NO. 14-15-00457-CV

IN THE FOURTEENTH COURT OF APPEALS
HOUSTON, TEXAS

MHI PARTNERSHIP, LTD. and MAG CREEK PARTNERS, LTD.,
Appellants

v.

CITY OF LEAGUE CITY, TEXAS,
Appellee

On Appeal from the 56th Judicial District Court of
Galveston County, Texas
Cause No. 14-CV-0340

BRIEF OF APPELLANTS
APPELLANT REQUESTS ORAL ARGUMENT

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IDENTITY OF PARTIES AND COUNSEL

In compliance with Rule 38.1(a), Appellants provide the following list of the parties to the trial court judgment and order at issue, and the names and addresses of trial and appellate counsel for the parties:

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2) Findings of Fact and Conclusions of Law (2 C.R. 1347–53); (Supp. C.R. 6–12).

STATEMENT OF THE CASE

Nature of the Case: Appellee City of League City, Texas (the "City") filed an interpleader suit to deposit over $1.2 million of excess assessment funds and interest collected by and for the Public Improvement District #1 for the Magnolia Creek Development to determine who among 515 competing claimants was entitled to the funds. (1 C.R. 14–45).

Course of Proceedings and Disposition: A non-jury trial was held on January 20, 2014. (R.R. 4:1–32:13). The trial court entered its "Order for Interest in Interpleader Funds" as a final judgment on March 13, 2015, ordering the distribution of interpleaded funds to the record owners of the subject properties as of March 13, 2015. (Supp. C.R. 4–5); (APP. 1). Appellants MHI Partnership, Ltd. and Mag Creek Partners, Ltd. requested findings of fact and conclusions of law on April 1, 2015. (2 C.R. 1275–77). A notice of past due findings of fact and conclusions of law was then filed on April 27, 2015. (2 C.R. 1330–32). The trial court entered its Findings of Fact and Conclusions of Law on May 8, 2015. (2 C.R. 1347–53); (Supp. C.R. 6–12); (APP. 2). Appellants MHI Partnership, Ltd. and Mag Creek Partners, Ltd. filed a Motion for New Trial on April 9, 2015. (2 C.R. 1307–22). Appellants timely filed their notice of appeal of the March 13, 2015 order and the trial court's Findings of Fact and Conclusions of Law on May 27, 2015. (2 C.R. 1378–79).

DESIGNATION OF RECORD REFERENCES

The record in this appeal consists of the clerk's record filed on July 10, 2015 and the reporter's record filed on July 23, 2015. The supplemental record was filed on September 17, 2015. This appellate brief uses the following conventions in citing the record and appendix:

Clerk's Record:

[volume] C.R. [page]

Supplemental Clerk's Record:

Supp. C.R. [page]

Reporter's Record:

R.R. [page]:[line]

Appendix:

APP. [tab number]

STATEMENT REGARDING ORAL ARGUMENT

Oral argument has been requested for the following reasons:

1. Oral argument would give the Court a more complete understanding of the facts presented on this appeal. *See* TEX. R. APP. P. 39.1(c).
2. Oral argument would allow the Court to better analyze the legal issues presented. *See* TEX. R. APP. P. 39.1(e).
3. Oral argument would significantly aid the Court in deciding this case. *See* TEX. R. APP. P. 38.1(e), TEX. R. APP. P. 39.1(d).

ISSUES PRESENTED

1. Whether there is no evidence or factually insufficient evidence to support the Trial Court's Findings of Fact Nos. 8, 9, 11, 19, 20, and 22 because Appellants were not paid with the PID assessments?
2. Whether there is no evidence or factually insufficient evidence to support the Trial Court's Findings of Fact Nos. 10 and 21 because there is conclusive evidence that Appellants did not pass on costs of PID assessments to third parties upon sale of the properties?
3. Whether there is no evidence or factually insufficient evidence to support the Trial Court's Findings of Fact Nos. 31 and 32 because there were no warranty deeds in the record?
4. Whether there is no evidence or factually insufficient evidence to support the Trial Court's Findings of Fact Nos. 33 and 34 because there were no warranty deeds in the record?
5. In so far as the trial court's Finding of Fact No. 34, that legal title owners as of March 13, 2015 are obligated and entitled to "receive all refunds from PID on the property," is a conclusion of law, whether the trial court erred in making such conclusion of law as it is not supported by the evidence or the law applicable to this case?
6. Whether the trial court erred in making Conclusion of Law No. 6, that the funds "are to be distributed to the legal title owner(s) of properties in Phase 1 and Phase 2 of the Magnolia Creek Subdivision appearing of record as of March 13, 2015," as it is not supported by the evidence or the law applicable to this case?
7. In so far as the trial court's Conclusion of Law No. 6 is considered Findings of Fact, whether there is no evidence or factually insufficient evidence to support such conclusion which may be determined to be Findings of Fact?

STATEMENT OF FACTS

A. The Public Improvement District and Assessments

In 1997, the City of League City (the "City") established the League City Public Improvement District Number One (the "PID") for the development of a subdivision known as the Magnolia Creek Master Planned Community ("Magnolia Creek Subdivision"). (2 C.R. 751). The PID is a legal entity created by the City in order to fund improvements, such as street lights, drainage, and sidewalks, on certain defined properties within the PID through an assessment that is levied on those properties. (R.R. 5:13–6:6). These improvements were constructed by the developer of the community at the developer's expense. *Id.* The PID then reimburses the developer with the assessments levied on the properties. *Id.*

The City adopted Ordinance 2001-10 on April 10, 2001, levying PID assessments for Phase 1 of the Magnolia Creek Subdivision. (2 C.R. 751–764). This ordinance referenced and incorporated the "Service and Assessment Plan" for the PID, which provides an estimate for improvement costs and the plan for assessing these costs to property owners within each phase of the development. *Id.* The assessment rate for Phase 1 was set at $1.32 per square foot. *Id.* The assessment could be paid in full at any time or over fifteen (15) years at 7.25% interest. *Id.*; (R.R. 6:10-17; Ex. 1). The rate was calculated utilizing the estimated

costs to construct the improvements in Phase 1, which was $2.76 million. (2 C.R. 751-764); (R.R. 7:7-23; Ex. 1).

On October 8, 2002, the City adopted Ordinance 2002-46 levying the PID assessment for Phase 2 of the Magnolia Creek Subdivision. (2 C.R. 765–69); (R.R. 7:24–8:17; Ex. 2). Using estimated costs for improvements for Phase 2 of $2.25 million, the rate for Phase 2 assessments was set at $1.68 per square foot, with the same payment terms and interest as Phase 1. (2 C.R. 765–69); (R.R. 8:18-25; Ex. 2).

B. MHI and Mag Creek owned properties within the PID and paid the PID assessment.

Appellants MHI Partnership, Ltd. ("MHI") Mag Creek Partners, Ltd. ("Mag Creek") purchased and developed several residential lots located within the Magnolia Creek Subdivision. (2 C.R. 771–72). MHI and Mag Creek ultimately sold these properties to third-parties. *Id.* However, during MHI's and Mag Creek's ownership of each of these properties, MHI and Mag Creek paid the annual assessments levied by PID. *Id.* In all, MHI paid $449,540.49 in PID assessments from 2001 through the present. *Id.* Mag Creek paid $339,249.03 into the PID from 2001 through the present. *Id.*

C. The City's reassessment for Phase 1 and 2 of the PID and claims process.

Following completion of the improvements in Phase 1 and 2 of the Magnolia Creek Subdivision and reimbursement to the developer, the City commissioned a public accounting firm to conduct an audit to reconcile the actual cost of Phase 1 and Phase 2. (R.R. 9:1-20). The results of the audit showed that the actual cost for Phase 1 was only $1.881 million, and the actual costs for Phase 2 was only $1.785 million. (R.R. 11:6-17; Exhibit 3). This resulted in $1,706,082.14 in excess funds on hand after the developer had been reimbursed in full (R.R. 12:1-12).

The City then completed a reassessment for the PID, revising the assessment rates for Phase 1 to $0.90 per square foot (previously $1.32) and to $1.11 per square foot (previously $1.68) for Phase 2 lots. (2 C.R. 1264–71). On August 27, 2013, the City adopted Ordinance 2013-38, which ceased collection of PID assessments on Phase 1 and Phase 2 properties and adopted the reassessment rates. *Id.* This ordinance further stated that the excess funds collected under the original assessments would be "administered and refunded to parties having an interest in such funds." *Id.*

After completing the reassessment, the City attempted to administer a refund process for property owners. (R.R. 12:22–14:16). The City commissioned a title examination on the affected properties within Phase 1 and Phase 2 and hired a title company to administer the claims process. (R.R. 13:3–14:6). The City allocated the

excess funds back to the individual property accounts based upon square footage of the property in the same method used for levying the PID assessment. (RR 15:20–16:7; Exhibit 4). The City then determined a maximum available refund for each property within the PID. *Id.*

The City notified everyone on the chain of title for the affected properties and gave them an opportunity to submit a claim form to the title company. (R.R. 13:3–14:6). The City received competing claims from 515 persons affecting 259 of the 319 individual properties within Phase 1 and Phase 2 of the PID. (R.R. 14:17-20). The City determined that only $1,286,653.86 of the excess funds related to the 259 properties with multiple claims. (RR 18:15–19:6). The City consulted the city attorney to resolve the competing claims, but was unable to determine who might be legally entitled to the funds. (R.R. 17:14–18:2).

D. The Interpleader lawsuit and the trial court's judgment.

The City filed its Petition in Interpleader on March 21, 2014, naming the 515 persons who submitted competing claims as defendants, including MHI and Mag Creek, and seeking to deposit the $1,286,653.86 at issue into the registry of the court. (1 C.R. 14–45). The City asked the trial court to determine who among 515 competing claimants covering 259 account properties within the PID are entitled to

these excess refund proceeds. *Id.* Only 269 defendants filed answers to the City's Interpleader Petition, including MHI and Mag Creek.[1] (1 C.R. 50–597, 616–20).

On October 22, 2014, the trial court entered an order setting the matter for a non-jury trial on January 20, 2015, and ordered that all briefing be submitted by December 31, 2014. (1 C.R. 598–99). MHI and Mag Creek submitted their brief requesting the trial court order the deposited funds be allocated for each property to the owners who paid the PID assessments based upon a pro rata formula taking into account the proportionate amount paid by each owner against the entire amount paid into the PID for each property. (2 C.R. 743–1271). MHI and Mag Creek attached to its brief an affidavit of their Controller, William A. Haycraft, verifying the amounts paid in PID assessments by each entity. (2 C.R. 771–1263). The affidavit included copies of tax receipts, cancelled checks, payment indexes, and U.S. Department of Housing and Urban Development ("HUD") statements for the properties that MHI and Mag Creek owned, evidencing the PID assessments paid by MHI and Mag Creek. *Id.*

The trial court held a non-jury trial on January 20, 2015. (R.R. 4:1–32:13; Exhibits 1 through 4). The only additional evidence presented at trial was the (1) testimony of the City's Director of Finance, Rebecca Underhill, (2) copies of

[1] Seven (7) individuals who were not named defendants also filed answers. (1 C.R. 231, 363, 380–82, 528, 544, and 587)

Ordinance 2001-10 and Ordinance 2002-46, (3) the City's spreadsheet reconciliation of the excess assessments and actual costs, and (4) the City's spreadsheet listing the competing claims. *Id.*

The trial court entered its "Order for Interest in Interpleader Funds" (the "Order") on March 13, 2015, as a final judgment ordering that the deposited funds be "distributed to the legal title owner(s) of properties in Phase 1 and Phase 2 of the Magnolia Creek Subdivision appearing of record **as of the 13th day of March, 2015**." (Supp. C.R. 4) (emphasis added). The Order essentially awarded the current owner of the 259 properties with competing claims with the full amount of the refund allocated to each property regardless of whether the current owner paid any of the assessments in the first place. *Id.* The trial court further ordered the City to submit a final statement of record of title owners of the subject properties with the amount on deposit owed to each. *Id.*

The City submitted its Final Statement of Record on April 1, 2015. (2 C.R. 1289–1306). The statement identified the record owners of the individual properties and the refund amount for each property. *Id.* However, the statement also identified whether each property had a change in ownership between the time the PID assessments ceased on September 1, 2013 and the time of the court's March 13, 2015 Order. *Id.* The statement showed that forty-two (42) properties changed ownership during this time, thereby awarding the refund to individuals

that never paid the PID assessment, did not submit a claim the City, and were not named as defendants in the lawsuit. *Id.* The City filed an Amended Final Statement of Record on May 14, 2015. (2 C.R. 1354–1373).

At the request of MHI and Mag Creek, the trial court entered its Findings of Fact and Conclusions of Law on May 8, 2015. (2 C.R. 1347–53); (Supp. C.R. 6–12). The trial court made a number of findings concerning MHI and Mag Creek and the claims process that are not supported by the record, including:

- MHI and Mag Creek were paid with the PID assessments to implement Phase 1 and Phase 2 and, thus, were returned any assessments they paid;
- MHI and Mag Creek passed on any remaining costs of the assessments to third party purchasers;
- The City's claims process required production of warranty deeds by claimants who were in possession of the properties as of March 13, 2015;
- That claimants produced warranty deeds during the claims process;
- The warranty deeds produced by claimants that were legal title owners as of March 13, 2015 did not reserve or authorize a refund of PID assessments to prior owners; and
- The warranty deeds produced by claimants that were legal title owners as of March 13, 2015 entitled them to receive the refund of PID assessments.

Id. As a result, MHI and Mag Creek timely noticed this appeal. (2 C.R. 1378–79).

SUMMARY OF THE ARGUMENT

The trial court erred in entering judgment that the current property owners are entitled to the entire amount of the interpleaded funds in this case. This is because the judgment is based upon findings of fact that are completely unsupported by the record. The trial court made findings of fact and conclusions of law that warranty deeds for the properties reserved and entitled the current owners to any refund of the PID assessments, despite the fact that no deeds of any kind were ever submitted to the trial court or made part of the record in this case. The trial court also justified its judgment by making findings that MHI and Mag Creek had already been paid back any amounts they may have paid in PID assessments because they were "developers" and passed on or recouped the cost of the assessments by selling to third parties. Again, there is no evidence in the record to support these findings, and MHI and Mag Creek presented evidence conclusively showing that MHI and Mag Creek split the PID assessments pro rata with the purchasers of the homes that MHI and Mag Creek built and sold.

However, the trial court's attempt to distinguish MHI and Mag Creek from other homeowners in this case ended up adversely affecting all homeowners that paid PID assessments but sold their property prior to the March 13, 2015 Order. In fact, the record shows that the trial court's judgment results in forty (40) other defendants that paid the assessments, filed a claim, and appeared in this case losing

out to non-parties that recently purchased the properties, in some instances even after trial occurred. Therefore, in addition to the evidence being factually and legally insufficient to support the judgment, equity also demands reversal to prevent injustice in this case.

MHI and Mag Creek therefore ask this Court to reverse the trial court's judgment and render the judgment that should have been entered. The statute and ordinances authorizing and governing the PID assessments do not dictate what to do with excess assessments. However, in this situation, the PID assessments closely resemble ad valorem property taxes and the governing statute refers to the laws governing ad valorem property taxes for collection and enforcement purposes. As such, the Court should find that PID assessments should be treated like ad valorem property taxes for purposes of determining who is entitled to the interpleaded funds. The Court should therefore render judgment that the interpleaded funds should be awarded on a pro rata basis to the persons that paid the PID assessments.

ARGUMENT AND AUTHORITIES

I. The trial court's Findings of Fact are factually and legally insufficient.

The trial court entered Findings of Fact to support its judgment that the interpleaded funds be distributed to the record owners of the subject properties as of March 13, 2015, rather than being distributed pro-rata to those owners that paid the assessments between 2001 and 2013. However, these findings are either completely unsupported by the evidence presented at trial or are conclusively negated by the evidence presented by MHI and Mag Creek. As such, the findings being challenged in this appeal must be disregarded and the trial court's judgment based upon these unsupported findings must be reversed.

A. Standard of Review

A trial court's findings of fact are reviewable for legal and factual sufficiency of the evidence to support them by the same standards that are applied in reviewing evidence supporting a jury's answer. *Hightower, Russo & Capellan v. Ireson, Wiezel & Hightower, P.C.*, 420 S.W.3d 315, 321 (Tex. App.—Houston [14th Dist.] 2013, no pet.); *Main Place Custom Homes, Inc. v. Honaker*, 192 S.W.3d 604, 614 (Tex. App.—Fort Worth 2006, pet. denied). To evaluate the factual sufficiency of the evidence, appellate courts consider all the evidence and will set aside the finding if the evidence supporting the finding is so weak or so

against the overwhelming weight of the evidence that the finding is clearly wrong and unjust. *Mar. Overseas Corp. v. Ellis*, 971 S.W.2d 402, 406-07 (Tex. 1998).

A party who challenges the legal sufficiency of the evidence to support an issue upon which it did not have the burden of proof at trial must demonstrate on appeal that there is no evidence to support the adverse findings. *City of Keller v. Wilson*, 168 S.W.3d 802, 810 (Tex. 2005); *Bright v. Addison*, 171 S.W.3d 588, 595 (Tex. App.—Dallas 2005, pet. denied). An appellate court must sustain a legal sufficiency or "no evidence" point when the record demonstrates that: (1) there is a complete absence of a vital fact; (3) the evidence to prove a vital fact is no more than a scintilla; or (3) the evidence conclusively established the opposite of the vital fact. *City of Keller*, 168 S.W.3d at 810.

If an appellate court sustains a point of error on legal insufficiency of the evidence or finds that the undisputed evidence established contrary findings of fact, as a matter of law, then the appellate court should reverse and render the judgment that the trial court should have rendered. TEX. R. APP. P. 43.3; *Mobil Oil Corp. v. Frederick*, 621 S.W.2d 595, 596 (Tex. 1981).

B. There is no evidence in the record supporting the trial court's findings that MHI and Mag Creek were paid with the PID assessments.

In Findings of Fact Nos. 8 and 19, the trial court stated that MHI and Mag Creek were paid with the PID assessments to implement Phase 1 and Phase 2 of

the Plan. (2 C.R. 1348–49); (Supp. C.R. 7–8). Findings of Fact Nos. 9 and 20 state that any PID assessments MHI and Mag Creek paid were returned to them by virtue of these payments received under the Plan. *Id.* The trial court goes on to state in Findings of Fact Nos. 11 and 22 that MHI and Mag Creek's receipt of PID assessments as developers "distinguishes them from a traditional ad valorem claimant." *Id.* There is no evidence in the record supporting any of these findings.

There is no evidence in the record that MHI or Mag Creek received payment of any funds collected by the PID assessments. The affidavit submitted by MHI and Mag Creek states that MHI and Mag Creek purchased and/or developed residential lots within the Magnolia Creek Subdivision and sold these properties to third-parties. (2 C.R. 771). The only reference in the record to this contention that developers should not receive any of the interpleaded funds in this case is the argument made by Defendant James Nebout at trial. Mr. Nebout was the only other party to cross-examine Ms. Underhill and provide argument at trial. (R.R. 19:15-23:9, 24:8–28:6). One of his arguments to the trial court was that he thought any developers that were reimbursed for building the improvements in the Magnolia Creek Subdivision with the PID assessments would be getting a double recovery if they also received a refund in this case. (R.R. 25:13-25). But this argument was stated as a hypothetical, and even Mr. Nebout conceded that he might be incorrect about his statements. *Id.* Regardless, Mr. Nebout's argument is not evidence. He

was not sworn in or questioned as a witness. He also did not present any exhibits or other evidence at trial supporting his argument. As such, Mr. Nebout's argument cannot serve as the evidentiary basis for the trial court's findings.

Furthermore, the distinction by the trial court between developers and other persons that paid PID assessments is irrelevant. Even if MHI or Mag Creek received PID funds as a developer, this would have only been for reimbursement of the actual development costs. But it is undisputed that MHI and Mag Creek, as property owners, also paid excess amounts in PID assessments just like the other property owners within the Magnolia Creek Subdivision. The overpayment of PID assessments is separate and apart from any development costs, and MHI or Mag Creek would not receive a windfall by sharing in the refund of the excess PID assessments. Therefore, regardless of whether MHI and Mag Creek are alleged to be "developers," the trial court had no factual or legally sufficient basis for its findings that MHI and Mag Creek were already returned the amounts they paid in PID assessments or that this somehow distinguishes MHI and Mag Creek from "traditional ad valorem claimant[s]."

C. There is no evidence in the record supporting the trial court's findings that MHI and Mag Creek passed any remaining costs to third party purchasers, and there is conclusive evidence to the contrary.

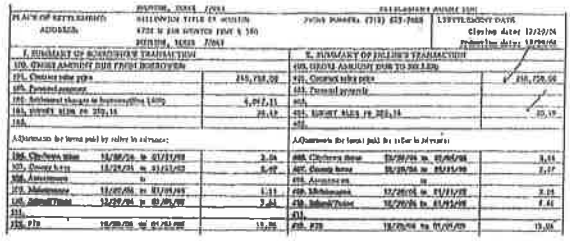
In Findings of Fact Nos. 10 and 21, the trial court stated that MHI and Mag Creek, "as initial sellers, passed on any remaining costs of [Phase 1 and Phase 2]

assessments to third party purchasers." (2 C.R. 1348-49); (Supp. C.R. 7 – 8). These findings are not supported by the evidence presented at trial, and, in fact, MHI and Mag Creek submitted evidence that conclusively negates this finding.

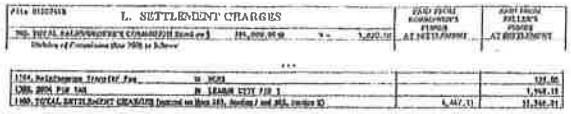
First, Ms. Underhill never testified to these facts, and none of the exhibits admitted at trial support these findings. There is also nothing in MHI and Mag Creek's trial brief or evidence attached thereto that would support these findings. Thus, none of the evidence presented at trial supports the trial court's findings.

Second, MHI and Mag Creek submitted the HUD statements for the sale of the properties it owned which show that the trial court's findings are incorrect. The HUD statements identify the PID assessments for each property as required by Texas law.[2] *See, e.g.* (2 C.R. 942–43). The HUD statements further show the PID assessment for the year in which the property was sold was pro-rated between the buyer and seller (i.e. MHI or Mag Creek) based upon the sales date, just as with any other ad valorem taxes on the property:

[2] Property Code Section 5.014 requires a seller of a residential property to give notice to a buyer if the property is covered by a PID assessment and that they have an obligation to continue to make payments to the PID. Tex. Prop. Code 5.014.



(2 C.R. 942) (emphasis added). The HUD statements also show that MHI paid its share of the PID assessment at closing:



(2 C.R. 943) (emphasis added). This evidence conclusively shows that MHI and Mag Creek did not pass on any of the PID assessments they paid when the properties were sold. Accordingly, this Court must sustain the factual and legal sufficiency challenges to Findings of Fact Nos. 10 and 21 and disregard these findings.

D. There is no evidence in the record supporting the trial court's findings that the City's claims process required production of warranty deeds or that March 13, 2015 is the date of record.

In Findings of Fact No. 31, the trial court stated that the claims form process required the production of warranty deeds by claimants "who were currently in possession" of the affected properties. (2 C.R. 1350); (Supp. C.R. 9). Finding of Fact No. 32 makes a similar statement, except that the trial court found that the claims process also required the production of warranty deeds by claimants in possession of the affected properties "as of March 13, 2015." (2 C.R. 1351); (Supp. C.R. 10). The first of these findings is simply unsupported by the record, while the second finding, in addition to being unsupported by the record, is impossible.

There is no evidence in the record showing warranty deeds, or deeds of any kind, were required to be submitted as part of the claims process. Ms. Underhill testified that the City commissioned a law firm to do a title examination to identify the owners of the affected properties. (R.R. 13:3-18). She further testified that the City then hired a title company to administer a claims process. (R.R. 13:19-24). The title company notified everyone in the chain of title on the properties and collected the claims forms for the City. (R.R. 13:25–14:9). There is no testimony from Ms. Underhill that warranty deeds were collected or submitted with the claims process. MHI and Mag Creek also submitted copies of the claims forms for

each property it owned. (2 C.R. 1056–1255). Nowhere in any of these claims forms do they request, require, or even mention submitting deeds with the form. *Id.*

Ms. Underhill's testimony also shows that the claims form process was administered prior to filing this interpleader action. (R.R. 13:19–14:9, 17:14–18:2). Thus, the trial court's finding that the claims process which occurred prior to filing the lawsuit somehow required the submission of deeds for record owners as of the date of the trial court's March 13, 2015 Order is incredulous.

As such, there is either no evidence supporting these findings, or conclusive evidence negating them. Either way, these findings must be disregarded and cannot support the trial court's judgment.

E. There is no evidence in the record of the rights set forth by any warranty deeds, or that any deeds entitled the record owners as of March 13, 2015 to receive the full refund in this case.

No warranty deeds of the record owners as of March 13, 2015 were presented at trial. This is not surprising given that trial occurred on January 20, 2015. Nevertheless, the trial court's Findings of Fact Nos. 33 and 34 make statements regarding the substance and legal effect of these non-existent deeds. (2 C.R. 1651); (Supp. C.R. 10). The trial court found that such non-existent warranty deeds (1) did not reserve or authorize prior owners of the properties to receive a refund of the PID assessments and (2) entitled the legal owners as of March 13,

2015 to receive all refunds from PID assessments. *Id.* Again, there is no evidence in the record to support these impossible findings.

There is simply no evidence of any deeds for any of the properties in the trial record. No deeds were submitted with any briefing or at trial. There were certainly no warranty deeds submitted into evidence at the January 20, 2015 trial showing the record owners of the properties three months in the future. Accordingly, the trial court's findings as to the substance of such deeds cannot be upheld.

It is apparent that the trial court was attempting to award the current property owners with the entire refund. This method of disbursement was espoused by Mr. Nebout at trial when he argued that the refund should go to the "owners" and not a partnership association or developer. (RR 27:9–28:6). However, Mr. Nebout cross-examined Ms. Underhill on the very findings at issue. (RR 23:2-7). Ms. Underhill was asked if she was aware of any warranty deeds or other documents that would entitle a prior owner to collect an assessment in this situation, and she testified that she did not have an answer for that. (RR 23:2-7).

The only reference at all in the record to the trial court's findings about the substance of warranty deeds is again found in Mr. Nebout's argument at trial. He argued to the trial court that "if we looked at these warranty deeds these homeowners... it doesn't have a reservation clause for that unique scenario where there's been an over-assessment that some prior entity who is a non-owner gets

paid back." (RR 26:1-10). However, Mr. Nebout is speaking generally and does not refer to any particular warranty deed. He also did not introduce into evidence any warranty deed that would support his argument. Again, Mr. Nebout's argument to the trial court is not evidence and cannot provide the basis for these clearly erroneous findings. Therefore, Findings of Fact Nos. 33 and 34 must also be disregarded and cannot support the trial court's judgment.

II. The trial court's conclusions of law and judgment that the record owners as of March 13, 2015 are entitled to the interpleaded funds is erroneous and must be reversed.

The trial court based its judgment awarding the record owners as of March 13, 2015 the entirety of the interpleaded funds on findings of fact that were completely unsupported by the record in this case. This alone warrants reversal of the judgment. Alternatively, the trial court's conclusions of law and judgment regarding distribution of the interpleaded funds are an erroneous interpretation and application of Texas law in this case.

A. Standard of Review

Appellate courts review a trial court's conclusions of law de novo. *Potcinske v. McDonald Prop. Inv., Ltd.*, 245 S.W.3d 526, 529 (Tex. App.—Houston [1st Dist.] 2007, no pet.). Courts are not bound by the trial court's legal conclusions, but the conclusions of law will be upheld if the judgment can be sustained on any legal theory supported by the evidence. *BMC Software Belg., N.V. v. Marchand*, 83

S.W.3d 789, 794 (Tex. 2002). Courts consider whether the conclusions are correct based on the facts from which they are drawn. *Potcinske*, 245 S.W.3d at 529. Conclusions of law based upon the trial court's factual findings that are contrary to facts established as a matter of law cannot stand on appeal. *Fiduciary Mortgage Co. v. City Nat. Bank of Irving*, 762 S.W.2d 196, 205 (Tex. App.—Dallas 1988, writ denied).

B. There is no basis in law for the trial court's conclusion that record title owners as of March 13, 2015 are entitled to the PID refund.

Conclusion of Law No. 6 enters the trial court's judgment that the interpleaded funds "are to be distributed to the legal title owner(s) of properties in Phase 1 and Phase 2 of the Magnolia Creek Subdivision appearing of record as of March 13, 2015." (2 C.R. 1352); (Supp. C.R. 11). Finding of Fact No. 33 also concludes that the record owners of the subject properties as of March 13, 2015 are entitled to receive the interpleaded funds. (2 C.R. 1351); (Supp. C.R. 10). Conclusion of Law No. 6 and Finding of Fact No. 33, to the extent it is considered a conclusion of law, are clearly erroneous and must be disregarded by this Court.

First, the trial court provides no legal basis for why the March 13, 2015 date, as opposed to the date of trial, the date of filing of the lawsuit, or the date of adoption of Ordinance 2013-38 reassessing the properties, is the correct date to determine the rights of the parties. As shown herein, the date used by the Court has a determinative effect on who is entitled to receive the interpleaded funds under the

trial court's judgment. The arbitrary date selected by the trial court is not grounded in any legal authority.

Second, the trial court does not base its conclusions and judgment on the statutes governing PID assessments or the ordinances adopted by the City to administer the assessments in this case. As shown below, Texas statute creating PIDs and authorizing PID assessments compares the assessments to ad valorem taxes and authorizes the collection of the assessments in the same manner as ad valorem taxes. Furthermore, the City's Ordinance 2013-38 states that the excess funds collected under the original assessments would be "administered and refunded to parties having an interest in such funds." (2 C.R. 1264–71). There is nothing in this ordinance to indicate that the City intended for future property owners as of some indeterminate date to be these "interested parties."

Instead, the trial court's conclusion that the record owners as of March 13, 2015 are entitled to the interpleaded funds is premised upon the terms of non-existent warranty deeds govern the parties' rights in this case. However, there are no warranty deeds in the record, and therefore no factual or legal basis for the judgment. The trial court is making a legal conclusion regarding the rights being conferred by documents that are not part of the record. This is plainly erroneous, and this Court should disregard these conclusions of law and reverse the judgment.

C. Conversely, the PID statute should be construed to handle refunds in the same manner that the Texas Property Tax Code handles refunds of ad valorem taxes, requiring refunds to be given to the persons that paid the assessments.

The Public Improvement District Assessment Act was enacted in 1977 to permit the designation of an area for which specified improvements may be made and financed in part by special assessments levied against the real property. TEX. LOC. GOV'T CODE §§ 372.001 *et seq*. A district may only be created for certain improvements designated by the statute, such as streets, utilities, parks, and parking. TEX. LOC. GOV'T CODE § 372.003(b). The Act authorizes assessments to be apportioned by square foot, value of the property (i.e. ad valorem), or by any other method that imposes an equitable apportionment. TEX. LOC. GOV'T CODE § 372.015(b). The assessments may be paid at once or upon installments. TEX. LOC. GOV'T CODE § 372.017(b).

Chapter 372 also allows for supplemental and reassessments to be made to correct mistakes and omissions, or to relieve property of excessive assessments. TEX. LOC. GOV'T CODE § 372.019, 372.020. However, nothing in Chapter 372 discusses or determines what to do in the event there are excess assessments collected. There is also nothing in the City's ordinances establishing the initial assessments or the reassessment in 2013 stating what to do with any excess assessments. (2 C.R. 751–69 and 1264–71); (R.R. Exhibits 1 and 2).

However, Chapter 372 makes a number of comparisons between PID assessments and ad valorem taxes with regard to collection and enforcement of the assessments. For instance, the PID assessment may bear interest and it is a "first and prior lien" on the property superior to all other liens except those for taxes. TEX. LOC. GOV'T CODE § 372.018(b). The property owner is also personally liable for the "assessment or reassessment, with interest, the expense of collection, and reasonable attorney's fees, if incurred," and there is a lien against the property assessed for these amounts, enforceable "by the governing body in the same manner that an ad valorem tax lien against real property may be enforced by the governing body." TEX. LOC. GOV'T CODE § 372.018(b).

This is similar to the collection and enforcement of ad valorem property taxes. Property taxes are the obligation of the person who owns or acquires the property on January 1 of the year the tax is imposed or would have been imposed had the property been omitted. TEX. TAX CODE § 32.07. Like PID assessments, the record owner is not relieved of this obligation and is still personally liable even though he may no longer own the property. *Id.* Thus, a prior owner of the property that receives a back assessment is still liable for the amount of taxes realized by the back assessment. *Id.* However, unlike Chapter 372 and PID assessments, the Tax Code provides that any correction that decreases the tax liability of a property owner after the owner has paid the tax, creates a refund due to the property owner.

TEX. TAX CODE § 26.15(f). Thus, a property owner who pays more taxes than necessary and due would be entitled to a refund of the difference between the taxes paid and tax actually due.

Statutory construction is a question of law for the courts with the goal to effectuate the legislature's expressed intent. *In re Allen,* 366 S.W.3d 696, 703 (Tex. 2012); *Atmos Energy Corp. v. Cities of Allen,* 353 S.W.3d 156, 160 (Tex. 2011). In construing statutes, courts may look to the common law or former statutory provisions, including laws on the same or similar subjects. TEX. GOV'T CODE ANN. § 311.023. In this case, Chapter 372 contemplates that assessments will be treated similar to ad valorem taxes such that they will be levied, liens will be enforced, and similar foreclosure actions are available to collect on assessments. TEX. LOC. GOV'T CODE §§ 372.018(d)-(f). Additionally, assessments are imposed under the taxing power and the Texas Supreme Court has recognized that assessments can be treated like taxes for some purposes.[3] *See Evans v. Whicker*, 90 S.W.2d 554, 556 (Tex. 1936) (liens for paving assessments were enforceable against property that was "free from all liens and encumbrances, save and except taxes" (citation omitted)). Thus, it is reasonable to look to the laws governing ad valorem property taxes when interpreting Chapter 372.

[3] However, the Texas Supreme Court has determined that a special assessment is not a "tax" within article XVI, section 50 of the Texas Constitution with regard to enforcement against homesteads. *See City of Wichita Falls v. Williams*, 26 S.W.2d 910, 915 (Tex. 1930).

Accordingly, just as with refunds of excess ad valorem property taxes, a property owner who pays more in PID assessments than necessary is due any refund determined by the PID or governmental agency administering the PID regardless of whether they still own the property in question.

III. The Court should render judgment that the interpleaded funds be distributed on a pro rata basis taking into account the amounts each defendant paid in PID assessments.

Based upon the foregoing legal analysis, MHI and Mag Creek ask this Court to reverse the trial court's judgment and render judgment that the interpleaded funds be allocated for each property to the property owners who paid the PID assessments at the initial rates based upon a pro rata formula taking into account the proportionate amount paid by each owner against the entire amount paid into the PID for each property. This will result in a distribution similar to a refund of ad valorem property taxes under the Tax Code. *See* TEX. TAX CODE § 26.15(f).

Additionally, equity requires reversal and rendering of a judgment ordering distribution a pro rata basis in this case. The trial court's judgment has resulted in an injustice to a number of the defendants in this case. As Ms. Underhill testified, the PID assessment ceased in 2013 and the people that recently purchased the properties are no longer paying the PID. (RR 19:20 – 20:1). The Final Statement of Record filed by the City pursuant to the Order shows that forty-two (42) properties changed ownership from the time the reassessment was made in 2013 and the date

of the Order. (2 C.R. 1289–1306). Accordingly, the trial court's judgment awards the interpleaded amount allocated to these forty-two (42) properties to individuals that never paid a PID assessment, did not submit a claim the City, and were not named as defendants in the lawsuit.

A prime example of this is Harry J. Durham and Sandra F Durham. The Durhams submitted a claim in the pre-suit claims process and filed an answer in this case seeking a refund for her property, 5319 Spingbrook Ct., League City, Texas 77573. (1 C.R. 389–400). The Durhams owned this property and paid the PID assessments from 2003 until they sold the property in 2010. *Id.* The competing claim on this property was submitted by Sherri Jean Bronikowski, who was also named as a defendant in this case but did not file an answer. (1 C.R. 16). However, the Final Statement of Record shows that the property changed ownership in 2015, listing the current property owner as Joseph Neil Krens. (2 C.R. 1290). Under the trial court's judgment, Mr. Krens will receive the entire amount allocated to the property even though he only came into possession of the property after trial, never owned the property while the PID assessments were being made, never paid any of PID assessments, never submitted a claim to the City, and is not a party to this lawsuit—all to the detriment of the Durhams, who did all of these things.

This is only an example, as the trial court's order will result in forty (40) individual defendants in this case that owned the affected properties, paid the PID

assessments, and appeared in this case, losing out to third parties that have purchased the properties after the PID assessments ceased.[4] The properties for twelve (12) of these defendants were sold in 2015, occurring both before and after trial in this case but before the trial court's Order. (2 C.R. 1289–1306). Each of these defendants has suffered to their detriment simply because there were competing claims on their property[5] and they happened to sell their property during the claims process or while this lawsuit was pending. This case should not result in a windfall to non-parties who never paid the PID assessments at the expense of those that did and who have participated in the claims process and appeared in this case.

Accordingly, MHI and Mag Creek request that this Court exercise its powers as a court of equity to render judgment that the interpleaded funds be distributed on

[4] *See* Final Statement of Record (2 C.R. 1289–1306). The following defendants that answered and appeared in this case are not included in the Final Statement of Record due to the sale of their property: Edward R. Harris, Jr., Harry Durham, Sandra F. Durham, Robert H. Pool, Madonna M. Pool, Denies Alston, John Westfall, Mona Westfall, Stephen R. Short, Jeanette Short, Jeffrey T. Banister, Karen Banister, Jeffrey Hartsock, Heather Hartsock, Brian Cathey, Kimberly Cathey, Matthew Tuckwell, Shari Tuckwell, Dennis McLaughlin, Denise McLaughlin, Usman Ahmed, Stacy Ahmed, Joshua A. Adekanbi, Dorden L. Burke, Dona Burke, Felipe Belmarez, Wendy Belmarez, Scott P. Sheldon, Carrie Sheldon, Glen Linebarger, Marcy Linebarger, Debordepudom Investments, Lance Lawson, Donya Lawson, George W. Pittman, Vickie Lou Pittman, Bilmar Homes, LLC, Michael G. Lawson, Stacy S. Lawson and Jimmy J. Stanford.

[5] Properties that did not have competing claims during the claims process received their refund and were not named in this lawsuit. (R.R. 18:3–19:6).

a pro rata basis taking into account the amount of PID assessments paid by each defendant.

CONCLUSION

Based upon the foregoing, this Court should reverse the trial court's March 13, 2013 Order and judgment and the Findings of Fact and Conclusions of Law contested herein, and render judgment that the interpleaded funds be distributed on a pro rata basis taking into account the amount of PID assessments paid by each defendant. Alternatively, if the Court does not reverse and render, then it should reverse the trial court's judgment and remand this matter for a new trial.

PRAYER

WHEREFORE, PREMISES CONSIDERED, Appellants MHI Partnership, Ltd. Mag Creek Partners, Ltd. prays that this Court (1) REVERSE the trial court's Order for Interest in Interpleader Funds sustaining Appellees Dave H. Buchholz and Mary A. Buchholz's objections to Appellant's summary judgment evidence; (2) RENDER judgment that the interpleaded funds be distributed on a pro rata basis taking into account the amount of PID assessments paid by each defendant; and that Appellants be granted such other and further relief, at law or in equity, to which they may show themselves justly entitled.

Respectfully submitted,

COATS | ROSE

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ATTORNEYS FOR APPELLANTS, MHI PARTNERSHIP, LTD. and MAG CREEK PARTNERS, LTD.

CERTIFICATE OF COMPLIANCE

As required by Texas Rule of Appellate Procedure 9.4, I HEREBY CERTIFY that:

1. This appellant's brief contains 6,659 words, as determined by the computer's word-count function, excluding the sections of the document listed in Texas Rule of Appellate Procedure 9.4(i)(1).

2. This appellant's brief complies with the typeface requirements of Texas Rule of Appellate Procedure 9.4(e) because it has been prepared in a proportionally spaced typeface using Microsoft Word 2010 in 14-point Times New Roman font for the text and 12 point Times New Roman font for the footnotes.

/s/ Ian P. Faria
Ian P. Faria

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing instrument was delivered to all counsel of record in accordance with Rule 9.5 of the Texas Rules of Appellate Procedure on this 7th day of October, 2015.

/s/ Ian P. Faria
Ian P. Faria

APPENDIX "1"

CAUSE NOS. 14-CV-0340 through 14-CV-0340-F

CITY OF LEAGUE CITY, TEXAS	§	IN THE DISTRICT COURT OF
	§	15 MAR 13 PM 4:46
Interpleader,	§	
	§	
VS.	§	GALVESTON COUNTY, TEXAS
	§	
STANDARD PACIFIC HOMES;	§	
MHI PARTNERSHIP LTD;	§	
MAG CREEK; ET AL.	§	
	§	
Interpleader Defendants	§	56TH JUDICIAL DISTRICT

ORDER FOR INTEREST IN INTERPLEADER FUNDS

On the 20th day of January, 2015, the above-entitled and numbered cause came on to be heard. The Court, having reviewed the pleadings, considered the evidence introduced and the arguments made, hereby determines the rights of those persons and entities with interest in Public Improvement District Number 1 assessments for Phase 1 and Phase 2 of the Magnolia Creek Subdivision in League City, Texas as hereafter set forth.

It is accordingly ORDERED by the Court that:

1. All funds, not associated with the account number listed in paragraph 2 below, which are the subject of these causes be and are to be distributed to the legal title owner(s) of properties in Phase 1 and Phase 2 of the Magnolia Creek Subdivision appearing of record as of the 13th day of March, 2015.

2. All funds associated with 10-4877-0000-0000-000 are to be distributed in accordance with Order Granting Joint Motion For Disbursement of Funds by Defendants Sequoia Golf Magnolia Creek, LLC and Mag Creek, LLC and Mag Creek Golf Course, LP, signed on the 13th day of March, 2015.

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It is furthered ORDERED that Plaintiff is directed to submit a final statement of record title owner(s), and amount on deposit for such owner(s), entitled to funds on deposit not less than twenty (20) days following the date of this order. The Court will then direct its Clerk to distribute the interpleader funds to the individual taxpayers in accordance with the statement provided.

It is further ORDERED, ADJUDGED & DECREED that all claims and causes of action against the City of League City arising from the interpleader are barred.

SIGNED on March 13, 2015.

JUDGE PRESIDING

APPENDIX "2"

14-CV-0340

CAUSE NOS. 14-CV-0340 ~~14-CV-0340~~

'15 MAY 11 AM 10:28

DISTRICT CLERK
GALVESTON COUNTY, TEXAS

CITY OF LEAGUE CITY, TEXAS *Interpleader,*	§	*IN THE DISTRICT COURT OF*
VS.	§	*GALVESTON COUNTY, TEXAS*
STANDARD PACIFIC HOMES; MHI PARTNERSHIP LTD; MAG CREEK; ET. AL. *Interpleader Defendants*	§	*56TH JUDICIAL DISTRICT*

FINDINGS OF FACTS AND CONCLUSIONS OF LAW

On the 20th day of January 2015, the above-entitled and numbered cause came on to be heard. The Court, having reviewed the pleadings, considered the evidence introduced and the arguments made, hereby determines the rights of those persons and entities with interest in Public Improvement District Number 1 assessments for Phase 1 and Phase 2 of the Magnolia Creek Subdivision in League City, Texas.

In response to the request of Interpleader Defendant MHI Partnership Ltd. and Mag Creek Partners, LP, the Court makes and files the following original Findings of Fact and Conclusions of Law in accordance with Rules 296 and 297 of the Texas Rules of Civil Procedure.

FINDINGS OF FACT:

1. MHI Partnership, Ltd. and Mag Creek Partners, LP (hereafter "Interpleader Developer Defendants") purchased, developed, and sold to third parties residential lots within the Magnolia Creek Subdivision;
2. On April 10, 2001, City Council for the City of League City, Texas adopted Ordinance 2001-10 levying Public Improvement District (hereafter "PID") assessments for Phase 1 of the Magnolia Creek Subdivision;
3. The PID rate was calculated by allocating the estimated cost of that portion of development across the area of Phase 1;
4. Estimated costs were $2.76 million payable by owners proportionally over fifteen (15) years;
5. The final audited costs for Phase 1 totaled $1.88 million resulting in excess assessment revenues and interest collections from 2002 through 2012 of approximately $1 million;
6. A Service and Assessment Plan (hereafter "Plan") was attached and incorporated by reference to Ordinance 2001-10;
7. The Plan provides that the Public Improvements would be paid by assessments which constitute one hundred percent (100%) of the total costs;
8. Interpleader Developer Defendant(s) were paid with taxpayer assessments to implement Phase 1 pursuant to the Plan;
9. Any assessments paid by Interpleader Developer Defendant(s) were returned to them by virtue of payments received under the Plan;
10. Interpleader Developer Defendant(s), as initial sellers, passed on any remaining costs of Phase 1 assessments to third party purchasers;
11. Interpleader Developer Defendant(s)' role in, and receipt of taxpayer payments as developers of, Phase 1 distinguishes them from a traditional ad valorem claimant;

12. Neither Ordinance 2001-10 nor the Plan provided for a method by which over-payments, if any, were to be returned to any person or entity that paid an assessment;
13. On October 8, 2002, City Council for the City of League City, Texas adopted Ordinance 2002-46 levying PID assessments for Phase 2 of the Magnolia Creek Subdivision;
14. The PID rate was calculated by allocating the estimated cost of that portion of development across the area of Phase 2;
15. Estimated costs were $2.68 million payable by owners proportionately over fifteen (15) years;
16. The final audited costs for Phase 2 totaled $1.78 million resulting in excess assessment revenues and interest collections from 2003 through 2012 of approximately $700,000.00;
17. The Plan was attached and incorporated by reference to Ordinance 2002-46;
18. The Plan provides that the Public Improvements would be paid by assessments which constitute one hundred percent (100%) of the total costs;
19. Interpleader Developer Defendant(s) were paid with taxpayer assessments to implement Phase 2 pursuant to the Plan;
20. Any assessments paid by Interpleader Developer Defendant(s) were returned to them by virtue of payments received under the Plan;
21. Interpleader Developer Defendant(s), as initial sellers, passed on any remaining costs of Phase 2 assessments to third party purchasers;
22. Interpleader Developer Defendant(s)' role in, and receipt of taxpayer payments as developers of, Phase 2 distinguishes them from a traditional ad valorem claimant;

23. Neither Ordinance 2002-46 nor the Plan provided for a method by which over-payments, if any, were to be returned to any person or entity that paid an assessment;
24. On August 27, 2013, City Council for the City of League City, Texas adopted Ordinance 2013-38 determining that the original assessments of Phase 1 and Phase 2 properties were excessive and that a reassessment of those properties was necessary;
25. The ordinance reassessed the properties in Phase 1 and Phase 2;
26. The assessment levels and interest paid by homeowners on those assessments led to excess funds and over payment due to property owners;
27. As of March 21, 2014, the date of the City of League City, Texas' (hereafter "Interpleader Plaintiff") Original Petition, Interpleader Plaintiff held in its possession an aggregate net refund amount of $1,706,020.67;
28. In August 2013, Interpleader Plaintiff commissioned a claims process and authorized the retention of a title company to administer such process affecting 319 account properties in Phase 1 and Phase 2 of the Magnolia Creek Subdivision;
29. In the course of administering the claims process, claim forms were distributed to any and all parties known to have possessed and/or who currently possess an interest in the 319 account properties;
30. Interpleader Plaintiff received rival, competing claims from 515 persons or entities affecting 259 of the 319 account properties in an aggregate claim amount of $2,2444,037.12;
31. The claims forms process required the production of warranty deeds by claimants (also known as Interpleader Defendants) who were currently in possession of an account property;

32. The claims forms process required the production of warranty deeds by claimants (also known as Interpleader Defendants) who were in possession of an account property as of March 13, 2015;
33. The warranty deeds produced by claimants that were legal title owners as of March 13, 2015 did not reserve or otherwise authorize a refund to any prior owners and/or possessors of the account property subject to the PID refund;
34. The warranty deeds produced by claimants that were legal title owners as of March 13, 2015 obligated and entitled those legal title owners to possess the property, make all necessary payments on the property, assume all necessary liabilities arising from the possession and ownership of the property and receive all refunds from PID on the property;

CONCLUSIONS OF LAW:

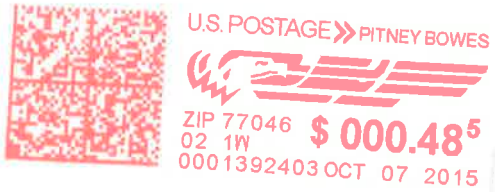
1. This Court has jurisdiction and venue over City of League City, Interpleader Plaintiff, and Standard Pacific Homes, MHI Partnership Ltd., Mag Creek, LP, Et. Al., collectively Interpleader Defendants, and over this matter;
2. Citations have been served and returned in the manner and for the length of time required by the Texas Rules of Civil Procedure;
3. On January 20, 2015, the above-entitled and numbered causes come on to be heard;
4. The Court reviewed the pleadings, considered the evidence introduced and the arguments made;

5. The Court determined the rights of those persons and entities with interest in Public Improvement District Number 1 assessments for Phase 1 and Phase 2 of Magnolia Creek Subdivision in League City, Texas;
6. All funds not associated with Account Number 10-4877-0000-0000-0000 which are the subject of these causes be and are to be distributed to the legal title owner(s) of properties in Phase 1 and Phase 2 of the Magnolia Creek Subdivision appearing of record as of March 13, 2015;
7. All funds associated with 10-4877-0000-0000-000 are to be distributed in accordance with Order Granting Joint Motion for Disbursement of Funds by Defendants Sequoia Golf Magnolia Creek, LLC and Mag Creek, LLC and Mag Creek Golf Course, Lp, signed on March 13, 2015;
8. Interpleader Plaintiff is directed to submit a final statement of record title owner(s) as of March 13, 2015, and amount on deposit for such owner(s) entitled to funds on deposit;
9. The Court through its Clerk will direct its Clerk to distribute the interpleader funds to the individual taxpayers (record title owner(s) as of March 13, 2015) in accordance with the statement provided;
10. All claims and causes of action against the City of League City, Texas (Interpleader Plaintiff) arising from the interpleader are barred.

SIGNED this 8 th day of May, 2015

JUDGE PRESIDING

Mr. Jon Paul Hoelscher
Coats | Rose
9 Greenway Plaza, Suite 1100
Houston, Texas 77046



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