, PIERS AND PATHS:

While clearly the key feature of TownHarbour Estates will be the Clear Lake view and access and the spacious canal, parks, piers and paths will enhance the waterfront experience.

Harbour House Park: On the south end of GrandView Canal, the Harbour House public space will be the community center. At the entrance to the park, a covered gazebo will overlook the expansive canal and look out to Clear Lake. A rock lined stream will start there and maneuver casually to the sea level. The water level deck will be an open public space with a large covered arbor and out-door kitchen. On the Harbour House deck tables and Adirondack chairs will face the GrandView canal entrance. The pier will accommodate guest slips and slips for off-water residents as well as a dinghy launching area.

Waterside Parks: On the north end of the two roads, two waterside parks (60'x70') will be built with grass areas for sail folding. These parks will have decks, seating, fish tables for the catch of the day, and a small grill to complete the experience. Temporary and small craft boat landing piers are designed for visitors, dinghies, and personal water craft.

Sunset Piers (a.k.a. "Go Fish Piers"): The boardwalk alongside the Clear Lake view homes adjacent to the canal will provide protected dockage for the six homes there and lead to the two Sunset Piers. These piers will extend 40' into Clear Lake with decks perfect of morning coffee or sunset wine, or, for the occasional person looking to bring fish home for supper. By the way, the Go Fish sign on GrandView Canal will be up 24/7-365.

MUD ANNEXATION:

TownHarbour will utilize City water and waste-water and will be annexed into the inter-city Bay Colony West MUD. The water service will be looped with the Lakeside subdivision.

ARCHITECTURAL DESIGN AND CONSTRUCTION MATERIALS:

TownHarbour does not plan to sell lots to individuals or custom home builders. The community is planned for the *top-quality* production home builders who will be able to produce custom quality homes at a competitive price and speed.

With regard to architectural design, it is not the intent of the development to appear as a typical production home community.

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The community will have a variety of compatible architectural designs with multiple materials. Similar to up-scale custom home communities, the goal is to encourage the builder's architects to have a variety of design types and styles which have a compatible appearance but unique characteristics. TownHarbour will encourage architectural creativity rather than the more typical monochromatic "production builder" appearance.

The home designs will include regional influences such as:

- Country French
- Contemporary Spanish
- Classic and country English
- Soft contemporary

Construction of TownHarbour is planned to start in the third or fourth quarter of 2017.
For more information, please call Joe Watson.

Joseph Watson

President

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Classic Estate and Waterfront Communities

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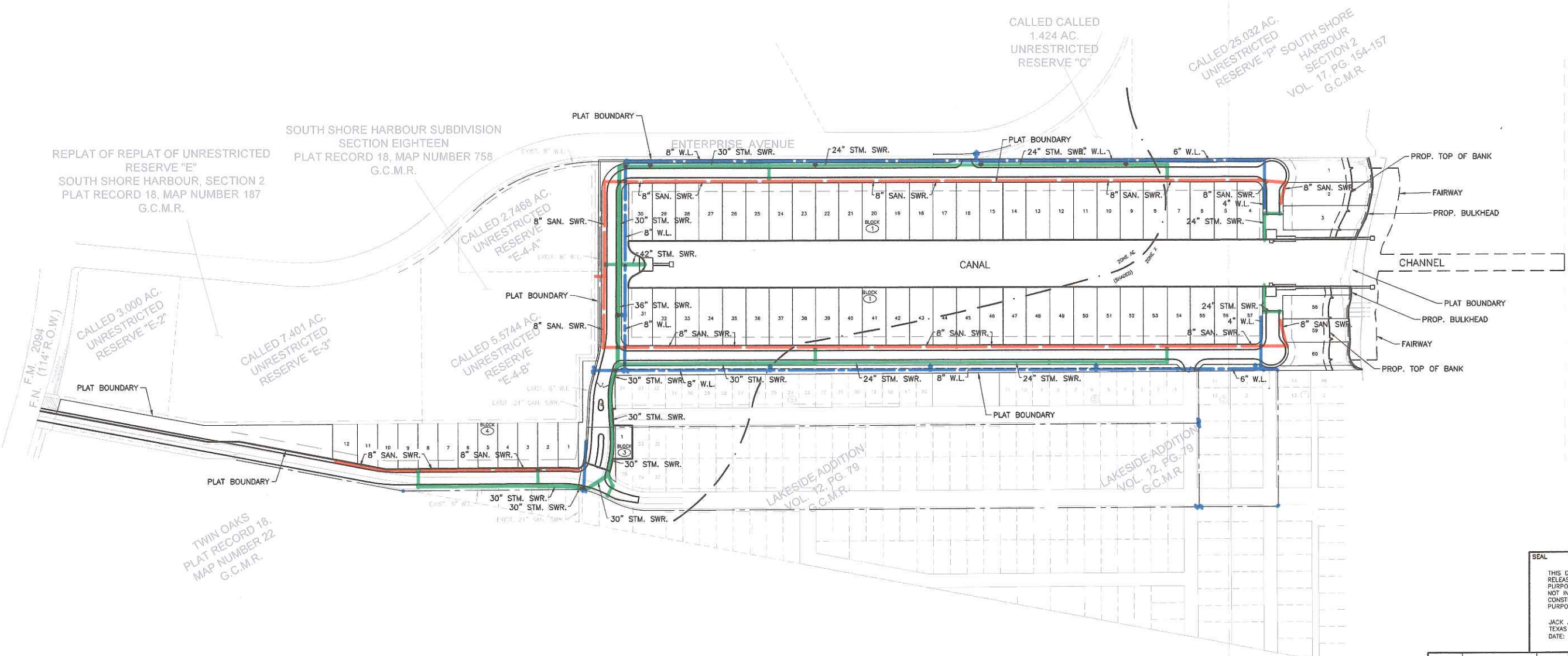
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THESE PROPERTIES LIE IN ZONE "X", SHADED, AREAS OF 500-YEAR FLOOD (AS TO A PORTION OF TRACT 1 AND ALL OF TRACTS 2-6), AND IN ZONE "AE", A SPECIAL FLOOD HAZARD AREA INUNDATED BY 100-YEAR FLOOD WHERE BASE FLOOD ELEVATIONS HAVE BEEN DETERMINED (AS TO A PORTION OF TRACT 1), BASE FLOOD ELEVATION 11', AS PER THE NATIONAL FLOOD INSURANCE PROGRAM FIRM COMMUNITY PANEL NUMBER 43584R-0111-2, PUBLIC MAP DATED 15 SEPTEMBER 22, 1999. DESIGNATIONS SHOWN HEREON WERE SCALED FROM THE REFERENCED FIRM PANEL AND THE LOCATION SHOULD BE CONSIDERED APPROXIMATE.



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 STORM SEWER
 SANITARY SEWER
 WATER LINE

CONSIDERATIONS REGARDING ANNEXATION OF TOWNHARBOUR INTO BAY COLONY WEST MUD

prepared 7-10-2017

Will the term (life time) of the MUD be extended because of the annexation of TownHarbour?

No; not allowed by the Utility Agreement with League City

Will MUD be at risk if development is not completed are homes not sold?

NO: By law MUD bonds cannot be sold until TownHarbour reaches breakeven revenue of TownHarbour property tax to pay the principal and interest on new bonds.

Will annexation benefit residents of MUD?

Yes, very significantly.

Specifically how does annexation of TownHarbour benefit the MUD and therefore MUD residents?

TownHarbour will generate approximately \$450,000 excess revenue annually over cost of new bond debt service.

Over 16 years, that is over \$6 mil. in funds available to either:

- pay off the existing bonds early, or
- reduce the tax rate, or
- other MUD purposes, or
- any combination of the above.

Why is there such a great benefit from the annexation of TownHarbour?

The taxes paid per TownHarbour home are 4.5 x the taxes paid per home for Bay Colony.

- The average home in Bay Colony West is \$175,000 paying \$1,750 in MUD tax
- The average home in TownHarbour will be more that \$800,000 paying \$8,000 in Mud Tax

SUMMARY OF ESTIMATED FINANCIAL

TownHarbour Taxes Collected Annually at .0086 +.0014	\$ 650,000
TownHarbour Bonds Annual Principal and Interest at 3% for 16 years	\$ 191,066
Surplus Funds created by TownHarbour after Debt Service	\$ 458,934
Number of Years From Full Sell Out of Homes	14

Excess Funds Produced by TownHarbour	\$ 6,425,076
<i>These funds can be used either to pay off existing bonds earlier or to reduce the tax rate, or other MUD purposes.</i>	

Current Bonds Sold by Bay Colony West MUD	\$ 17,405,000
Excess Cash Flow Produced by TownHarbour	\$ (6,425,076)
Bonds to be Paid Off by Bay Colony after TownHarbour	\$ 10,979,924
Excess Funds Contributed by TownHarbour tax payers.	

NOTES

FACTS REGARDING BAY COLONY WEST MUD

Number of Homes	\$ 900
2016 Assessed Value of All Homes in MUD	\$ 152,884,620
Average Home Value	\$ 175,000
Operations Tax Rate	\$ 0.00140
Debt Service Tax Rate	\$ 0.00860
Total Debt Service on Current Bonds	\$ 1,528,846
Bonds Currently Outstanding	\$ 17,405,000
Required Final Bond Payoff Date per Utility Agreement	10/1/2036
Projected Interest Rate if Bonds Sold Today	3%

BONDS ASSOCIATED WITH TOWNHARBOUR ANNEXATION

Number of Homes	\$ 75
Average Home Value	\$ 800,000
Debt Service to Breakeven payment for bonds (principal and interest).	\$ 0.00340
Total Debt Service on \$2.4 mil. Bonds for TownHarbour	\$ (191,066)
Bonds To Be Sold for TownHarbour	\$ 2,400,000
Required Final Bond Payoff Date per Utility Agreement	10/1/2036
Projected Interest Rate (note: rate could be higher 24 month from now)	3%
Term of Bonds to be Sold	16 yrs.
Calculated Debt to Value Ratio	27.08 to 1
Normal Ratio used by TRCC before bonds can be sold	10.00 to 1
TownHarbour Assessed Value to Breakeven	\$ 25,200,000
Projected Minimum Assessed Value at Total Sell Out	\$ 65,000,000
TownHarbour Taxes Collected Annually at .0086 +.0014	\$ 650,000
TownHarbour Bonds Annual Principal and Interest at 3% for 16 years	\$ (191,066)
Surplus Funds created by TownHarbour after Debt Service	\$ 458,934
Number of Years From Full Sell Out of Homes (could be 16 years)	14

Excess Funds Produced by TownHarbour	\$ 6,425,076
<i>These funds can be used either to pay off existing bonds earlier or to reduce the tax rate, or other MUD purposes.</i>	

Current Bonds Sold by Bay Colony West MUD	\$ 17,405,000
Excess Cash Flow Produced by TownHarbour	\$ (6,425,076)
Bonds to be Paid Off by Bay Colony after TownHarbour	\$ 10,979,924
Contribution of Excess Funds.	