

**ORDER APPROVING ENGINEERING REPORT
AND
CALLING BOND ELECTION**

THE STATE OF TEXAS

COUNTY OF GALVESTON

BACLIFF MUNICIPAL UTILITY DISTRICT

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The Board of Directors (“Board”) of Bacliff Municipal Utility District (“District”) met in special session at the Board’s regular meeting place on August 18, 2023 with a quorum of directors present, as follows:

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| Brad Bingham | President |
| Dale Patterson | Vice President and Secretary |
| Victor Medina | Director |
| Don Rodgers | Director |
| Tony Poynor | Director |

and the following were absent: Director Bingham and Director Rodgers, when the following business was transacted:

A discussion was conducted relative to the calling of a bond election to finance facilities and improvements necessary to provide the District with necessary expansions and improvements to its waterworks and sanitary sewer system and related facilities. Jared Barber, a registered professional engineer under the laws of the State of Texas, and a member of the firm of Freese and Nichols, Inc., the District’s consulting engineers, presented to the Board an Engineering Report covering the works, improvements, facilities, plants, equipment, and appliances to be purchased and constructed, together with maps, plats, profiles and data fully showing and explaining the same. The Engineering Report contained a detailed estimate of the cost of such expansions and improvements and an estimate of additional costs and expenses which will be incurred by the District incidental to its operation and the financing of such works, improvements, facilities, plants, equipment and appliances. The Engineering Report and each item thereof and the maps, plats, profiles and data were fully considered by the Board and were discussed in detail by all present, and by unanimous vote of those members of the Board present, the Engineering Report and all accompanying items were approved and ordered filed in the office of the District, for inspection by the general public.

Director Poynor then introduced the Order set out below and moved its adoption, which motion was seconded by Director Medina and, after full discussion and the question being put to the Board, said motion was carried by the following vote:

"Aye" 3 ; "No" 0 .

The Order thus adopted is as follows:

WHEREAS, there has been filed with the District, open to inspection by the public, an Engineering Report covering the additional works, land, improvements, facilities, plants, equipment, and appliances to be purchased, acquired and constructed by the District, together with maps, plats, profiles and data showing and explaining such report, and such report has been carefully considered by the Board and has been fully approved by the Board; and

WHEREAS, said works, improvements, facilities, plants, equipment and appliances are designed and intended to furnish an improved and expanded sanitary sewer and water system for the District; and

WHEREAS, the Engineering Report heretofore filed and approved contains an estimate of the cost of the purchase, acquisition and construction of the proposed works, land, improvements, facilities, plants, equipment and appliances, and an estimate of additional costs and expenses which will be incurred by the District incidental to its operation and the financing of such works, improvements, facilities, plants, equipment and appliances, to be as follows:

SEE FOLLOWING PAGE

**BACLIFF MUNICIPAL UTILITY DISTRICT
2023 BOND ISSUE SUMMARY OF COSTS**

Construction Costs:

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|--|------------------------|
| Cost Estimate for Wastewater Treatment Plant Improvements | \$15,040,500.00 |
| Cost Estimate for New Water Well | \$4,559,000.00 |
| Cost Estimate for SCADA Upgrades | \$646,000.00 |
| Cost Estimate for Water Distribution System Improvements | \$1,012,000.00 |
| Cost Estimate for Lift Station, Water Line and Force Main Relocation | \$1,131,000.00 |
| Cost Estimate for Mapping Updates | \$153,000.00 |
| | |
| TOTAL CONSTRUCTION COSTS | \$22,541,500.00 |

Non-Construction Costs:

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|---|-----------------------|
| Legal Fees | \$700,000.00 |
| Fiscal Agent Fees | \$560,000.00 |
| Capitalized Interest (2.0 years at 5.50%) | \$3,080,000.00 |
| Bond Discount | \$840,000.00 |
| TCEQ Bond Issuance Fees | \$70,000.00 |
| Attorney General's Fee (0.10%) | 28,500.00 |
| Bond Application Reports Costs | \$105,000.00 |
| Admin & Issuance Expenses | \$75,000.00 |
| | |
| TOTAL NON-CONSTRUCTION COSTS | \$5,458,500.00 |

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|-------------------------------------|-----------------------|
| TOTAL BOND ISSUE REQUIREMENT | \$28,000,00.00 |
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*NOW, THEREFORE, BE IT ORDERED BY THE BOARD OF DIRECTORS OF
BACLIFF MUNICIPAL UTILITY DISTRICT THAT:*

Section 1: The matters and facts set out in the preamble of this Order are hereby found and declared to be true and complete and are hereby adopted. This Order shall not be deemed a contract with the voters or taxpayers and the estimate provided in Section 8 regarding maximum interest rate is only an estimate, based on market conditions on the date hereof.

Section 2: The Engineering Report and the estimates of costs herein set forth are hereby approved and adopted by this Board as the sums representing the amount of bonds which this Board should be empowered to issue and sell upon approval at the election herein ordered.

Section 3: An election shall be held on November 7, 2023, between the hours of 7:00 a.m. and 7:00 p.m. at any of the polling locations to be published on the Galveston County website at Galvestonvotes.org at which the following proposition shall be submitted:

PROPOSITION A

SHALL THE BOARD OF DIRECTORS OF BACLIFF MUNICIPAL UTILITY DISTRICT, BE AUTHORIZED TO ISSUE THE BONDS OF SAID DISTRICT IN ONE OR MORE ISSUES OR SERIES IN THE MAXIMUM AMOUNT OF \$28,000,000 MATURING SERIALLY OR OTHERWISE IN SUCH INSTALLMENTS AS ARE FIXED BY SAID BOARD OVER A PERIOD OR PERIODS NOT EXCEEDING FORTY (40) YEARS FROM THEIR DATE OR DATES, BEARING INTEREST AT ANY RATE OR RATES, AND TO SELL SAID BONDS AT ANY PRICE OR PRICES, PROVIDED THAT THE MAXIMUM NET EFFECTIVE INTEREST RATE, AS DEFINED IN CHAPTER 1204 OF THE GOVERNMENT CODE, AS AMENDED, ON ANY ISSUE OR SERIES OF SAID BONDS SHALL NOT EXCEED THE MAXIMUM LEGAL LIMIT IN EFFECT AT THE TIME OF ISSUANCE OF EACH SUCH ISSUE OR SERIES, ALL AS MAY BE DETERMINED BY THE BOARD OF DIRECTORS OF SAID DISTRICT, FOR THE PURPOSE OF THE PURCHASE, ACQUISITION AND CONSTRUCTION OF WORKS, IMPROVEMENTS, FACILITIES, PLANTS, EQUIPMENT AND APPLIANCES FOR THE DISTRICT'S WATERWORKS, SANITARY SEWER SYSTEM AND DRAINAGE SYSTEM, AND ADDITIONS, EXTENSIONS AND IMPROVEMENTS THERETO AND THE PURCHASE OR ACQUISITION OF ANY AND ALL PROPERTY, CONTRACT RIGHTS, RIGHTS OF USE, AND INTERESTS IN PROPERTY NECESSARY, APPROPRIATE OR INCIDENT TO THE PURCHASE, CONSTRUCTION, OR OTHER ACQUISITION OF SUCH WATERWORKS, SANITARY SEWER SYSTEM, AND DRAINAGE SYSTEM, AND ADDITIONS, EXTENSIONS AND IMPROVEMENTS THERETO AND THE PAYMENT OF ALL EXPENSES IN ANY MANNER INCIDENTAL THERETO, IN ACCORDANCE WITH THE ENGINEERING REPORT, AND SUCH EXPENSES AS ARE INCIDENTAL TO THE ADMINISTRATION AND FINANCING OF THE DISTRICT WHICH UNDER APPLICABLE LAW MAY

PROPERLY BE PAID FROM THE PROCEEDS OF SUCH BONDS, AND TO PROVIDE FOR THE PAYMENT OF PRINCIPAL OF AND INTEREST ON SUCH BONDS BY THE LEVY AND COLLECTION OF A SUFFICIENT TAX UPON ALL TAXABLE PROPERTY WITHIN SAID DISTRICT FOR SUCH PERIOD OF TIME AS THE BOARD OF DIRECTORS DETERMINES, AS MAY BE PROVIDED IN THE ORDERS OR RESOLUTIONS AUTHORIZING THE ISSUANCE OF SUCH BONDS, ALL AS AUTHORIZED BY THE CONSTITUTION AND LAWS OF THE STATE OF TEXAS?

Section 4: Voting in said election on election day shall be by the use of electronic voting machines. The ballot shall be printed in English, and Spanish, languages and shall conform to the requirements of the Texas Election Code. The ballots used in the election shall have printed thereon the following:

OFFICIAL BALLOT
PROPOSITION A

- [] FOR THE ISSUANCE OF BONDS AND THE LEVY OF AD VALOREM TAXES ADEQUATE TO PROVIDE FOR THE PAYMENT OF THE BONDS IN THE MAXIMUM AMOUNT OF \$28,000,000.00.

- [] AGAINST THE ISSUANCE OF BONDS AND THE LEVY OF AD VALOREM TAXES ADEQUATE TO PROVIDE FOR THE PAYMENT OF THE BONDS IN THE MAXIMUM AMOUNT OF \$28,000,000.00.

Section 5: The boundaries of the District as currently established are hereby designated as and shall constitute one election precinct.

Section 6: The Early Voting Clerk is Dwight Sullivan County Clerk. Early ballots may be voted at the main Early Voting polling place located at 600 59th Street, 1st Floor Concession Area, Galveston, Texas 77550 and at any of the locations to be published on the Galveston County website at Galvestonvotes.org the following days during the following times:

Monday, October 23 through Friday, October 27: 8:00 am – 5:00 pm
Monday, October 30 through Wednesday, November 1: 8:00 am – 5:00 pm
Thursday, November 2 through Friday, November 3: 7:00 am – 7:00 pm

The early voting clerk's address is 600 59th Street, 2nd Floor, Galveston Texas 77551, and the official mailing address is P.O. Box 17253, Galveston, Texas 77552. The Early Voting Clerk's email is absenteeballotapplications@co.galveston.tx.us, and the phone number is 409-770-5108 and the fax number is 409-765-3249. Applications for ballots by mail must be received no later than the close of business on October 27, 2023. The Early Voting Clerk's website is Galvestonvotes.org.

Section 7: The election shall be held and conducted and returns made to this Board of Directors in accordance with the provisions of the Texas Election Code and Chapter 49, Texas Water Code.

Section 8: In further compliance with Chapter 3, §3.009 Texas Election Code, the District states:

- (i) The District calls this election to authorize the issuance of the District's \$28,000,000 Unlimited Tax Bonds (the "Bonds") in one or more series or issues to mature within forty (40) years from the date of the Bonds and to authorize levy of adequate ad valorem taxes to pay for said Bonds;
- (ii) If the Bonds are approved by the voters, the Board of Directors of the District will be authorized to impose an annual ad valorem tax sufficient to pay the annual principal of and interest on the Bonds;
- (iii) Based upon the bond market conditions at the date of adoption of this Order, the maximum interest rate for any series of the Bonds is estimated to be 5.50%. Such estimated maximum rate is provided as a matter of information, but is not a limitation on the interest rate at which the Bonds, or any series thereof, may be sold;
- (iv) The ad valorem debt service tax rate for the District as of the date of ordering the election is \$0.1951 per \$100 valuation on taxable property;
- (v) The Bonds may be issued to mature over a specified number of years not to exceed the maximum number of years authorized by law;
- (vi) The aggregate amount of outstanding principal of all District bond obligations as of the date of this Order, is \$10,155,000; and
- (vii) The aggregate amount of outstanding interest of all District bond obligations as of the date of this Order, is \$3,441,200.

Section 9: Only duly qualified resident electors of the District shall be entitled to vote in the election.

Section 10: The presiding judge and election clerks are hereby appointed as a special canvassing board for canvassing the early voting returns.

Section 11: The President or Vice-President and Secretary of the Board are hereby authorized and directed to secure and provide such election supplies as may be necessary for the conduct of such election, and to take such other steps as may be necessary or appropriate in the calling and conduct of such election.

Section 12: The Board of Directors has appointed Baker Williams Matthiesen LLP as the District's agent for the election. The offices of the District's agent are located at 5005

Woodway Drive, Suite 201, Houston, Texas 77056 and are open from 9:00 a.m. to 5:00 p.m. each weekday.

Section 13: If, for any reason, one or more of the sections, provisions, clauses or words of this Order or the election conducted in accordance with this Order, or the application of those sections, provisions, clauses or words to any situation or circumstance shall for any reason be held to be invalid or unconstitutional, the invalidity or unconstitutionality shall not affect any of the other sections, provisions, clauses or words of this Order or the election conducted in accordance with this Order, or the application of those sections, provisions, clauses or words to any other situation or circumstances, and it is intended that this Order shall be severable and shall be construed and applied as if the invalid or unconstitutional section, provision, clause or word had not been included in this Order.

PASSED, APPROVED and ADOPTED the 18th day of August 2023.



Dale Patterson, *Vice President*
Board of Directors

ATTEST:



Tony Poyner, *Assistant Secretary*
Board of Directors


(DISTRICT SEAL)