Brooke T. Paup, *Chairwoman*
Bobby Janecka, *Commissioner*
Catarina R. Gonzales, *Commissioner*
Kelly Keel, *Executive Director*

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

August 6, 2025

Anthony Corbett
McLean Howard Law, LLP
4301 Bull Creek Road, Suite 150
Austin, Texas 78731

RE: Firefly Municipal Utility District
TCEQ Internal Control No. D-03272025-060

This letter is your notice that the Texas Commission on Environmental Quality (TCEQ) executive director (ED) has acted on the above-named application. According to 30 Texas Administrative Code (TAC) Section 50.135 the ED's action became effective on the date the ED signed the permit or other action. A copy of the final action is enclosed and cites the effective date.

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

If a motion to overturn is filed, the motion must be received by the chief clerk within 23 days after the date of this letter. An original motion must be filed with the chief clerk in person or by mail. The Chief Clerk's mailing address is Office of the Chief Clerk (MC 105), TCEQ, P.O. Box 13087, Austin, Texas 78711-3087. On the same day the motion is transmitted to the chief clerk, please provide copies to the Environmental Law Deputy Director (MC 173), and the Public Interest Counsel (MC 103), both at the same TCEQ address listed above. If a motion is not acted on by the commission within 45 days after the date of this letter, then the motion shall be deemed overruled.

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

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

Sincerely,

Laurie Gharis

Laurie Gharis
Chief Clerk

LG/km

cc: Garrett T. Arthur, TCEQ Public Interest Counsel (MC 103)

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

AN ORDER GRANTING THE PETITION FOR CREATION OF
FIREFLY MUNICIPAL UTILITY DISTRICT
AND APPOINTING TEMPORARY DIRECTORS

A petition by Firefly Cove, LLC, a Texas limited liability company, and Firefly Cove Homes, LLC, a Texas limited liability company (Petitioners) was presented to the Executive Director of the Texas Commission on Environmental Quality (TCEQ) for approval of the creation of Firefly Municipal Utility District (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 July 23, 2025 (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 Firefly Municipal Utility District 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 Firefly Municipal Utility District is hereby granted.

2. The District is created under the terms and conditions of Article XVI, Section 59 of the TEXAS CONSTITUTION and TEX. WATER CODE Chapters 49 and 54.

3. The District shall have, and shall be subject to, all of the rights, duties, powers, privileges, authority, and functions conferred and imposed by the TCEQ and the general laws of the State of Texas relating to municipal utility districts, including road powers under TEX. WATER CODE § 54.234, subject to the requirements of the TCEQ and the general laws of the State of Texas relating to the exercise of such powers.

4. The District shall be composed of the area situated wholly within the corporate city limits of the City of Lago Vista, Travis County, Texas, described by metes and bounds in Exhibit "A" attached hereto and incorporated herein for all purposes.

5. The Memorandum dated July 23, 2025, 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. This Order shall not constitute approval or recognition of the validity of any provision in the City of Lago Vista Consent Resolution, dated March 6, 2025, and any other ordinance/resolution incorporated therein by reference to the extent that such provisions exceed the authority granted to the City, by the laws of the State of Texas.

9. The Chief Clerk of the TCEQ shall forward a copy of this Order to all affected persons.

10. 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: **August 1, 2025**



For the Commission

DESCRIPTIONS AND CLOSURE SUMMARIES OF TRACTS COMPRISING FIREFLY MUNICIPAL UTILITY DISTRICT
BEING A NET TOTAL OF 281.955 ACRES

286.85-Acre Description
(Ordinance No. 21-09-02-01)

METES AND BOUNDS DESCRIPTION OF A SURVEY OF 286.85 ACRES OF LAND, MORE OF LESS, A PORTION OF THE FOLLOWING SURVEYS: D. & W. R.R. CO. SURVEY NO. 99, ABSTRACT NO. 246; RICHARD CRAIG SURVEY NO. 1867, ABSTRACT NO. 2754; C. E. P. I. & M. CO. SURVEY NO. 173, ABSTRACT NO. 2191; MALINDA SETTLE SURVEY NO. 49, ABSTRACT NO. 2126; W. A. COOK SURVEY NO. 141, ABSTRACT NO. 2587; LEWIS LINDSAY SURVEY NO. 265, ABSTRACT NO. 2171; AND THE W. A. COOK SURVEY NO. 100, ABSTRACT NO. 2605, IN TRAVIS COUNTY, TEXAS, SAID 286.85 ACRES OF LAND, MORE OR LESS, BEING A PORTION OF THAT 289.40 ACRE TRACT OF LAND, A PORTION OF THE SAID D. & W. R. R. CO. SURVEY NO. 99, AND OTHERS IN TRAVIS COUNTY, TEXAS, AS DESCRIBED IN A WARRANTY DEED WITH VENDOR'S LIEN TO TRAVIS MEADOW, LP IN DOCUMENT NO. 2006125525, OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS, SAID 286.85 ACRES OF LAND, MORE OR LESS, BEING ALL OR A PORTION OF THE FOLLOWING TRACTS OF LAND, ALL BEING IN TRAVIS COUNTY, TEXAS: BEING ALL OF THAT 0.413 OF ONE ACRE TRACT OF LAND, A PORTION OF THE SAID C. E. P. I. & M. CO. SURVEY NO. 173, AS DESCRIBED IN A WARRANTY DEED TO GEORGE L. VINSON AND WIFE, JEAN VINSON IN VOLUME 2714, PAGE 315, DEED RECORDS OF TRAVIS COUNTY, TEXAS; BEING ALL OF THAT 0.44 OF ONE ACRE TRACT OF LAND, A PORTION OF THE SAID C. E. P. I. & M. CO. SURVEY NO. 173, AS DESCRIBED IN A WARRANTY DEED TO GEORGE L. VINSON AND WIFE, JEAN VINSON IN VOLUME 3223, PAGE 513, DEED RECORDS OF TRAVIS COUNTY, TEXAS; BEING A PORTION OF THAT TRACT OF LAND CALLED TO BE 278.36 ACRES, SAVE AND EXCEPT 19.27 ACRES OF LAND, A PORTION OF THE SAID W. A COOK SURVEY NO. 141, AND OTHERS, DESIGNATED AS TRACT 1 AND DESCRIBED IN A WARRANTY DEED TO G. L. VINSON IN VOLUME 5554, PAGE 1469, DEED RECORDS OF TRAVIS COUNTY, TEXAS; BEING ALL OF THAT 22.97 ACRE TRACT OF LAND, A PORTION OF THE SAID W. A. COOK SURVEY NO. 100 AND A PORTION OF THE SAID D. & W. R.R. CO. SURVEY NO. 99, AS DESCRIBED IN A WARRANTY DEED TO GEORGE LARRY VINSON AND WIFE, JEAN VINSON IN VOLUME 6021, PAGE 178, DEED RECORDS OF TRAVIS COUNTY, TEXAS; BEING ALL OF THAT 16.08 ACRE TRACT OF LAND, A PORTION OF THE SAID W. A. COOK SURVEY NO. 141, AND A PORTION OF THE SAID LEWIS LINDSAY SURVEY NO. 265, AS DESCRIBED IN A WARRANTY DEED TO G.L. VINSON IN VOLUME 6561, PAGE 242, DEED RECORDS OF TRAVIS COUNTY, TEXAS; BEING ALL OF THAT 785 SQUARE FOOT TRACT OF LAND OR 0.018 OF ONE ACRE OF LAND, A PORTION OF THE SAID W. A. COOK SURVEY NO. 100, AS DESCRIBED IN A SPECIAL WARRANTY DEED TO G. L. VINSON IN VOLUME 10321, PAGE 422, REAL PROPERTY RECORDS OF TRAVIS COUNTY, TEXAS; BEING A PORTION OF THAT 12.611 ACRE TRACT OF LAND, MORE OR LESS, A PORTION OF THE SAID MALINDA SETTLE SURVEY NO. 49, AS DESCRIBED IN A SPECIAL WARRANTY DEED TO G.L. VINSON IN VOLUME 11949, PAGE 88, REAL PROPERTY RECORDS OF TRAVIS COUNTY, TEXAS; BEING ALL OF THAT 2.393 ACRE TRACT OF LAND, A PORTION OF THE SAID W. A. COOK SURVEY NO. 100 AND A PORTION OF THE SAID D. & W. R.R. CO. SURVEY NO. 99, AS DESCRIBED IN A WARRANTY DEED WITH VENDOR'S LIEN TO GEORGE L. VINSON AND WIFE, JEAN VINSON IN VOLUME 12092, PAGE 1825, REAL PROPERTY RECORDS OF TRAVIS COUNTY, TEXAS; BEING ALL OF THAT 23.276 ACRE TRACT OF LAND, A PORTION OF THE SAID D. & W. R.R. CO. SURVEY NO. 99, AS DESCRIBED IN A WARRANTY DEED WITH VENDOR'S LIEN TO G. L. VINSON AND WIFE, JEAN VINSON IN VOLUME 12627, PAGE 676, REAL PROPERTY RECORDS OF TRAVIS COUNTY, TEXAS; BEING ALL OF THAT 0.337 OF ONE ACRE OF LAND, A PORTION OF THE SAID W. A. COOK SURVEY NO. 141, AS DESCRIBED IN A WARRANTY DEED TO G.L. VINSON IN VOLUME 12667, PAGE 479, REAL PROPERTY RECORDS OF TRAVIS COUNTY, TEXAS; AND BEING ALL OF THAT 2.036 ACRE TRACT OF LAND, A PORTION OF THE SAID W. A. COOK SURVEY NO. 100, AS DESCRIBED IN A SPECIAL WARRANTY DEED TO G. L. VINSON IN VOLUME 12717, PAGE 693, REAL PROPERTY RECORDS OF TRAVIS COUNTY, TEXAS; SAID 286.85 ACRES OF LAND, MORE OR LESS, BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

Beginning at a 1/2" steel pin with plastic cap set in rock in the south line of Boggy Ford Road for the northeast

Texas Commission on Environmental Quality

TECHNICAL MEMORANDUM

To: Justin P. Taack, Manager
Districts Section
7/23/2025

Date: July 23, 2025

Thru: Michael Briscoe, Team Lead
Districts Creation Review Team

From: James Hammack
Districts Creation Review Team

Subject: Petition by Firefly Cove LLC and Firefly Cove Homes LLC for Creation of Firefly Municipal Utility District; Pursuant to Texas Water Code Chapters 49 and 54.
TCEQ Internal Control No. D-03272025-060 (TC)
CN: 606370518 RN: 112185566

A. GENERAL INFORMATION

The Texas Commission on Environmental Quality (TCEQ) received a petition within the application requesting approval for the creation of Firefly Municipal Utility District (District). The petition was signed by Dirk Gosda, Member of FC Development LLC, a Texas limited liability company, Manager of Firefly Cove LLC, a Texas limited liability company and Firefly Cove Homes LLC, a Texas limited liability company (Petitioners). The petition states that the Petitioners hold title to a majority in value of the land in the proposed District and it further states that there are no lienholders on the land in the proposed District.

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

Location and Access

The proposed District is located in western Travis County, Texas (County), bound on the north by Boggy Ford Road, and on the east by Lohman Ford Road. The proposed District is located entirely within the City of Lago Vista (City) corporate limits. Access to the proposed District is currently provided by Boggy Ford Road on the north.

Metes and Bounds Description

The proposed District contains approximately 281.955 acres of land. The metes and bounds description of the proposed District has been checked by TCEQ staff and has been found to form an acceptable closure.

City Consent

By Resolution No. 25-2114, passed and approved March 6, 2025, the City granted its consent to the petition for creation of the proposed District. Accordingly, the requirements of Texas Local Government Code Section 42.042 and TWC Section 54.016 have been satisfied.

Statements of Filing Petition

Evidence of filing a copy of the petition with the City, Travis County Clerks' office, the TCEQ's Austin 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

Application material indicates that the property will be developed by Sunrise Company. Sunrise Company has constructed over 16,000 homes and condominiums and developed 22 resort communities since 1963. Previous and current projects include Toscana Country Club in Indian Wells, CA, Andalusa Country Club in La Quinta, CA, Dancing Bear in Aspen, CO, Otay Ranch in San Diego, CA, Royal Oaks Country Club in Houston, TX, Garden of the Gods Club in Colorado Springs, CO, Siena, in Las Vegas, NV, Red Rock Country Club in Las Vegas, NV, Eastlake Country Club in Chula Vista, CA, PGA West in La Quinta, CA, Desert Springs JW Marriot Resort & Spa in Palm Desert, CA, Indian Ridge Country Club in Palm Desert, CA, Palm Valley Country Club in Palm Desert, CA, The Lakes Country Club in Palm Desert, CA, Monterey Country Club in Palm Desert, CA, and Rancho Las Palmas Resort & Spa in Rancho Mirage, CA.

Certificate of Ownership

By signed certificate dated March 4, 2025, the Travis County Appraisal District has certified that the appraisal rolls indicate that the Petitioners are the owners of the majority in value of the land in the proposed District.

Temporary Director Affidavits

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

William Bock	Zachary Curtis	Robert Kiddie
William Korek	Amir Moghaddam	

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 20 and April 27, 2025, in the *Austin American Stateman*, a newspaper regularly published or circulated in Travis County, the county in which the district is proposed to be located. Proper notice of the application was posted on April 15, 2025, at the place for posting legal notices at the Travis County Courthouse. 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 27, 2025.

B. ENGINEERING ANALYSIS

The creation engineering report indicates the following:

Availability of Comparable Service

The proposed District lies wholly within the water and wastewater Certificates of Convenience and Necessity of the City. No other comparable water and wastewater services are available in the area.

Water Supply and Distribution Improvements

The proposed District will require the construction of its own water distribution system, the water supply will be sourced through City. These facilities will be designed in accordance with the criteria established by the City, the Lower Colorado River Authority (LCRA), and the TCEQ. When fully developed, the proposed District is estimated to include 328 equivalent single-family connections (ESFCs).

The water distribution system will consist of approximately 14,916 linear feet (LF) of 8-inch to 12-inch water lines. Valves and flushing valves will be provided at intervals required by the applicable design criteria. It is anticipated that the water distribution system will consist of polyvinyl chloride (PVC) lines and related appurtenances. The water distribution system will be designed to meet or exceed the minimum standards established by TCEQ.

Wastewater Treatment and Collection Improvements

The proposed District will require the construction of its own wastewater collection system, the wastewater services will be sourced through City. At full development, the proposed District is estimated to contain 328 ESFCs, thus requiring 98,400 gallons per day (gpd) of wastewater treatment capacity assuming 300 gpd/ESFC.

The wastewater generated by the proposed District will flow by gravity through sanitary sewer lines, as well as by pumped systems to the City's existing sewer mains. The wastewater collection 8,513 LF of 8-inch wastewater lines. The proposed wastewater collection system for the proposed District will consist primarily of solid wall PVC sanitary sewer mains with related manholes and appurtenances.

Storm Water Drainage System and Drainage Improvements

The proposed drainage for this tract will be accomplished by a storm sewer system that drains into detention ponds that will outfall into Lake Travis/Colorado River. These facilities will be designed in accordance with the criteria established by the City and the LCRA which require

that on-site detention be provided to mitigate potential impacts on downstream flow rates in areas that are subject to flooding during a 100-year storm or lesser event.

Road Improvements

The proposed roads are necessary and essential for the development of the proposed District. They provide a means of access to, from and within the proposed District, and they serve as connectors to the main arterial adjacent to the proposed District; Boggy Ford Road. The road system also provides a method for conveying stormwater to the drainage and detention basins. The roadways will be constructed in phases, in conjunction with development within the proposed District. The roads will be designed to meet City standards and criteria, and upon completion, will be conveyed to the City for acceptance and maintenance.

Recreational Facilities

The proposed District will construct a pocket park and hike and bike trails.

Floodplain

According to Federal Emergency Management Agency Flood Insurance Rate Map No. 48453C0215J, dated January 22, 2020, approximately 48 acres of the tract are currently inside of the effective floodplain.

Topography/Land Elevation

The land in the proposed District is roughly flat and rolling prairieland and elevation is approximately 800 feet above mean sea level. The property naturally drains to the south in the direction of Lake Travis/Colorado River. Elevations may be lowered or raised as needed to provide positive drainage. Design of street improvements based on existing natural grades will be optimized to minimize excavation. Existing draws will be used to convey runoff into creek beds with minimal excavation. District is not expected to have an unreasonable impact on land elevation.

Subsidence

The proposed District will receive retail water service from the City, which exclusively sources surface water from Lake Travis. No significant subsidence in the area of the proposed district is anticipated due to the construction of the proposed well. District is not expected to have an unreasonable impact on subsidence.

Groundwater Levels/Recharge

The proposed District will receive retail water service from the City, which exclusively sources surface water from Lake Travis. Since the District is obtaining surface water from Lake Travis, it is not expected to have an unreasonable impact on groundwater levels or recharge.

Natural Run-off and Drainage

The proposed development will include storm sewer systems with localized collector inlets, storm water detention facilities, and storm sewer to convey developed storm water flows. Because the design of the storm water system incorporates the use of detention basins, the development of the proposed District will not increase runoff rates. The runoff will be carried through storm sewer pipes and street right-of-way (overland sheet flow) into the detention

basins which mitigate the flow, and which carry the flow ultimately to discharge into Lake Travis/Colorado River. Development of the proposed District is not expected to have an unreasonable impact on natural run-off or drainage.

Water Quality

No adverse effect on the water quality of ground or surface water is anticipated due to the treatment and disposal of wastewater flows from the proposed District by means of the City's wastewater treatment facilities previously discussed. It will be operated pursuant to the terms of the wastewater discharge permit to be obtained from the TCEQ.

Dam Safety Analysis

The TCEQ Dam Safety Program personnel reviewed the location of the proposed District and confirmed by letter dated March 4, 2025, that there are no dam safety issues associated with the proposed District. However, a portion of the proposed District is along the shoreline of Lake Travis. It is recommended that no houses be built below the top of dam elevation.

C. SUMMARY OF COSTS

WATER, WASTEWATER, AND DRAINAGE

Construction Costs		District Share [1]
A. Developer Contribution Items		
1. Water	$	2,108,331
2. Wastewater		4,512,136
3. Drainage		5,164,868
4. Erosion Control		1,144,104
5. Contingencies		1,939,416
6. Engineering Costs		1,551,533
Total Developer Contribution Items	$	16,420,388
TOTAL CONSTRUCTION COSTS (78.51% of BIR)	$	16,420,388

Non-Construction Costs		
A. Legal Fees	$	627,450
B. Fiscal Agent Fees		522,875
C. Interest Costs		
1. Capitalized Interest (1 years at 4%)		836,600
2. Developer Interest (2 years at 4% of Construction Costs)		1,313,631
D. Bond Discount (3%)		627,450
E. Bond Issuance Expense		167,777
F. Bond Application Report Costs		125,626
G. Operating Cost		100,000
H. Creation Costs		100,000
I. Attorney General Fee (0.10%)		20,915

J. TCEQ Bond Issuance Fee (0.25%)		52,288
TOTAL NON-CONSTRUCTION COSTS	$	4,494,612
TOTAL BOND ISSUE REQUIREMENT	**$**	**20,915,000**

Note:
(1) Assumes 100% funding of anticipated developer contribution items, where applicable.

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

ROAD IMPROVEMENTS

Construction Costs		District Share [1]
A. Roads	$	3,279,781
B. Contingencies		491,967
C. Engineering Costs		393,574
TOTAL CONSTRUCTION COSTS (80.18% of BIR)	$	4,165,322
Non-Construction Costs		
A. Legal Fees	$	155,850
B. Financial Advisor Fees		129,875
C. Interest Costs		
1. Capitalized Interest (1.5 years at 5%)		207,800
2. Developer Interest (2 years at 5%)		333,226
D. Bond Discount (3%)		155,850
E. Bond Issuance Expense		15,907
F. Bond Application Report Costs		25,975
G. Attorney General Fee (0.10%)		5,195
TOTAL NON-CONSTRUCTION COSTS	$	1,029,678
TOTAL ROAD BOND ISSUE REQUIREMENT	**$**	**5,195,000**

Notes:
(1) Assumes 100% funding of anticipated developer contribution items, where applicable.

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

RECREATIONAL IMPROVEMENTS

Construction Costs		District Share [1]
A. Trails and Parks	$	650,000
B. Contingencies		97,500
TOTAL CONSTRUCTION COSTS (74.69% of Bond Issues)	$	747,500

Non-Construction Costs		
A. Legal Fees	$	30,000
B. Financial Advisor Fees		25,000
C. Interest		
1. Capitalized Interest (1 years at 4%)		40,000
2. Developer Interest (2 years at 4%)		59,800
D. Bond Discount (3%)		30,000
E. Bond and Issuance Expense		32,200
F. Bond Application Report Costs		32,000
G. Attorney General Fee (0.10%)		1,000
H. TCEQ Bond Issuance Fee (0.25%)		2,500
TOTAL NONCONSTRUCTION COSTS	$	252,500
TOTAL BOND ISSUE REQUIREMENT	**$**	**1,000,000**

Note:
(1) Assumes 100% funding of anticipated developer contribution items, where applicable.

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

D. ECONOMIC ANALYSIS

Land Use

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

Land Use	Acreage	ESFCs
Single Family/Residential	34	325
Amenity Area/Pocket Park	12	3
Open Space/Trails/Future Development	235	0
Total	**281**	**328**

Market Study

A market study, prepared in February 2025 by 360° Real Estate Analytics, was submitted in support of the creation of the proposed District. The proposed District is expected to include approximately 325 ESFCs on a tract totaling approximately 281.955 acres. The market study indicates that the proposed District will contain single-family homes on 40-foot lots priced at approximately $400,000, on 50-foot lots priced at approximately $450,000, and on 80-foot lots priced at approximately $750,000 and are expected to be absorbed at an average rate of 62 units per year among all lot sizes.

Project Financing

Per the preliminary engineering report, the projected taxable assessed valuation (AV) for the proposed District is as follows:

Development Description	Number of Units	Average Unit Value	Total Buildout Value
40-foot single-family lots	168	$ 400,000	$ 67,200,000
50-foot single-family lots	112	$ 450,000	$ 50,400,000
60-foot single-family lots	45	$ 750,000	$ 33,750,000
		Total Assessed Valuation	**$ 151,350,000**

Considering the issuance of a total of $27,110,000 ($20,915,000 for utilities, $5,195,000 for roads, and $1,000,000 for park and recreational facilities) in bonds, assuming 100% financing, a bond coupon rate of 4%, and a 30-year bond life, the average annual debt service requirement would be $1,526,136 ($1,167,879 for utilities, plus $300,427 for roads, plus $57,830 for park and recreational facilities). Assuming a 98% collection rate and an ultimate AV of $151,350,000, a projected ultimate tax rate of approximately $1.03 ($0.79 for utilities, $0.20 for roads, and $0.04 for recreational improvements) per $100 AV was indicated to be necessary to meet the annual debt service requirements for the proposed District. An additional $0.05 per $100 AV is projected to be levied for maintenance and operating expenses and an additional $0.05 per $100 AV for the City's attributable tax rate.

Based on the information provided, the total year 2024 overlapping tax rates on land within the proposed District are shown as follows:

Taxing Jurisdiction	Tax Rate [1]	
Firefly MUD (District)	$ 1.1300	[2][3]
Travis County	$ 0.3444	
Travis County ESD No. 7	$ 0.0910	
Hays County ESD No. 1	$ 0.1000	
Travis County Healthcare District	$ 0.1079	
Lago Vista ISD	$ 1.0169	
City of Lago Vista	$ 0.4231	
TOTAL TAX per $100 AV:	**$ 3.1903**	

Notes:
(1) Tax rate per $100 assessed valuation.
(2) Represents $0.79 for utilities, $0.20 for roads $0.04 for recreational improvements, $0.05 for operation and maintenance tax, and $0.05 for the City's attributable tax rate.
(3) Assuming 100% funding of anticipated developer contribution items, where applicable.

Based on the proposed District tax rate and the year 2024 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, the estimated monthly fee for 10,000 gallons of water and wastewater service would be $211.27.

Comparative Water District Tax Rates

A tax rate of $1.13 ($0.79 for utilities, $0.20 for roads $0.04 for recreational improvements, $0.05 for operation and maintenance tax, and $0.05 for the City's attributable tax rate), for 100% financing for the proposed District, is comparable to other districts in the target market area. Based on the requirements and the intent of 30 TAC Section 293.59, this project is considered economically feasible. Each particular bond issue will be evaluated based on its own economic feasibility merits and the rules and regulations in place at the time prior to the issuance of any bonds by the proposed District.

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, road, and recreational facilities; a combined projected tax rate of $1.13 per $100 AV; the proposed District obtaining a 4% bond coupon rate; and other supporting data, the proposed District is considered feasible under the intent of 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 Firefly Municipal Utility District.

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."

"This order shall not constitute approval or recognition of the validity of any provision in the City of Lago Vista Resolution No. 25-2114, passed and approved March 6, 2025, and any other ordinance/resolution incorporated therein by reference to the extent that such provisions exceed the authority granted to the City of Lago Vista, by the laws of the State of Texas."

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

William Bock	Zachary Curtis	Robert Kiddie
William Korek	Amir Moghaddam	

H. ADDITIONAL INFORMATION

The Petitioner's professional representatives are:

Attorney:	Mr. Anthony Corbett – McLean Howard Law
Creation Engineer:	Mr. Ken Heroy, P.E. – Jones-Heroy & Associates, Inc.
Market Analyst:	Mr. Eldon Rude – 360˚ Real Estate Analytics