



**ENGINEERING REPORT
FOR THE
CREATION OF DEFINED AREA NO. 6
WITHIN
HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT**

Submitted to:

**HORIZON REGIONAL MUNICIPAL UTILITY DISTRICT
14100 Horizon Blvd
Horizon City, Texas**

Prepared By:

**TRE & Associates, LLC.
El Paso, Texas**

July 2024



1911-11935-42

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LIST OF ATTACHMENTS

Attachment 1	A copy of the referenced Texas Water Code
Attachment 2	Vicinity and Location Map
Attachment 3	Defined Area Metes and Bounds
Attachment 4	Preliminary Land Use Plan for the Defined Area

1.0 PURPOSE

It is the intent of this report to present the location, planned land use and feasibility to support the Horizon Regional Municipal Utility District (District) creation of a 160.00 acre Defined Area (a portion of the northeast quarter of Section 20, Block 79, Township 3 of the Texas and Pacific Railway Company Survey) within its approximate 91,162-acre boundary as Defined Area No. 6 (formerly know as Section 20-Summer Sky North). The purpose of the Defined Area would be for the issuance of bonds to finance water and wastewater improvements within the delineated boundary that primarily benefit the property owners.

The Texas Water Code provides under Section 54, Subchapter J for creation of a Defined Area within a municipal utility district of at least 1,000 acres for the purpose of paying for infrastructure improvements that primarily benefit that area and not the municipal utility district as a whole. The property owners within the Defined Area will pay for the financed improvements through a debt service tax that is assessed in the same manner and in addition to those within the District. A copy of the referenced Texas Water Code section authorizing the creation of Defined Areas is provided as Attachment 1. In alignment with that section the District Board of Directors will administer applications for bond issues within the Defined Area. The justification for approval by the Texas Commission on Environmental Quality (TCEQ) requires the bond sale be based upon the pledge of faith and credit on property values within the Defined Areas and not a pledge of full faith and credit on the District as a whole.

2.0 DEFINED AREA DESCRIPTION

The subject Defined Area is located within the District, El Paso County, and the City of El Paso's 5-mile Extra-Territorial Jurisdiction. Access to the Defined Area may be gained from Interstate Highway 10 and proceeding from its intersection with Eastlake Boulevard northeast approximately 3.5 miles along Eastlake Boulevard to its intersection with Darrington Road and north along Darrington approximately 1.5 miles. The Defined Area is a portion of Section 20, Block 79, Township 3, of the Texas and Pacific Railway Company Survey as depicted by the vicinity and location maps provided on Attachment 2. It is further described by the metes and bounds provided as Attachment 3.

3.0 LAND USE PLAN

The preliminary land use for the Defined Area will include 768 single family lots. This will be contained within the residential development planned for the Defined Area. The preliminary land use plan is presented as Attachment 4. The acreage for the land uses and total lots planned within the Defined Area are summarized as follows:

<u>LAND USE</u>	<u>ACREAGE</u>	<u>LOTS</u>
Single Family	<u>160.00</u>	<u>768</u>
TOTALS	160.00	768

4.0 DEVELOPMENT COST SUMMARY AND BOND ISSUE REQUIREMENT

The Defined Area will limit the issuance of bonds to the financing of water and wastewater system improvements to support the development represented on the preliminary land use plan. The opinion of construction costs for those improvements, and the non-construction costs associated with the sale of the bonds, determine the Bond Issue Requirement (BIR). The BIR represents the total amount of bonds to be authorized for issuance with the Defined Area creation. The opinion of construction costs, non-construction costs and resulting BIR are presented on the following page.

SUMMARY OF COSTS FOR BOND ISSUE REQUIREMENT

<u>CONSTRUCTION COSTS</u>	<u>COSTS</u>	<u>DEFINED AREA SHARE (70%)</u>
Water Distribution System	\$ 4,500,000	\$ 3,150,000
Wastewater Collection System	\$ 2,500,000	\$ 1,750,000
SUBTOTAL	\$ 7,000,000	\$ 4,900,000
Engineering (10%)		\$ 490,000
Contingency (15%)		\$ 735,000
TOTAL CONSTRUCTION COSTS		\$ 6,125,000
<u>NON-CONSTRUCTION COSTS</u>		<u>COSTS</u>
Bond Counsel (2%)		\$ 170,000
Fiscal Agent (1.5%)		\$ 127,500
Capitalized Interest (2yrs @ 4.5%)		\$ 765,000
Developer Interest (2yrs @ 4.5%)		\$ 765,000
Creation Costs		\$ 135,000
Bond Issuance Costs		\$ 127,750
Attorney General (0.10%)		\$ 8,500
Bond Discount (3%)		\$ 255,000
TCEQ Bond Issuance Fee (0.25%)		\$ 21,250
TOTAL NON-CONSTRUCTION COSTS		\$ 2,375,000
TOTAL COSTS		\$ 8,500,000

As presented in the BIR, Construction Costs are considered for financing through bond sales as the Defined Area Share being 70% of the construction cost opinion. This aligns with the Texas Water Code, Chapter 293.47 wherein the TCEQ can limit the financing to 70% if it is determined that is required to support the feasibility of the reimbursable construction expenses. The District Board can agree to a 100% financing of the improvements for each bond sale if the Defined Area meets the requirements for debt to assessed value ratio stated in Chapter 293.47.

5.0 PROJECTED ASSESSED VALUATION

The projected assessed valuation of the Defined Area based on the preliminary land use plan provided as Attachment 4 is as follows:

Single Family Homes	768 homes	\$ 325,000/home	\$ 249,600,000
TOTAL PROJECTED ASSESSED VALUATION			\$ 249,600,000

6.0 DEFINED AREA FEASIBILITY

The proposed water and wastewater improvements will serve the development presented on the preliminary land use plan with a projected assessed valuation, at full buildout, of \$249,600,000. Bond financing of the improvements would require a BIR of \$8,500,000. Assuming an interest rate of 4.5% on the bonds and a 30-year amortization, the average annual debt service will be approximately \$521,828. With the District's projected assessed valuation of \$249,600,000, an annual tax rate of \$0.22500 per \$100 assessed valuation with a 95% collection rate would yield \$533,520 received each year for retirement of the Defined Area bond debt. This tax would be in addition to the current District tax of \$0.540002 per \$100 assessed valuation imposed on all property within its boundary.

7.0 TOTAL TAX ASSESSMENT FOR THE DEFINED AREA

The following table shows the total tax burden from the taxing authorities for the property owners within the Defined Area.

Taxing Jurisdiction	2023 Current Tax Rate Per \$100 Valuation
County of El Paso	0.458889
Emergency Services District No. 1	0.100000
University Medical Center	0.235650
El Paso Community College	0.115717
Socorro ISD	1.249712
Horizon Regional MUD	0.540002
Projected Defined Area Tax	0.225000
TOTAL	\$2.924970

8.0 JUSTIFICATION FOR DEFINED AREA CREATION

Creation of the Defined Area is justified based upon the supporting development and financial feasibility presented in this report. With creation of a Defined Area the developer can recover infrastructure costs which can result in adjusted lot costs to homebuilders and potentially lower home prices for future homeowners and District residents.



ATTACHMENT 1

A COPY OF THE REFERENCED TEXAS WATER CODE

district's debt outstanding at the time the land was excluded from the district.

(b) The district shall apply the taxes collected on the excluded land only to the payment of the excluded land's pro rata share of the debt.

Added by Acts 2003, 78th Leg., ch. 248, Sec. 33, eff. June 18, 2003.

SUBCHAPTER J. SERVICES FOR CERTAIN DEFINED AREAS AND DESIGNATED PROPERTY

Sec. 54.801. AUTHORITY TO ESTABLISH DEFINED AREAS OR DESIGNATED PROPERTY. (a) A district that is composed of at least 1,000 acres may define areas or designate certain property of the district to pay for improvements, facilities, or services that primarily benefit that area or property and do not generally and directly benefit the district as a whole.

(b) The board shall state in its designation the physical and economic reasons, the particular diverse local needs, or the comparative potential benefits of the defined areas or designated property in the district that make it necessary or equitable to levy all or part of the tax on a defined area or designated property of the district.

Added by Acts 1987, 70th Leg., ch. 600, Sec. 1, eff. Aug. 31, 1987.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 1128 (H.B. [2590](#)), Sec. 11, eff. September 1, 2019.

Sec. 54.802. DEFINING AREA AND DESIGNATING PROPERTY TO BE BENEFITED BY IMPROVEMENTS. (a) The board shall adopt a proposed plan that defines the particular area to be taxed by metes and bounds or designates the property to be served, affected, and taxed.

(b) The board shall file an engineer's report for improvements in the defined area or to serve the designated property.

(c) The board shall adopt a proposed plan of taxation to apply to the defined area or designated property that may or may not be in addition to other taxes imposed by the district on the same area or property.

Added by Acts 1987, 70th, Leg., ch. 600, Sec. 1, eff. Aug. 31, 1987.

Amended by Acts 1997, 75th Leg., ch. 1070, Sec. 32, eff. Sept. 1, 1997.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 1128 (H.B. [2590](#)), Sec. 12, eff. September 1, 2019.

Sec. 54.804. ORDER ADOPTING PLANS FOR DEFINED AREA OR DESIGNATED PROPERTY. (a) Repealed by Acts 2019, 86th Leg., R.S., Ch. 1128 (H.B. 2590), Sec. 24, eff. September 1, 2019.

(b) If the board adopts a proposed plan, it must adopt the definition or designation that it finds, according to the evidence before the board, most equitably distributes the cost of facilities or service and protects the public welfare.

(c) If the proposal includes the issuance of bonds or the imposition of a maintenance tax for the defined area or designated property, the board shall call and hold an election in the defined area or within the boundaries of the designated property only.

(d) The board's order is not subject to judicial review except on the ground of fraud, palpable error, or arbitrary and confiscatory abuse of discretion.

Added by Acts 1987, 70th Leg., ch. 600, Sec. 1, eff. Aug. 31, 1987.

Amended by Acts 1989, 71st Leg., ch. 973, Sec. 1, eff. Aug. 28, 1989.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 1128 (H.B. 2590), Sec. 24, eff. September 1, 2019.

Sec. 54.805. OBTAINING FUNDS TO CONSTRUCT, ADMINISTER, MAINTAIN, AND OPERATE IMPROVEMENTS AND FACILITIES IN DEFINED AREAS OR DESIGNATED PROPERTY. On adoption of the proposed plan as provided by this subchapter and voter approval of the imposition of taxes and issuance of bonds, the district, under the limitations of this subchapter, may apply separately, differently, equitably, and specifically its taxing power and lien authority to the defined area or designated property to provide money to construct, administer, maintain, and operate improvements and facilities that primarily benefit the defined area or designated property.

Added by Acts 1987, 70th Leg., ch. 600, Sec. 1, eff. Aug. 31, 1987.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 1128 (H.B. 2590), Sec. 13, eff. September 1, 2019.

Sec. 54.806. PROCEDURE FOR ELECTION. (a) Before bonds may be issued or taxes may be imposed for the defined area or designated property, the bonds or taxes must be approved by the voters in the defined area or within

the boundaries of the designated property. The election shall be conducted as provided by Section 49.106 for an election to authorize the issuance of bonds or Section 49.107 for an election to authorize the imposition of an operation and maintenance tax.

(b) The board may submit the issues to the voters on the same ballot to be used in another election.

(c) The notice of election must describe the area to be defined or property to be designated and must otherwise conform to the provisions of this chapter relating to notice of bond elections.

Added by Acts 1987, 70th Leg., ch. 600, Sec. 1, eff. Aug. 31, 1987.

Amended by Acts 1997, 75th Leg., ch. 1070, Sec. 33, eff. Sept. 1, 1997.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 1128 (H.B. 2590), Sec. 14, eff. September 1, 2019.

Sec. 54.809. ISSUANCE OF BONDS AND IMPOSITION OF TAX FOR DEFINED AREA OR DESIGNATED PROPERTY. After approval by the voters, the district may issue bonds and impose taxes to provide the specific plant, works, and facilities included in the engineer's report for the defined area, or to serve the designated property.

Added by Acts 1987, 70th Leg., ch. 600, Sec. 1, eff. Aug. 31, 1987.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 1128 (H.B. 2590), Sec. 15, eff. September 1, 2019.

Sec. 54.810. LIMITATION ON OTHER BOND AUTHORIZATIONS. If the voters of the designated area authorize the issuance of bonds for a particular purpose, a district may not issue bonds from any other authorization for the same purposes, and only revenue and taxes from the designated area may be used to retire the bonds.

Added by Acts 1987, 70th Leg., ch. 600, Sec. 1, eff. Aug. 31, 1987.

Sec. 54.811. PLEDGE OF FAITH AND CREDIT. If at an election, the voters approve the issuance of bonds and the levy of a tax that applies only to a designated area, the district may issue bonds that pledge only the faith and credit based on the property values in the defined area and may not pledge the full faith and credit of the district.

Added by Acts 1987, 70th Leg., ch. 600, Sec. 1, eff. Aug. 31, 1987.

Sec. 54.812. NOTICE TO PURCHASERS. (a) A person who sells or conveys real property located within the designated area of the district shall supplement the notice to purchaser required by Section 50.301, of this code, as provided by this section.

(b) The prescribed notice shall be inserted into the general notice after the first sentence and shall read substantially as follows: "The real property described below, which you are about to purchase, may also be located within a defined area of the district and the land may be subject to defined area taxes in addition to the other taxes of the district. As of this date, the additional rate of taxes within the defined area is \$_____ on each \$100 of assessed valuation."

Added by Acts 1987, 70th Leg., ch. 600, Sec. 1, eff. Aug. 31, 1987.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 1128 (H.B. 2590), Sec. 16, eff. September 1, 2019.

Sec. 54.813. MUNICIPALITY'S AUTHORITY REGARDING DEFINED AREA. (a) This section applies only to a municipality any portion of which is located in a county with a population of more than 1 million and less than 1.5 million.

(b) A municipality may not annex a part of a defined area in a district that has adopted a plan for the defined area under this subchapter unless:

(1) 90 percent or more of all facilities and infrastructure described by the plan has been installed and completed; and

(2) the municipality:

(A) annexes all of the defined area that is within the municipality's extraterritorial jurisdiction; and

(B) assumes the pro rata share of the bonded indebtedness of the annexed area.

(c) After the annexation occurs:

(1) the annexed area is not eligible to be a defined area under this subchapter; and

(2) the district may not impose in the annexed area a tax authorized for a defined area under this subchapter.

Added by Acts 2005, 79th Leg., Ch. 962 (H.B. 1644), Sec. 6, eff. June 18, 2005.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1163 (H.B. 2702), Sec. 185, eff. September 1, 2011.

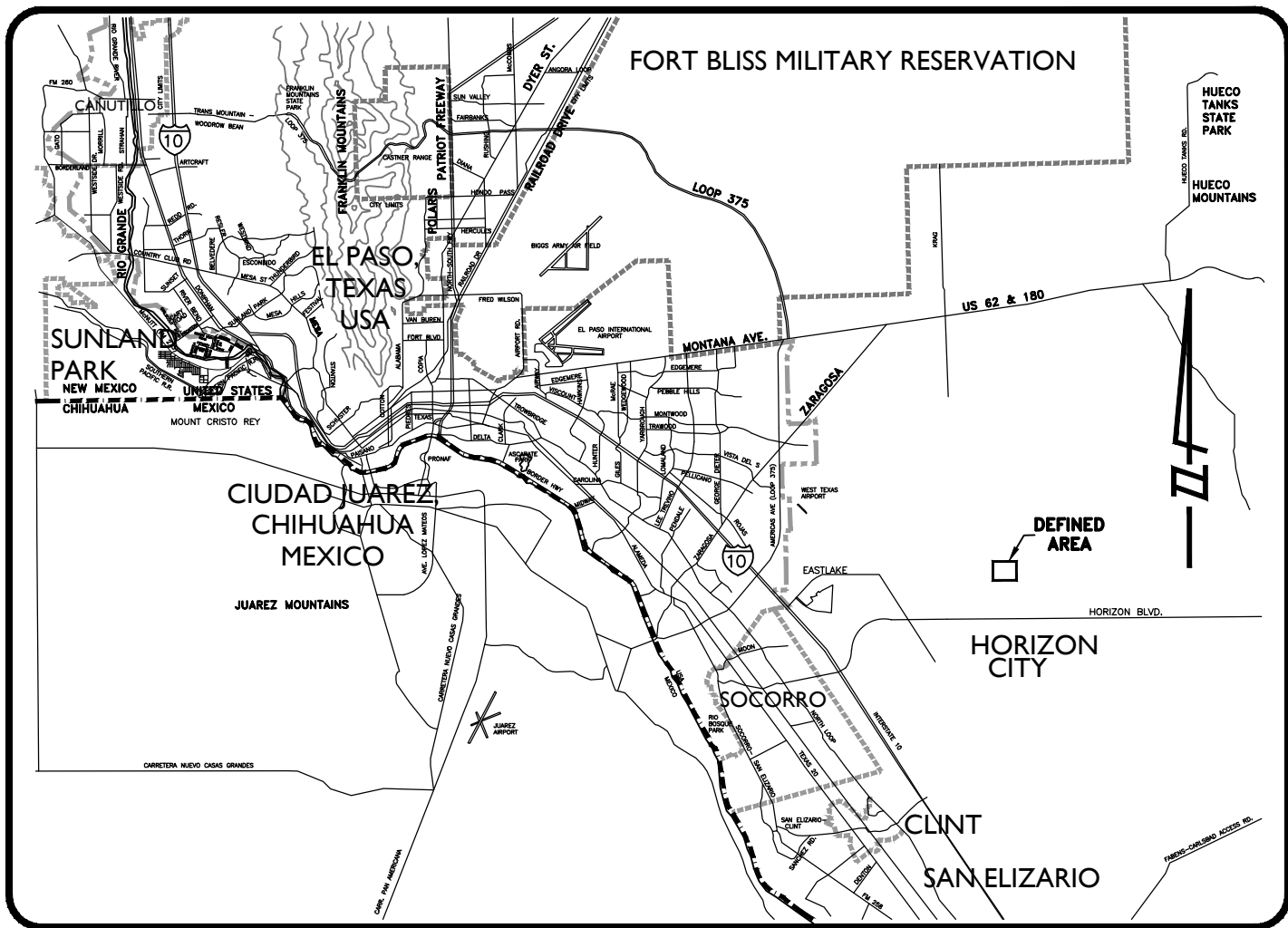


ATTACHMENT 2

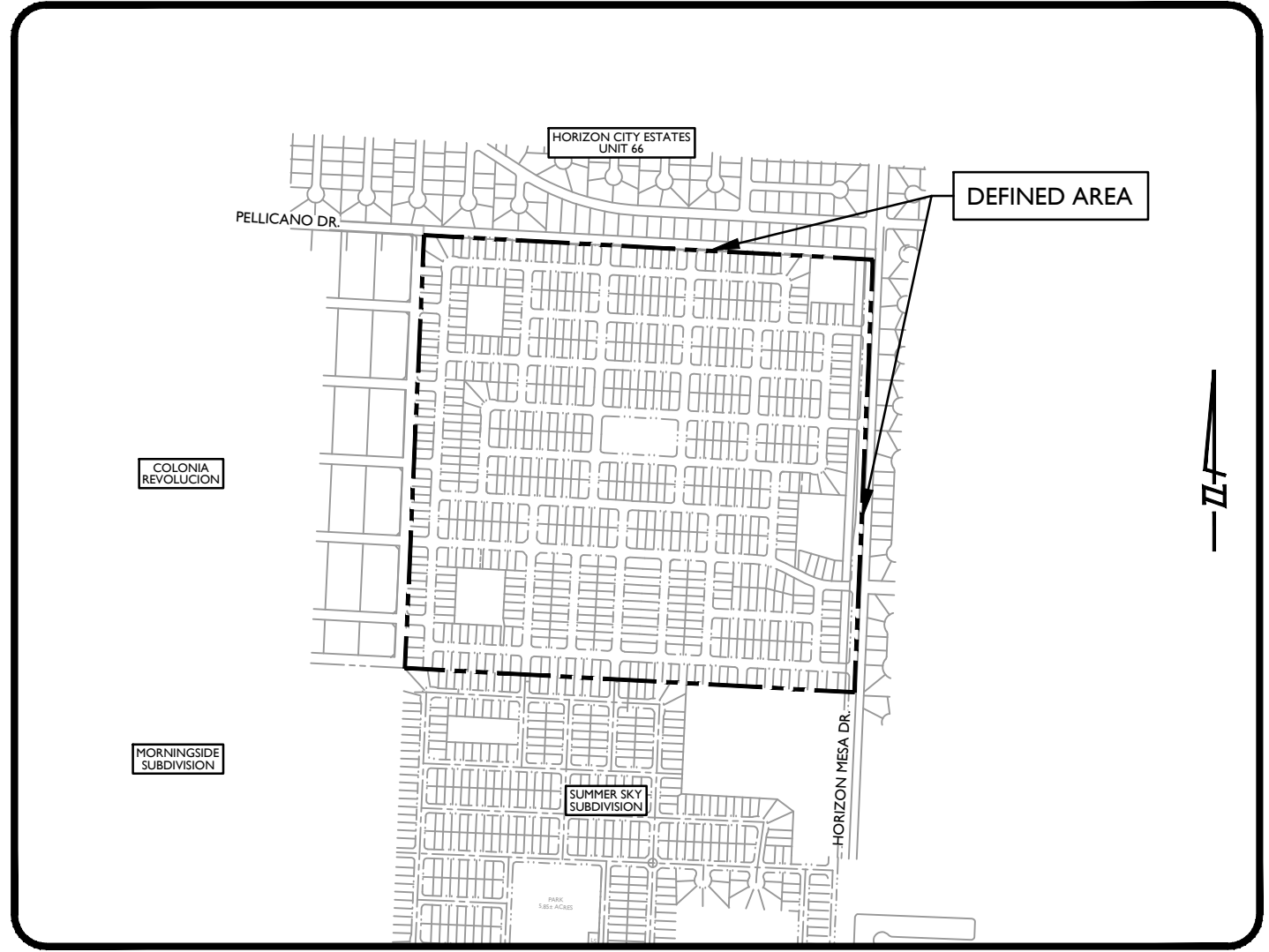
VICINITY AND LOCATION MAP

DEFINED AREA VICINITY & LOCATION MAP

FILE: P:\1911 Rowena, LLC\1935 Defined Area Creation -Section 20 Summer Sky\1935 Exhibit\LandPlan.dwg LAYOUT: VICINITY MAP DATE: 7/25/2024 9:24:45 AM BY: NANSER



VICINITY MAP
N.T.S.



LOCATION MAP
N.T.S.

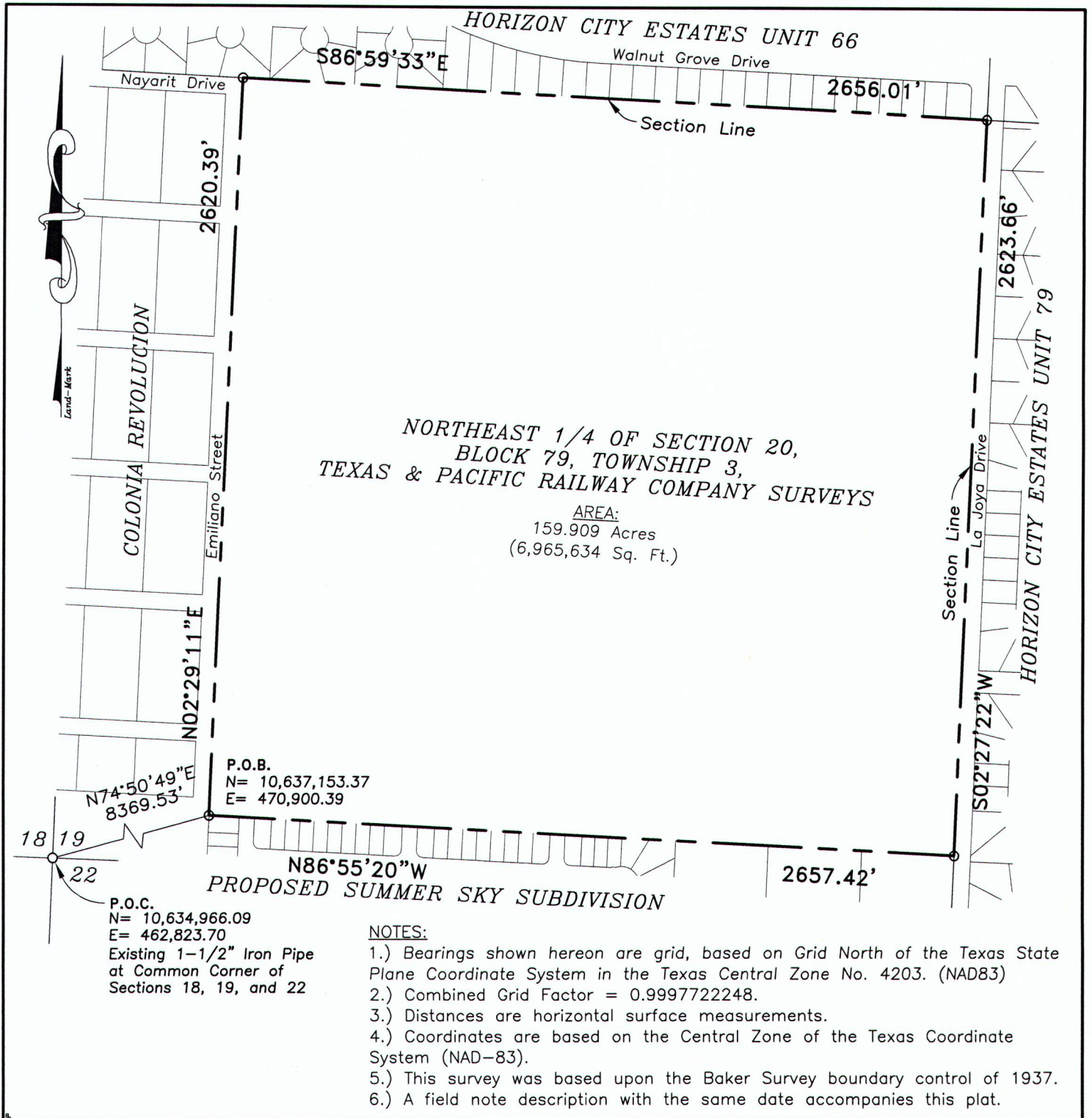
ATTACHMENT NO. 2



Engineering Solutions
TBPE FIRM No. 13987
110 Mesa Park Drive, Suite 200 6101 W. Courtyard Dr., Bldg. 1, Suite 100
El Paso, Texas 79912 Austin, Texas 78730
Office: (915) 852-9093 Office: (512) 358-4049
Fax: (915) 629-8506 Fax: (512) 366-5374



ATTACHMENT 3
DEFINED AREA METES AND BOUNDS



Exhibit

**NORTHEAST 1/4 OF SECTION 20,
BLOCK 79, TOWNSHIP 3,
TEXAS AND PACIFIC RAILWAY
COMPANY SURVEYS,
EL PASO COUNTY, TEXAS**



**Land-Mark Professional
Surveying, Inc.**

1420 Bessemer Drive, Suite 'A'
El Paso, Texas 79936

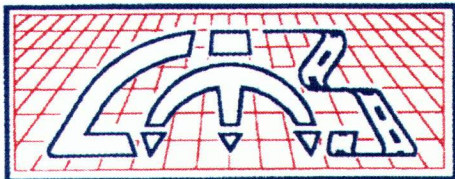
(915) 598-1300

Texas Licensed Surveying Firm
Registration Number 10125900
email: Larry@Land-marksurvey.com
"Serving Texas, New Mexico
and Arizona"

Job No. 20-02-31778

Scale: 1" = 500'

Date: June 11, 2020



Land-Mark Professional Surveying, Inc.

"Serving Texas, New Mexico & Arizona"

FIELD NOTE DESCRIPTION

BEING THE NORTHEAST 1/4 OF SECTION 20, BLOCK 79, TOWNSHIP 3, TEXAS AND PACIFIC RAILWAY COMPANY SURVEYS, EL PASO COUNTY, TEXAS AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING, for reference, at an existing 1-1/2" iron pipe (accepted as McCombs pipe) found at the common corner of Survey Nos. 18, 19, and 22, Block 79, Township 3, Texas and Pacific Railway Company Surveys and C.D. Stewart Survey 319; said corner has a coordinate value of X=462,823.70 feet and Y=10,634,966.09 feet, in the Central Zone of the Texas Coordinate System (NAD-83 (1993)); **THENCE**, North 74°50'49" East, a distance of 8,369.53 feet to an existing 5/8-inch rebar with cap stamped "LAND-MARK TX4869 NM11402" for the **POINT OF BEGINNING** of this parcel description; said corner has a coordinate value of X=470,900.39 feet and Y=10,637,153.37 feet, in the Central Zone of the Texas Coordinate System (NAD-83 (1993));

THENCE, North 02°29'11" East, with the west boundary line of the Northeast 1/4 of Section 20, Block 79, Township 3, T. & P. R.R. Co. Survey a distance of 2620.39 feet to an existing 5/8-inch rebar, for the northwest corner of said Northeast 1/4 of Section 20;

THENCE, South 86°59'33" East, with the northerly boundary line of said Section 20, a distance of 2656.01 feet to a point for the northeast corner of said Section 20;

THENCE, South 02°27'22" West, with the easterly boundary line of said Section 20, a distance of 2623.66 feet to a 5/8-inch rebar with cap stamped "LAND-MARK TX4869 NM11402", set for the southeast corner of the Northeast 1/4 of said Section 20;

THENCE, North 86°55'20" West, with the southerly boundary line of said Northeast 1/4 of Section 20, a distance of 2657.42 feet to the **TRUE POINT OF BEGINNING** of this parcel. Said parcel contains 6,965,634 square feet or 159.909 acres more or less.

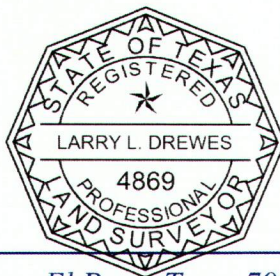
Notes: 1.) All courses contained in this description are based upon the Central Zone of the Texas Coordinate System – North American Datum (NAD) of 1983 (1993); 2.) Combined Grid Factor = 0.9997722248; 3.) Distances are horizontal surface measurements; 4.) Coordinates are based on the Central Zone of the Texas Coordinate System – North American Datum (NAD) of 1983 (1993); 5.) This survey was based upon the Baker Survey boundary control of 1937; 6.) A plat with the same date accompanies this field note description.

I, Larry L. Drewes, Registered Professional Land Surveyor of El Paso County, Texas, do hereby certify that the foregoing Survey was made by me on the ground, according to law, and that the limits, boundaries and corners, with marks, natural and artificial, are truly and correctly described in the foregoing plat and field notes.

Larry L. Drewes, RPLS

Date: June 11, 2020

Job No. 20-03-31778-B



1420 Bessemer • El Paso, Texas 79936

Tel. (915) 598-1300 • Fax (915) 598-1221 • Email address: Larry@Land-Marksurvey.com



ATTACHMENT 4

PRELIMINARY LAND USE PLAN FOR THE DEFINED AREA

DEFINED AREA PRELIMINARY LAND USE PLAN



LEGEND

SUBDIVISION BOUNDARY	---
768 - RESIDENTIAL LOT	□
EL PASO ELECTRIC	▨
I - PARK	▤
4 - POND	■



ATTACHMENT NO. 4



Engineering Solutions
TBPE FIRM No. 13987

110 Mesa Park Drive, Suite 200 El Paso, Texas 79912 Office: (915) 852-9093 Fax: (915) 629-8506	6101 W. Courtyard Dr., Bldg. 1, Suite 100 Austin, Texas 78730 Office: (512) 358-4049 Fax: (512) 366-5374
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