

RESOLUTION NO. 24-**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUGAR LAND, TEXAS, GIVING ITS CONSENT TO THE CREATION A MUNICIPAL UTILITY DISTRICT WITHIN THE EXTRATERRITORIAL LIMITS OF THE CITY OF SUGAR LAND SUBJECT TO THE TERMS AND CONDITIONS OF THIS RESOLUTION.

WHEREAS, the City received a request from Pulte Homes of Texas, L.P. (collectively, the “Developer”) for the City’s consent to the creation of a municipal utility district on approximately 943 acres of land located in the City’s extraterritorial jurisdiction; and

WHEREAS, Section 54.016 of the Texas Water Code provides that land within a City’s corporate limits or extraterritorial jurisdiction may not be included in a municipal utility district without such city’s consent, NOW THEREFORE,

**BE IT RESOLVED BY THE CITY COUNCIL
OF THE CITY OF SUGAR LAND, TEXAS:**

Section 1. That it gives its written consent to the creation of Municipal Utility District Number 269 on approximately 943 acres of land, as described in the attached legal description, subject to the following:

- (A) All bonds, which shall be and remain obligations of the District until its dissolution, must be issued in compliance with this Consent Resolution. In the event that a proposed bond issue does not comply with the terms set forth in this Consent Resolution, the District shall request approval by the City Council for such bond issuance. The City requires compliance with the following terms and reporting requirements:
- (1) A bond issue’s debt maturity date will not exceed 25 years.
 - (2) The amount of each annual principal payment on bond debt should be substantially the same or only moderately increased throughout the repayment term. In any case, at least 40% of the principal must be repaid in the first half of the repayment schedule, unless a portion of the bonds are structured as capital appreciation bonds.
 - (3) The District may not fund more than 24 months of capitalized interest in a bond issue.
 - (4) The District may only issue bonds for the purposes of providing water, wastewater, drainage, road and park and recreational improvements.
 - (5) At least 30 days before the issuance of bonds, except refunding bonds, the District's financial advisor shall certify in writing that bonds are being issued within the existing economic feasibility guidelines established by the TCEQ - whether or not the District

has been approved by the TCEQ. The report, provided to the City Manager, should also state the following:

- i. The amount of bonds being proposed for issuance,
- ii. The projects to be funded by such bonds,
- iii. The proposed debt service tax rate after issuance of the bonds, which debt service tax rate when combined with the operations and maintenance tax rate, shall not exceed \$1.50 per \$100 assessed valuation.

(6) Within 30 days after the District closes the sale of a series of bonds, the District shall deliver to the City Manager a copy of the final official statement for such series of bonds as well as any additional information requested by the City.

(B) All water, wastewater, and road infrastructure owned and operated by the District shall become City owned and operated infrastructure. Therefore, District infrastructure shall be constructed in accordance with that certain Development Agreement by and between the City and Developer approved by the City on December 5, 2023 (the "Development Agreement").

(C) All District utility infrastructure must be designed and constructed pursuant to the Development Agreement.

(D) The District may not annex additional land into the District unless the City Council first adopts a resolution giving its consent to the annexation. The conditions contained in the resolution consenting to the creation of the District also apply to the land annexed, unless the resolution approving the District's annexation of additional land states otherwise. Conversely, the District may not enter into an agreement to be annexed, in whole or in part, with another district or municipality without written authorization from the City of Sugar Land.

(E) The District may not provide water or wastewater service outside the boundaries of the District. Conversely, the District may not enter into an agreement with another district or municipality to receive water and wastewater services.

(F) The District shall file a notice in the real property records of Fort Bend County stating that the City may annex the District as provided by State law. The parties may attach a form of such notice to the consent agreement or development agreement.

(G) The District shall send a copy of the order or other action setting an ad valorem tax rate to the City Secretary, City Finance Director and the City Manager within 30 days after District adoption of the rate.

- (H) The District shall send a copy of its annual audit to the City Finance Director and City Manager. The District will also ensure that they are meeting accounting standards set by the Governmental Accounting Standards Board (GASB), and they are fulfilling all arbitrage compliance reports to the satisfaction of the City Finance Director.
- (I) The District shall provide copies of any material event notices filed under applicable federal securities laws or regulations to the City Manager within thirty (30) days after filing such notices with the applicable federal agency.
- (J) The District will not own any facilities except for drainage and parks without the City's written approval. The District will finance water, wastewater, road and park facilities. The District will convey such infrastructure to the City in accordance with the development agreement.
- (K) The District will not incur operating expenses, other than administrative operating expenses, expenses related to maintaining drainage and park improvements, and the cost of police and patrol services, without the City's specific written authorization.

Section 2. That should the District fail to comply with any condition of this Consent, the City may seek all remedies as provided by law, including the remedies of injunctive relief and mandamus as provided for in section 54.016(g) of the Water Code. Should the City seek and a court of competent jurisdiction grant the City's request for injunctive relief mandamus, or any other remedy as authorized by law to compel the District to comply with the conditions of this Resolution, the District agrees to pay attorney's fees, court costs, and all other expenses incurred by the City to enforce compliance.

APPROVED on _____, 2023.

Joe R. Zimmerman, Mayor

ATTEST:

APPROVED AS TO FORM:

Robin Lenio, City Secretary

Meredith Riede, City Attorney