

Texas Commission on Environmental Quality

INTEROFFICE MEMORANDUM

To: Texas Commission on Environmental Quality Date: January 9, 2006
Thru: ^{DA} Doug Holcomb, Manager, Utilities and Districts Section
^{RC} Robert Cummins, P.E., Leader, Districts Review Team
From: Districts Review Team
Subject: Docket No. 2005-1651-DIS. Montgomery County Municipal Utility District No. 71; Petition for Dissolution of District. Pursuant to Texas Water Code Sections 49.321 to 49.327. TCEQ Internal Control No. 08082005-D08
CN:600735906 - RN:101393585

A. GENERAL INFORMATION

The application requests the Commission to dissolve Montgomery County Municipal Utility District No. 71 (the "District"). The District was created by Acts 1985, 69 Leg., Chapter 857 (SB 1358) on June 15, 1985. The District contains 428.1686 acres of land within Montgomery County. The District is governed by Chapters 49 and 54 of the Texas Water Code.

The application includes a petition for the dissolution of the District signed by Randy W. Gaul, authorized agent for LGI Holdings, LLC, a limited liability company of LGI Land, LLC, as landowner; Troy England, senior vice president of Woodforest National Bank, as first lienholder; and Don E. Burch, secretary of Vision Mortgage, Inc., as second lienholder (the "Applicants"). The petition asserts that the Applicants hold title to property located within the District. A Montgomery Central Appraisal District certificate of ownership supports that LGI Land, LLC owns all the land in the District. The District was created for the purpose of purchasing, constructing, operating and maintaining all facilities necessary for the supply and distribution of water; the collection, transportation and treatment of wastewater; and the drainage of storm water to service the land in the District. The District has remained unimproved since its creation. The petition states that dissolution is desirable since the District is not required for development of the land.

The application material supports that the District has performed none of the functions for which it was created for five consecutive years preceding the date of this petition. It is financially dormant and has no outstanding bonded indebtedness. The District has no known assets or liabilities.

Certified copies of the Annual Financial Dormancy and Filing Affidavit for the calendar years 2000 through 2004 are included in the application.

An affidavit from the Comptroller of Public Accounts of the State of Texas has been included with the application certifying that their review of records on January 20, 2005 revealed that the District had not incurred bond debt for the period January 1, 1986 through January 20, 2005.

B. CONCLUSION

Based on a review of the application and information on file, the District meets the dissolution requirements set forth in Commission Rules 293.131 to 293.136 and Texas Water Code Sections 49.321 to 49.327.

C. RECOMMENDATIONS

1. Approve the request to dissolve Montgomery County Municipal Utility District No. 71.
2. Direct that the District's assets, if any, will escheat to the State of Texas, will be administered by the Comptroller of Public Accounts of the State of Texas and will be disposed of in the manner provided by Chapter 74, Property Code, according to Texas Water Code Section 49.327 and Commission Rule 293.134.

D. ADDITIONAL INFORMATION

The Applicants' professional representative is:

Legal Assistant: Ms. Tara Castillo - Allen Boone Humphries Robinson LLP



1/9/06

Diego Abrego
Districts Review Team

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



DOCKET NO. 2005-1651-DIS

AN ORDER AUTHORIZING THE DISSOLUTION OF MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

On xxxx xx, 2005, the Texas Commission on Environmental Quality (hereafter "Commission") met in regular session at its offices in Austin, Texas, with notice of the meeting issued in compliance with the Open Meetings Act, TEX. GOV'T CODE ANN. §§ 551.001 - 551.146 (Vernon 1994 & Supp. 2003) and the Administrative Procedure Act, TEX. GOV'T CODE ANN. §§ 2001.001 - 2001.902 (Vernon 2000 & Supp. 2003), to consider the petition submitted by Randy W. Gaul, authorized agent for LGI Holdings, LLC, a limited liability company of LGI Land, LLC, as owner of property located within Montgomery County Municipal Utility District No. 71 (hereafter "District"); Troy England, senior vice president of Woodforest National Bank, as first lienholder; and Don E. Burch, secretary of Vision Mortgage, Inc., as second lienholder (hereafter "Applicants), to dissolve the District pursuant to TEX. WATER. CODE ANN. §§ 49.321 - 49.327 (Vernon 2000) and 30 TEX. ADMIN. CODE §§ 293.131 - 293.136 (2003).

The Commission, after having considered the petition, application material, and the Memorandum from the Executive Director dated xxx xx, 2005 regarding the petition, a copy of which is attached as Exhibit "A," finds that the petition for dissolution should be approved. The Commission finds that the District has performed none of the functions for which it was created for a period of five consecutive years before the day of the proceeding. The District has no outstanding bonded indebtedness. The District should be directed to escheat the District's assets, if any, to the State of Texas which will be administered by the Comptroller of Public Accounts and disposed of in the manner provided by TEX. PROP. CODE ANN. §§ 74.001 - 74.710 (Vernon 1995 & Supp. 2003).

NOW, THEREFORE, BE IT ORDERED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY that the petition for the Dissolution of the District filed by Randy W. Gaul, authorized agent for LGI Holdings, LLC, a limited liability company of LGI Land, LLC, as owner of property located within Montgomery County Municipal Utility District No. 71; Troy England, senior vice president of Woodforest National Bank, as first lienholder; and Don E. Burch, secretary of Vision Mortgage, Inc., as second lienholder, is granted pursuant to TEX. WATER. CODE ANN. §§ 49.321 - 49.327 (Vernon 2000) and 30 TEX. ADMIN. CODE §§ 293.131 - 293.136 (2003) (Dissolution of Districts). The Commission will file a certified copy of this order of dissolution in the deed records of Montgomery County. The District is directed to escheat the District's assets, if any, to the State of Texas which will be administered by the Comptroller of Public Accounts and disposed of in the manner provided by TEX. PROP. CODE ANN. §§ 74.001 - 74.710 (Vernon 1995 & Supp. 2003).

Issue Date:

TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY

Kathleen Hartnett White, Chairman

Mailing List
Docket No. 2005-1651-DIS
Montgomery County Municipal Utility District No. 71
TCEQ Internal Control No. 08082005-D08

Ms. Tara Castillo
Allen Boone Humphries Robinson LLP
3200 Southwest Freeway - Suite 2600
Houston, Texas 77027

Don A. Thompson
TCEQ Region 12
5425 Polk Ave. - Suite H
Houston, Texas 77219-0089

Montgomery County Clerk
Attn: Mark Turnbull
P.O. Box 959
Conroe, Texas 77305

Houston-Galveston Area Council of Governments
3555 Timmons, Suite 500
P.O. Box 22777
Houston, Texas 77227-2777

Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

LaDonna Castañuela, Office of the Chief Clerk, MC-105
Robert Martinez, Senior Attorney, Environmental Law Division, MC-173
Spencer Marks, Staff Attorney, Environmental Law Division, MC-173
Diego Abrego, Technical Manager, Utilities and Districts Section, MC-152
Robert Cummins, Utilities & Districts Section, Water Supply Division, MC-152
Blas Coy, Office of the Public Interest Counsel, MC-103
Jodena Henneke, Office of Public Assistance, MC-108

PETITION FOR DISSOLUTION OF
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

RECEIVED

AUG 01 2005

TEXAS COMMISSION
ON
ENVIRONMENTAL QUALITY

THE STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY:

LGI Land, LLC, together with first lienholder Woodforest National Bank and second lienholder Vision Mortgage, Inc., (the "Petitioner"), being the owner of land situated within Montgomery County Municipal Utility District No. 71 (the "District"), respectfully petitions the Texas Commission on Environmental Quality (the "Commission") for the dissolution of Montgomery County Municipal Utility District No. 71, an inactive district, pursuant to the provisions of Section 49.321, Texas Water Code, and would respectfully show the following:

I.

The District is located in Montgomery County, Texas, was created by statute pursuant to Acts 1985, 69 Leg., Chapter 857 (S.B. 1358) on June 15, 1985, and organized under the terms and provisions of Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 54, Texas Water Code, together with all amendments and additions thereto. The District's creation has not been confirmed by an election held within the District.

II.

The Petitioner holds title to land within the District as shown on the tax rolls of Montgomery County, Texas, and there are no other persons holding title to land within the District.

III.

The District has been financially dormant and has performed no functions for the five-year period preceding the date of this Petition. The dissolution of the District is desirable or necessary because the District is not required for the development of land within its boundaries, as evidenced by its extended dormancy.

IV.

The District has no outstanding bonded indebtedness, as shown in the affidavit from the Texas Comptroller of Public Accounts, and has no assets or liabilities.

V.

The Petitioner respectfully requests that the Commission hold a hearing, after proper notice, as provided in Chapter 49, Section 49.322, Texas Water Code, as amended, and Sections 293.131-136, 30 Texas Administrative Code, as amended, to determine whether the District should be dissolved.

VI.

The Petitioner respectfully requests that the Executive Director of the Commission institute an investigation of the facts and circumstances of the District and prepare a written report concerning this investigation, as required by Section 49.323, Texas Water Code.

VII.

The Petitioner respectfully requests that the Commission (i) determine that the District has performed none of the functions for which it was created for a period of five consecutive years prior to the date of this Petition for dissolution of the District and that the District has no outstanding bonded indebtedness, and (ii) order that the District be dissolved.

Wherefore, the Petitioner respectfully prays that this Petition be properly filed as provided by law, and that the Commission order the dissolution of MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 71.

Respectfully submitted this 22nd day of July, 2005.

LGI LAND, LLC, as landowner

By: LGI Holdings, LLC, a Nevada limited liability company

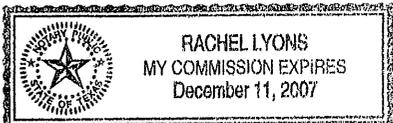
By:



Randy W. Gaul
Authorized Agent

STATE OF TEXAS §
 §
COUNTY OF Montgomery §

This instrument was acknowledged before me on the 22nd day of July, 2005, by Randy W. Gaul, Authorized Agent of LGI Holdings, LLC, which is the manager of LGI Land, LLC, on behalf of said companies.



(NOTARY SEAL)

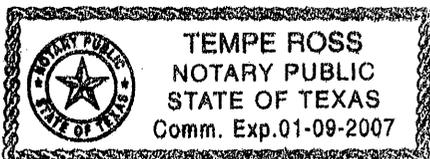
Rachel Lyons
Notary State of Texas

WOODFOREST NATIONAL BANK, as first
lienholder

By: [Signature]
Troy England
Senior Vice President

STATE OF TEXAS §
 §
COUNTY OF Montgomery §

This instrument was acknowledged before me on the 12th day of July, 2005, by Troy England, Senior Vice President of Woodforest National Bank, on behalf of said institution.



(NOTARY SEAL)

[Signature]
Notary State of Texas



MONTGOMERY CENTRAL APPRAISAL DISTRICT

MARK A. CASTLESCHOULDT, RPA, RTA, CTA
CHIEF APPRAISER

CERTIFICATE OF OWNERSHIP

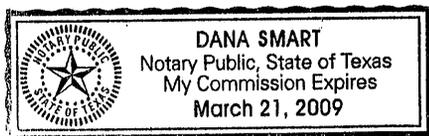
THE STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

District: Montgomery County M.U.D. 71
Description: 428.1686 Acres in the R. N. Davis Survey Abstract 161 and the Frederick Rudge Survey Abstract 448

I, the undersigned, hereby certify that I have examined the rolls of Montgomery Central Appraisal District and find that as of June 9, 2005 fee simple ownership of all of the property described in Exhibit "A" attached hereto, was assessed on the rolls of Montgomery Central Appraisal District, in the name of:

L.G.I. LAND, L.L.C.

WITNESS MY HAND AND OFFICIAL SEAL this the 23rd day of June 2005.



By Steve Compton
Steve Compton, Deputy Chief Appraiser

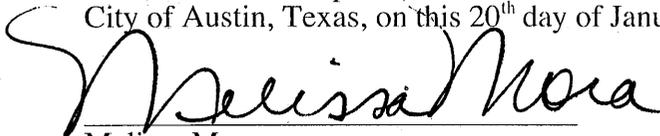
THE STATE OF TEXAS

COUNTY OF TRAVIS

I, Melissa Mora, of the Cash and Securities Management Division of the Comptroller of Public Accounts of the State of Texas, DO HEREBY CERTIFY, I am a designated Assistant Bond Clerk for bond issues registered by the Comptroller of Public Accounts.

I FURTHER CERTIFY that a review of our records on January 20, 2005, found no registration by the Comptroller of bonds issued by Montgomery County Municipal Utility District No. 71, from January 1, 1986 through January 20, 2005.

IN TESTIMONY WHEREBY, I have hereunto signed my name officially and caused to be impressed hereon the seal of the Comptroller of Public Accounts in the City of Austin, Texas, on this 20th day of January, 2005.

A handwritten signature in cursive script that reads "Melissa Mora". The signature is written in black ink and is positioned above a horizontal line.

Melissa Mora
Assistant Bond Clerk
Comptroller of Public Accounts of the
State of Texas



FINANCIAL DORMANCY AFFIDAVIT

STATE OF TEXAS
COUNTY OF Montgomery

A. I, Richard L. Muller (Name), being duly sworn, am an authorized

representative of Montgomery County Municipal Utility District No. 71 (Name of District)

I have personal knowledge of all financial activities of said district; and affirm that the above district had:

1. \$500 or less of receipts from operations, tax assessments, loans, contributions, or any other sources, AND
2. \$500 or less of disbursements of funds, AND
3. no bonds or other long-term (more than one year) liabilities outstanding, AND
4. no cash or investments that exceeded \$5,000 at any time;

For the following period:

1. calendar year, January 1, 2000 through December 31, 2000
2. fiscal period, _____ through _____ (Date) (Date)

CHECK ONE:

B. I affirm that payments have have not been made by (an) other party(ies) on behalf of the district. These payments are estimated to be \$ _____

CHECK ONE:

C. The district has has not been confirmed by voters. A confirmation election was held on _____

D. I also affirm that the district has complied in full with the requirements of Section 49.194(c) of the Texas Water Code by filing copies of this affidavit in the district's office, located at:

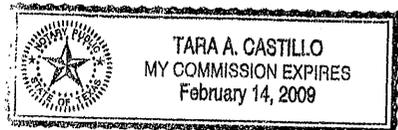
3200 Southwest Fwy, Ste 2600, Houston, TX 77027
(District Office Address)

E. Date June 13, 2005 By: Richard Muller (Signature)

Richard L. Muller, Attorney for District
(Name and Title)

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public
in and for the State of Texas

this 13th day of June, 2005
My Commission Expires on 2-14-2009



Taria A. Castillo
(Signature of Notary)



FINANCIAL DORMANCY AFFIDAVIT

STATE OF TEXAS
COUNTY OF Montgomery

A. I, Richard L. Muller (Name), being duly sworn, am an authorized

representative of Montgomery County Municipal Utility District No. 71 (Name of District);

I have personal knowledge of all financial activities of said district; and affirm that the above district had:

- 1. \$500 or less of receipts from operations, tax assessments, loans, contributions, or any other sources, AND
- 2. \$500 or less of disbursements of funds, AND
- 3. no bonds or other long-term (more than one year) liabilities outstanding, AND
- 4. no cash or investments that exceeded \$5,000 at any time;

For the following period:

- 1. calendar year, January 1, 2001 through December 31, 2001
- 2. fiscal period, _____ through _____

CHECK ONE:

B. I affirm that payments have have not been made by (an) other party(ies) on behalf of the district. These payments are estimated to be \$ _____

CHECK ONE:

C. The district has has not been confirmed by voters. A confirmation election was held on _____

D. I also affirm that the district has complied in full with the requirements of Section 49.194(c) of the Texas Water Code by filing copies of this affidavit in the district's office, located at:

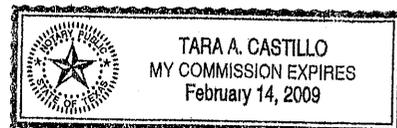
3200 Southwest Fwy, Ste 2609, Houston, TX 77027
(District Office Address)

E. Date June 13, 2005 By: Richard Muller (Signature)

Richard L. Muller, Attorney for District
(Name and Title)

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public
in and for the State of Texas

this 13th day of June, 2005.
My Commission Expires on 2-14-2009



Tara A. Castillo
(Signature of Notary)



FINANCIAL DORMANCY AFFIDAVIT

STATE OF TEXAS
COUNTY OF MONTGOMERY

A. I, JAMES A. BOONE, being duly sworn, am an authorized
(Name)
representative of MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 71;
(Name of District)

I have personal knowledge of all financial activities of said district; and affirm that the above district had:

1. \$500 or less of receipts from operations, tax assessments, loans, contributions, or any other sources, AND
2. \$500 or less of disbursements of funds, AND
3. no bonds or other long-term (more than one year) liabilities outstanding, AND
4. no cash or investments that exceeded \$5,000 at any time;

For the following period:

1. calendar year, January 1, 2002 through December 31, 2002
2. fiscal period, _____ through _____
(Date) (Date)

CHECK ONE:

B. I affirm that payments have have not been made by (an) other party(ies) on behalf of the district. These payments are estimated to be \$ _____

CHECK ONE:

C. The district has has not been confirmed by voters. A confirmation election was held on _____

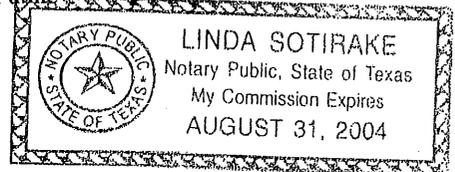
D. I also affirm that the district has complied in full with the requirements of Section 49.194(c) of the Texas Water Code by filing copies of this affidavit in the district's office, located at: The office of Vinson & Elkins, L.L.P.

1001 FANNIN, 2300 FIRST CITY TOWER, HOUSTON, TEXAS 77002-6760
(District Office Address)

E. Date January 23, 2003 By: [Signature]
(Signature)
JAMES A. BOONE, ATTORNEY FOR THE DISTRICT
(Name and Title)

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public
in and for the State of Texas

this 23rd day of January, 2003.
My Commission Expires on 8-31-04



[Signature]
(Signature of Notary)



FINANCIAL DORMANCY AFFIDAVIT

STATE OF TEXAS
COUNTY OF Montgomery

A. I, Richard L. Muller _____, being duly sworn, am an authorized
(Name)

representative of Montgomery County Municipal Utility District No. 71 ;
(Name of District)

I have personal knowledge of all financial activities of said district; and affirm that the above district had:

1. \$500 or less of receipts from operations, tax assessments, loans, contributions, or any other sources, AND
2. \$500 or less of disbursements of funds, AND
3. no bonds or other long-term (more than one year) liabilities outstanding, AND
4. no cash or investments that exceeded \$5,000 at any time;

For the following period:

1. calendar year, January 1, 2003 through December 31, 2003
2. fiscal period, _____ through _____
(Date) (Date)

CHECK ONE:

B. I affirm that payments have have not been made by (an) other party(ies) on behalf of the district. These payments are estimated to be \$ _____

CHECK ONE:

C. The district has has not been confirmed by voters. A confirmation election was held on _____

D. I also affirm that the district has complied in full with the requirements of Section 49.194(c) of the Texas Water Code by filing copies of this affidavit in the district's office, located at:

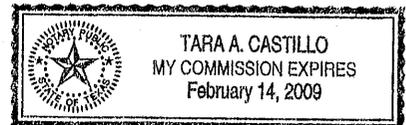
3200 Southwest Fwy, Ste 2000, Houston, TX 77027
(District Office Address)

E. Date June 13, 2005 By: Richard Muller
(Signature)

Richard L. Muller, Attorney for District
(Name and Title)

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public
in and for the State of Texas

this 13th day of June, 2005.
My Commission Expires on 2-14-2009



Tara A. Castillo
(Signature of Notary)



FINANCIAL DORMANCY AFFIDAVIT

STATE OF TEXAS
COUNTY OF Montgomery

A. I, Richard L. Muller (Name), being duly sworn, am an authorized

representative of Montgomery County Municipal Utility District No. 71 (Name of District);

I have personal knowledge of all financial activities of said district; and affirm that the above district had:

1. \$500 or less of receipts from operations, tax assessments, loans, contributions, or any other sources, AND
2. \$500 or less of disbursements of funds, AND
3. no bonds or other long-term (more than one year) liabilities outstanding, AND
4. no cash or investments that exceeded \$5,000 at any time;

For the following period:

1. calendar year, January 1, 2004 through December 31, 2004
2. fiscal period, _____ through _____ (Date) (Date)

CHECK ONE:

B. I affirm that payments have have not been made by (an) other party(ies) on behalf of the district. These payments are estimated to be \$ _____

CHECK ONE:

C. The district has has not been confirmed by voters. A confirmation election was held on _____

D. I also affirm that the district has complied in full with the requirements of Section 49.194(c) of the Texas Water Code by filing copies of this affidavit in the district's office, located at:

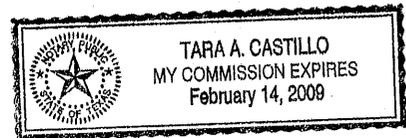
3200 Southwest Fwy, Ste 2600, Houston, TX 77027
(District Office Address)

E. Date June 13, 2005 By: Richard Muller (Signature)

Richard L. Muller, Attorney for District
(Name and Title)

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public
in and for the State of Texas

this 13th day of June, 2005
My Commission Expires on 2-14-2009



Tara A. Castillo
(Signature of Notary)

Texas Commission on Environmental Quality

INTEROFFICE MEMORANDUM

Requested Agenda Date: September 10, 2008

To: Texas Commission on Environmental Quality Date: May 1, 2008
Thru: Doug Holcomb, Manager, Utilities and Districts Section
From: Alex A. (Skip) Ferris, P.E., Leader, Districts Review Team
Subject: Docket No. 2005-1651-DIS. Montgomery County Municipal Utility District No. 71;
Petition for Dissolution of District. Pursuant to Texas Water Code Sections 49.321 to
49.327.
TCEQ Internal Control No. 08082005-D08
CN:600735906 - RN:101393585

DESCRIPTION OF APPLICATION

Petitioners: LGI Land, LLC, as landowner; Woodforest National Bank, as first lienholder; and Vision Mortgage, Inc., as second lienholder.
Request: Dissolution of Montgomery County Municipal Utility District No. 71.
Type: Dissolution.
Authority: Texas Water Code, Sections 49.321 to 49.327.

STAFF RECOMMENDATIONS

Grant the request for dissolution of Montgomery County Municipal Utility District No. 71.

TECHNICAL INFORMATION

General: The District was created by Acts 1985, 69 Leg., Chapter 857 (SB 1358) on June 15, 1985. The District contains 428.1686 acres of land within Montgomery County. The District has been dormant since its creation.

ANTICIPATED RESPONSE

General agreement with staff recommendations.

CONTACT

Greg Charles, Technical Manager, Districts Review Team - 239-4638

Prepared by: Greg Charles
Districts Review Team

Date: 8/22/08