

ENGINEERING REPORT

TO

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
FOR

BOND ISSUE NO. 2

WESTWOOD MANAGEMENT DISTRICT

OF GALVESTON COUNTY

\$8,015,000

BOND APPLICATION REPORT

BY

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MARCH 2024

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1. Creation Documents – See the District’s First Bond Issue
2. Annexations and Exclusions – Order Adding 54.761 Acres of Land
3. Current Boundary Map
4. Location Map
5. Bond Elections - See the District’s First Bond Issue
6. Land Use Plan
7. Itemized Cost Breakdown
 - (A) Westwood Section 9
 - (B) Westwood Section 10
 - (C) Westwood Section 12
 - (D) Westwood Recreation Center
8. Breakdown of Engineering Fees (n/a)
9. Special Engineering Report (n/a)
10. Land Costs (n/a)
11. Breakdown of Legal Fees (n/a)
12. Breakdown of Bond Anticipation Note (n/a)
13. Tabular Breakdown of Developer Interest
14. Copies of Information Submitted to Other Agencies for Approvals of Creation of District (n/a)
15. Contract Providing for the Payment of Legal Fees Relating to the Creation of the District (n/a)
16. Copies of Special Contracts Between the City or Other Governmental Agency and the Developer
 - (A) City of League City Resolution Consenting to the Creation of the District
 - (B) Development Agreement
 - (C) Interlocal Project Development and Financing Agreement between City of League City and Westwood Management District
17. Floodplain Map
18. Water Permits (n/a)
19. Water Agreement (n/a)
20. Engineering Report on Water System of a Supplying Entity (n/a)
21. Documents Related to Leased Package Plant (n/a)
22. Contract for Lease or Purchase of Capacity in Another Entity’s Wastewater Treatment Plant (n/a)
23. Wastewater Permit
24. Contract Providing for the Joint Ownership, Financing and Operating of the Regional Wastewater Treatment Plant (n/a)
25. Contract Providing for Permanent Lease or Purchase of Capacity in Another Entity’s Wastewater Treatment Plant (n/a)

26. Engineering Report on Wastewater System of Supplying Entity (n/a)
27. Bond Anticipation Note(s), and Documentation of Compliance with Commission Rule (n/a)
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 - (A) January 1, 2023 Certified Assessed Valuation
 - (B) Waiver of Special Appraisal
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34. Market Study (n/a)
35. Calculation of Pro Rata Share (n/a)
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37. Cost Sharing Arrangements and Contracts (n/a)
38. Evidence of Requirement to Oversize Facilities (n/a)
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40. Clearing and Grubbing Contracts (n/a)
41. Back-up Related to Spreading and Compaction of Fill (n/a)
42. Engineer's Estimate of Probable Costs (n/a)
43. Impact Fees (n/a)
44. Preconstruction Agreements – Amended and Restated Facilities and Operating Costs Reimbursement Agreement
45. Evidence of Solicitation of Written Bids (n/a)
46. Documentation of Alter Ego Relationship Between the District and City (n/a)
47. Contract of Rebate of City Taxes (n/a)
48. Letters from the District's Financial Advisor
49. Evidence of Adoption of Regional Stormwater Drainage System by a Public Drainage Entity (n/a)
50. Evidence of Requirement of Participation in Regional Stormwater Drainage System (n/a)
51. Engineering Study for Regional Stormwater Drainage System (n/a)
52. Contract Relating to Capacity in a Regional Stormwater Drainage System (n/a)
53. Professional Consultant Contracts
 - (A) General/Bond Counsel – Hunton Andrews Kurth LLP
 - (B) Financial Advisor – The GMS Group, LLC

- (C) Engineering for the District – J. Morales, Inc.
 - (D) Engineer for Bond Application – Jones-Heroy & Associates, Inc.
 - (E) General/Bond Manager – Hawes Hill & Associates
54. Rule 293.111 Compliance Certificate (See **Attachment 16**)
55. Director’s Registration Form (n/a)
56. Easements (n/a)
57. Plats
- (A) Westwood Subdivision Section 9
 - (B) Westwood Subdivision Section 10
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 - (D) Westwood Subdivision Section 3 (includes Amenity Center)
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WESTWOOD MANAGEMENT DISTRICT
GALVESTON COUNTY
\$8,015,000
SECOND BOND ISSUE

SECTION 1 — GENERAL INFORMATION

(A) Laws, Elections, and Acreage:

- (i) Authority Creating District:** The District was created by Acts of the 83rd Legislature of the State of Texas, June 14, 2013, Regular Session pursuant to Senate Bill 1884 codified as Chapter 3917 of the Texas Special District Local Laws Code. A copy of the act creating the District may be found in the District's first bond application.
- (ii) Governing Law:** The rights, powers, privileges, authority, and functions of the District are established by the general laws of the State of Texas pertaining to Chapter 3917, Special District Local Laws Code and pursuant to Article III, Sections 52 and 52-a, Article XVI, Section 59 of the Texas Constitution, Chapter 375 of the Local Government Code, and Chapter 49 of the Texas Water Code. The District is subject to the continuing supervision of the TCEQ.
- (iii) Confirmation Election:** The District was confirmed by election on November 5, 2013. See the District's first bond application for a copy of the election documents.
- (iv) Acreage:** At the time of creation the District was said to contain 415.353 acres.

The District annexed 54.671 acres of land on December 15, 2022. See **Attachment 2** for a copy of the order adding land. There have been no other annexations or exclusions into the District.

Based on the District's most recent survey, the District has a total of 468.406 acres of land.

- (v) Boundary Map:** A current boundary map is included under **Attachment 3**.

(B) Location:

The southern portion of the District is located in northwest Galveston County approximately 6 miles west of downtown League City. The southern portion of the District consists of 3 non-contiguous tracts and is bordered by Farm to Market Road 518 on its northern boundary, Windermere Road on the West, and Galveston County MUD No. 39 on the east. Access to the District is provided by Interstate Highway 45 to FM 518.

The northern portion of the District is located in south Harris County approximately 3 miles northwest of downtown League City. The northern portion of the District is bordered by Nasa Boulevard on both the north and south sides. Access to the District is provided by Interstate Highway 45 to FM 528.

The District is entirely within the corporate limits of League City. A location map is provided as **Attachment 4**.

SECTION 2 — PROPOSED BOND ISSUE

(A) Purpose:

The purpose of this bond issue is to fund the following:

1. Reimburse the developer for the water, wastewater, and drainage facilities to serve Westwood Sections 9, 10, and 12 and the Westwood Amenity Center.

(B) Bond and Maintenance Tax Authorization:

(i) Bond Authorization:

Date of Election	Purpose	Amount Approved	Amount Canceled
11/05/13	Water, Wastewater, Drainage	\$33,110,928	None
11/05/13	Refunding Bonds	\$49,666,392	None
11/05/13	Road Bonds	\$25,692,790	None
11/05/13	Road Refunding Bonds	\$38,539,185	None
11/05/13	Recreational Bonds	\$15,490,909	None
11/05/13	Recreational Refunding Bonds	\$23,236,364	None

Copies of the election documents may be found in the District’s first bond application.

(ii) Maintenance Tax:

Date of Election	Purpose	Maximum Tax Approved (per each \$100 of AV)	Cancelled Prior Authorization
11/05/13	Maintenance Tax	\$1.50	None
11/05/13	Parks and Recreational Facilities Tax	\$0.10	None

Copies of the election documents may be found in the District’s first bond application.

(C) Prior Bond Issues:

Type of Bonds—Water, Wastewater and Drainage			
Total Amount Authorized: \$33,110,928			
Bond Issue No.	TCEQ Amount Approved	TCEQ Order Date Approved	Amount Sold ⁽¹⁾
1	\$11,000,000	10/18/21	\$11,000,000
2 (proposed)	\$8,015,000	n/a	\$8,015,000
Total Bonds Sold:			\$19,015,000
Remaining Authorized Bonds:			\$14,095,928

Notes: (1) In the opinion of the District’s Engineer, the remainder of the bonds authorized yet not issued will be sufficient to complete the development within the District.

Type of Bonds - Road Bonds			
Total Amount Authorized: \$25,692,790			
Bond Issue No.	Amount	TCEQ Order Date Approved	Amount Sold
1 – Series 2021	\$10,315,000	n/a	\$10,315,000
Total Road Bonds Sold:			\$10,315,000
Remaining Authorized Bonds:			\$15,377,790

(D) Type:

Voters approved unlimited tax bonds, and the District is seeking approval of unlimited tax bonds for this issuance.

(E) Interest Rate:

The District requests that an interest rate of 5.2% be approved in the issuance of these bonds. This interest rate has been used in the calculations in the report.

(F) Land-Use Plan:

See **Attachment 6** for a land use plan.

(G) Recreational Facilities:

There are no recreational facilities included in this bond application.

(H) Roads:

Does the District have authority to fund roads? Yes No.

The District was granted road powers by Acts of the 83rd Legislature of the State of Texas, June 14, 2013, Regular Session pursuant to Senate Bill 1884 codified as Chapter 3917 Texas Special District Local Laws Code. See the District’s first bond issue for a copy of the legislation creating the District. The proposed bond issue does not include any funds for roads.

SECTION 3 — FACILITIES PROPOSED FOR FUNDING

(A) Purchase of Existing Facilities and/or Assumption of Existing Contracts:

Contract Description	Contractor	% Complete (Date)	Contract Amount	Amount Subj. to District Contrib.
Westwood Section 9 – W, WW, D	Harris Construction Co., Ltd.	100% (04/28/22)	\$3,421,016 ⁽¹⁾	\$1,655,759 ⁽²⁾
Westwood Section 10 – W, WW, D	Harris Construction Co., Ltd.	100% (03/20/23)	\$4,326,443 ⁽³⁾	\$2,622,859 ⁽⁴⁾
Westwood Section 12 – W, WW, D	Harris Construction Co., Ltd.	100% (07/19/23)	\$2,273,662 ⁽⁵⁾	\$1,302,343 ⁽⁶⁾
Westwood Rec Center - W, WW, D	Harris Construction Co., Ltd.	100% (07/19/18)	\$450,927 ⁽⁷⁾	\$214,765 ⁽⁸⁾

Notes:

- (1) Original contract amount of \$3,078,976 plus Change Order No. 1 (\$95,150) for material cost increase, plus Change Order No. 2 (\$25,000) for site prep in Sections 10 and 11, plus Change Order No. 3 (\$13,023) for site prep of Section 10 and subgrade, plus Change Order No. 4 (\$5,325) for paving items, inlet barrier removal and trash clean up, plus Change Order No. 5 (\$24,663) for paving items and paving price increases, plus Change Order No. 6 (\$36,540) for fence line clearing and planting wax myrtles, plus Change Order No. 7 (\$103,863) for paving items, additional 42” RCP, well pointing, and filter fence, plus Change Order No. 8 (\$35,086) for hauling off utility spoils, additional filter fabric fence, and reduction of wet sand, plus Change Order No. 9 (\$6,550) for wastewater walk through punch list items, and plus Change Order No. 10 (\$8,476) for paving items. Change Order No. 11 was voided. All change orders totaled to less than 25% of the original contract amount and were necessary in order to complete the project.
- (2) Final contract amount less \$1,590,655 to be funded through road bonds and less \$174,602 for the developer’s share of costs. See **Attachment 7(A)** for a detailed breakdown of costs.
- (3) Original contract amount of \$4,126,143 plus Change Order No. 1 (\$2,005) for additional paving items, plus Change Order No. 2 (\$166,150) for well pointing, plus Change Order No. 3 (\$10,375) for paving items, SWPPP maintenance, plus Change Order No. 4 (\$21,800) for SWPPP maintenance and short sanitary leads on existing lines, and less Change Order No. 5 (\$30) for a reduction of wet sand. All change orders were less than 25% of the original contract amount and were necessary in order to complete the project.
- (4) Final contract amount less \$1,552,128 to be funded through a future road bond and less \$151,457 for the developer’s share of costs. See **Attachment 7(B)** for a detailed breakdown of costs.
- (5) Original contract amount of \$2,176,717 plus Change Order No. 1 (\$74,900) for additional well pointing, plus Change Order No. 2 (\$20,000) for additional well pointing, plus Change Order No. 3 (\$3,500) for site prep for Section 11. All change orders were less than 25% of the original contract amount and were necessary in order to complete the project.

- (6) Final contract amount less \$843,626 to be funded through future road bonds and less \$127,693 for the developer's share of cost. See **Attachment 7(C)** for a detailed breakdown of costs.
- (7) Original contract amount of \$376,610 plus Change Order No. 1 (\$2,000) for irrigation conduit, plus Change Order No. 2 (\$10,310) for downspout tie ins and revisions to drainage pipe, plus Change Order No. 3 (\$91,392) for temporary outfall ditch, less Change Order No. 4 (\$21,470) for deduction of items not needed, less final quantity adjustments. All change orders were necessary in order to complete the project.
- (8) Final contract amount less \$236,162 to be funded through future road bonds. See **Attachment 7(D)** for a detailed breakdown of costs.

(B) **Facilities to be Constructed:** None.

SECTION 4 — SUMMARY OF COSTS

CONSTRUCTION COSTS	Total Cost	District Share (100%)
A. Developer Contribution Items		
1. Westwood Section 9	\$ 1,655,759	\$ 1,655,759
2. Westwood Section 10	\$ 2,622,859	\$ 2,622,859
3. Westwood Section 12	\$ 1,302,343	\$ 1,302,343
4. Westwood Recreational Center – W, WW, D	\$ 214,765	\$ 214,765
5. Engineering and Testing (14.4% of Item Nos. 1 to 4)	<u>\$ 833,656</u>	<u>\$ 833,656</u> ⁽¹⁾
Total Developer Contribution Items	\$ 6,629,381	\$ 6,629,381
B. District Items - None		
TOTAL CONSTRUCTION COSTS (82.7% of BIR)	\$ 6,629,381	\$ 6,629,381
 NON-CONSTRUCTION COSTS		
A. Legal Fees (1.0%)		\$ 80,150 ⁽²⁾
B. Financial Advisor Fees (1.0%)		\$ 80,150 ⁽³⁾
C. Interest Costs		
1. Capitalized Interest		\$ - ⁽⁴⁾
2. Developer Interest		\$ 765,152 ⁽⁵⁾
D. Underwriter's Discount (3.0%)		\$ 240,450
E. Bond Issuance Expense		\$ 53,976 ⁽⁶⁾
F. Bond Application Report		\$ 57,538 ⁽⁷⁾
G. Bond Management Fee (1.0%)		\$ 80,150 ⁽⁸⁾
H. Attorney General Fee (0.1% of BIR w/ max \$9,500)		\$ 8,015
I. TCEQ Fee (0.25% of BIR)		<u>\$ 20,038</u>
TOTAL NON-CONSTRUCTION COSTS		<u>\$ 1,385,618</u>
TOTAL BOND ISSUE REQUIREMENT		\$ 8,015,000

Notes:

- (1) See **Attachment 13** for a detailed breakdown of engineering and testing expenses.
- (2) Legal Fees are 1.0% of the bond amount. See **Attachment 53(A)**.
- (3) Financial Advisor Fees are 1.0% of the bond amount. See **Attachment 53(B)**.
- (4) No capitalized interest is requested in this application. See the letter from the District’s financial advisor under **Attachment 31(B)**.
- (5) See **Attachment 13** for a breakdown of developer interest. The District is requesting to fund more than two years of developer interest.
- (6) Bond issuance expenses include \$10,000 for Disclosure Counsel; \$3,500 for Official Statement Preparation; \$15,000 for the Agency Rating Fee; \$18,000 for a Reimbursement Audit; \$500 for the TCEQ Filing Fee; plus Research, Travel, Printing, Distribution and Misc.
- (7) Engineering Report is 1.0% of the first \$5,000,000, plus 0.25% of the next \$10,000,000, plus 0.10% of the amount over \$15,000,000, plus expenses. See **Attachment 53(D)**.
- (8) Bond Management Fees are 1.0% of the bond issue amount. See **Attachment 53(E)**.

SECTION 5 — DEVELOPMENT STATUS AND LAND USE

The following information represents development as of July 1, 2023.

(A) Land-Use Table:

LAND USES	ACREAGE	EQUIVALENT CONNECTIONS	
		EXISTING	PROJECTED
Developable Acreage:			
Developed from prior bond issues (see table B below):	205.02	652	662
To be developed from the bonds (see Table C below):	88.23	60	342
Currently developed with facilities to be funded in future bonds (see Table D below):	46.35	94	266
Remaining developable acreage:	<u>113.946</u>	<u>0</u>	<u>298</u>
Subtotal Developable Acreage:	453.546	806	1,568
Undevelopable Acreage:			
Streets, Floodplain, Amenity and Open Spaces ⁽¹⁾	0	0	0
Elementary School	<u>14.86</u>	<u>40</u>	<u>40</u>
Subtotal Undevelopable Acreage:	<u>14.86</u>	<u>40</u>	<u>40</u>
Total Acreage	468.406	846	1,608

Notes: (1) Streets, floodplain, amenity center and open spaces are included in the platted area.

(B) Development from Prior Bonds:

Section	Type of Development	No. of Lots	Acres	Equivalent Connections	
				Existing	At Full Development
Westwood Subdivision Sec. 3 ⁽¹⁾	Mixed Use	91	38.09	91	96
Westwood Subdivision Sec. 4	Single Family	94	28.83	94	94
Westwood Subdivision Sec. 5	Single Family	110	35.4	110	110
Westwood Subdivision Sec. 6	Single Family	119	28.2	119	119
Westwood Subdivision Sec. 7 ⁽²⁾	Mixed Use	126	42.86	125	130
Westwood Subdivision Sec. 8	Single Family	113	31.64	113	113
TOTALS		653	205.02	652	662

Notes: (1) Section 3 includes 89 single family ESFCs, 2 ESFCs on one lot for an Amenity Center, and an estimated 5 ESFCs on one commercial lot.

(2) Section 7 includes 125 single family ESFCs and an estimated 5 ESFCs on one commercial lot.

(C) Development from Proposed Bonds:

Section	Type of Development	No. of Lots	Acres	Equivalent Connections	
				Existing	At Full Development
Westwood Subdivision Sec. 9	Single Family	135	38.8	60	135
Westwood Subdivision Sec. 10	Single Family	118	29.64	0	118
Westwood Subdivision Sec. 12	Single Family	89	19.79	0	89
Westwood Subdivision Sec. 3 ⁽¹⁾	Mixed Use				
TOTALS		342	88.23	60	342

Notes: (1) Section 3 includes the amenity center which is included for funding in this application. The subdivision facilities were funded in the previous application.

(D) Development from Future Bonds (by Section if Available):

Section	Type of Development	No. of Lots	Acres	Equivalent Connections	
				Existing	At Full Development
Westwood Subdivision Ph. 1 ⁽¹⁾	Commercial	1	24.11	0	172
Westwood Sub. Sec. 1 Ph. 2	Single Family	94	22.24	94	94
TOTALS		95	46.35	94	266

Notes: (1) The Phase 1 plat includes a residential section that is not within the District. Only the 24.11 acres of commercial reserve are within the District’s boundaries.

(E) Historical Build-Out:

Year	Type of Development	No. of Units	Acres/Reserves	Equivalent Connections	
				Existing	Ultimate
2020	Single Family	169		617	1,384
	Commercial	0		0	182
	Recreational	0		2	2
	School	0		40	40
TOTALS		169		659	1,608

Year	Type of Development	No. of Units	Acres/Reserves	Equivalent Connections	
				Existing	Ultimate
2021	Single Family	22		639	1,384
	Commercial	0		0	182
	Recreational	0		2	2
	School	0		40	40
TOTALS		22		681	1,608

Year	Type of Development	No. of Units	Acres/Reserves	Equivalent Connections	
				Existing	Ultimate
2022	Single Family	94		733	1,384
	Commercial	0		0	182
	Recreational	0		2	2
	School	0		40	40
TOTALS		94		775	1,608

Year	Type of Development	No. of Units	Acres/Reserves	Equivalent Connections	
				Existing	Ultimate
2023 ⁽¹⁾	Single Family	71		804	1,384
	Commercial	0		0	182
	Recreational	0		2	2
	School	0		40	40
TOTALS		71		846	1,608

Notes: (1) As of July 1, 2023.

(F) Floodplain Information:

- (i) **What is being done (if anything) to remove the areas of the District, if any, currently in the official floodplain?**

None of the District is currently in the official floodplain. The District is covered by Federal Emergency Management Agency Flood Insurance Rate Map for Galveston County, Panel No. 48167C0206G, dated August 15, 2019. A floodplain map is included under **Attachment 17**.

- (ii) **Are any of the improvements proposed for purchase or construction funding through the proceeds of this bond issue currently in the official floodplain? Yes X No.**

- (iii) **Are areas currently in the official floodplain used in the build-out projections used to support this bond issue? Yes X No.**

- (iv) **Who is charged with maintaining minimum floor slab elevations in the District area?**

City of League City

- (v) **Are any sites or easements to be funded in the bond issue currently in the floodplain? Yes X No.**

SECTION 6 — SOURCE OF WATER SUPPLY, WASTEWATER TREATMENT FACILITIES, AND STORM-WATER DRAINAGE FACILITIES

(A) Water Supply:

- (i) **Water Supply Source:** The District’s source of water supply is from the City of League City (the City), pursuant to the Interlocal Project Development and Financial Agreement (the Agreement) between the City of League City and the District, see **Attachment 16(C)**. Under the Agreement, the District receives enough water capacity to serve the ultimate needs of the District. The District constructs the internal water lines within the District, then the lines are conveyed to the City for operation and maintenance.
- (ii) **Water Supply Facilities Inventory:** The following table summarizes the City’s water facilities.

Facility	Existing Capacity	Criteria	ESFC Capacity⁽¹⁾
Water Supply ⁽²⁾	13,458 gpm	0.6 gpm/ESFC	22,430 ESFCs
Total Storage ⁽³⁾	11,070,000 gal	200 gal/ESFC	55,350 ESFCs
Elevated Storage	4,400,000 gal	100 gal/ESFC	44,000 ESFCs
Booster Pump	23,900 gpm	2.0 gpm/ESFC	11,950 ESFCs

Notes: (1) The District does not own a specified amount of capacity.
 (2) Includes 16.5 MGD of surface water and 2,000 gpm ground water.
 (3) Includes 6.67 MG of ground storage and 4.4 MG of elevated storage.

- (iii) **Interconnects:** None.
 - (iv) Provide a copy of executed contracts for capacity being leased to or from, sold to, or purchased from another entity, if not otherwise provided, as a *labeled Attachment*.
- See (i) and (ii) above.
- (v) There are no special conditions or circumstances..
 - (vi) **The District’s water supply is capable of serving the ultimate projected development of 1,608 ESFCs, which is sufficient to serve the 846 ESFCs (804 single family ESFCs, 2 ESFCs for an amenity center, and 40 ESFCs for a school) as of July 1, 2023 necessary to support the feasibility of this proposed bond issue.**

(B) Wastewater Treatment:

- (i) **Wastewater Treatment Facilities:** Wastewater treatment is provided by the City of League City (the City), pursuant to the Interlocal Project Development and Financial Agreement (the Agreement) between the City of League City and the District, see **Attachment 16(C)**. Under the Agreement, the District receives enough wastewater capacity at the City’s Southwest Water Reclamation Facility to serve the ultimate needs of the District. The District constructs the internal wastewater lines within the District, then the lines are conveyed to the City for operation and maintenance.

The City's Southwest Water Reclamation Facility, TPDES Permit WQ0010568008 (see **Attachment 23**) is permitted for a current capacity of 4.0 MGD, with an ultimate capacity of 12.0 MGD.

- (ii) If the District proposes to base the number of ESFCs served on criteria less than 300 gpd/ESFC, see discussion about ESFCs in the Abbreviations section. (n/a)
- (iii) Provide a copy of executed contracts for capacity being leased to or from, sold to, or purchased from another entity, if not otherwise provided, as a *labeled Attachment*.

See (i) above.

- (iv) No special conditions or circumstances exist.
- (v) **The District's wastewater capacity is capable of serving the ultimate projected development of 1,608 ESFCs, which is sufficient to serve the 846 ESFCs (804 single family ESFCs, 2 ESFCs for an amenity center, and 40 ESFCs for a school) as of July 1, 2023 necessary to support the feasibility of this proposed bond issue.**

(C) Storm-Water Drainage Facilities:

- (i) Storm-water for the District is collected through an underground system of lines leading to detention ponds and eventually the Magnolia Creek channel, which eventually outfall to bayous and channels that eventually lead to Galveston Bay.
- (ii) Rainwater flows to curb and gutter streets to an underground storm sewer collection system before being released to a drainage channel.
- (iii) Storm water facilities are included in this application.
- (iv) If local, state, or federal regulations require storm-water quality facilities, state the name of the entity requiring such facilities and describe the district storm-water quality treatment facilities, if any, to be funded by the proposed bond issue. (n/a)

SECTION 7 — BASIS OF DESIGN

(A) Conformity with Regulatory Requirements:

- (i) **Texas Commission on Environmental Quality:** Yes X No ___ N/A ___
- (ii) **City of League City:** Yes X No ___ N/A ___
- (iii) **Galveston County:** Yes X No ___ N/A ___
- (iv) **County Drainage District:** Yes ___ No ___ N/A X
- (v) **Commission Permit Required by Water Code 16.236:** Yes ___ No ___ N/A X

No levee construction is contemplated for the District.

- (vi) **Others:** None.

(B) Oversizing:

Is the District constructing any facility with capacity in excess of that reasonably anticipated for future in-district uses? ___ Yes X No. If yes, is the additional capacity required by local government or other regulatory agency? ___ Yes ___ No. n/a

SECTION 8 — FINANCIAL INFORMATION

The following information is provided by the District’s Bookkeeper and Financial Advisor.

(A) Growth / No Growth

The economic feasibility of this bond issue is based on no-growth.

The highest projected taxable value shown in the cash flow schedule is \$402,459,465.

(B) Latest Certified Assessed Valuation: \$329,579,865 (\$299,604,554 certified plus approximately 80% of \$37,400,068) as of **January 1, 2023. See **Attachment 32(A)**.**

(C) Latest Estimate of Assessed Valuation: \$402,459,465 as of **July 1, 2023. See **Attachment 33**.**

(D) Historical Tax Data:

The following information is as of February 29, 2024.

Tax Year	Assessed Valuation	Debt Service Tax	Maintenance Tax	Amount Collected	Total % Collected
2019	\$120,746,126	\$0.00	\$1.00	\$1,207,222	100%
2020	\$166,076,362	\$0.00	\$1.00	\$1,660,764	100%
2021	\$210,879,654	\$0.00	\$1.00	\$2,108,797	100%
2022	\$274,869,865	\$0.38	\$0.61	\$2,720,014	99.95%
2023 ⁽¹⁾	\$329,579,865	\$0.37	\$0.60	\$3,076,086	96%

Notes: (1) the District is in the process of collecting the current year taxes.

(E) Cash and Investment:

CASH AND INVESTMENT BALANCES	
As of December 31, 2023	
General Operating	\$2,307,431
Debt Service	\$398,436
Capital Projects	\$164,719

(F) Outstanding Indebtedness:

(i) Bond Issues:

Category	Outstanding Debt⁽¹⁾	Proposed Debt	Combined Debt	Debt Ratio based on Current Certified or Estimated Value⁽²⁾
Water, Wastewater, and Drainage	\$10,750,000	\$8,015,000	\$18,765,000	
Roads	\$10,125,000	\$0	\$10,125,000	
Recreational	\$0	\$0	\$0	
Totals	\$20,875,000	\$8,015,000	\$28,890,000	7.2%

Notes: (1) As of December 1, 2023.

(2) Based on the July 1, 2023 Estimate of AV of \$402,459,465.

- (ii) **Bond-Anticipation Notes:** n/a
- (iii) **Were the provisions of Commission Rule 293.54 followed in the issuance of all Bond-Anticipation Notes?** Yes No.
- (iv) **Tax-Anticipation Notes:** None.
- (v) **Other Obligations:** None.

(G) Financial Feasibility (to Be Completed by All Districts):

- (i) **Build-Out Projections:** Is the feasibility of this bond issue based on growth? Yes No.
- (ii) **Debt-Service Schedule:** A debt service schedule is provided under **Attachment 29**.
- (iii) **Revenue Projections:**
 - (a) **Does the District intend to use net revenues from operations for debt service payments?**
 Yes No.
 - (b) **Does the District intend to use revenues received from a municipality through either a consent agreement or strategic partnership agreement for debt service payments?**
 Yes No.
- (iv) **Operating Budget:** A copy of the District’s current operating budget is included under **Attachment 30(A)**.
- (v) **Projected Cash-Flow Analysis for Proposed and Existing Debt of District:** A projected cash flow analysis is included as **Attachment 31(A)**.
- (vi) **No-Growth Cash-Flow Analysis for Proposed and Existing Debt of District:** The feasibility of the bonds are based on no-growth, therefore the projected cash-flow is the no-growth cash-flow.
- (vii) **Cash-Flow Analysis for All Overlapping Taxing Entities Specifically Attributable to Water, Wastewater, Drainage, Firefighting, Recreation, or Roads:** n/a

(viii) Combined Tax Rate:

	Projected Tax Rate	No-Growth Tax Rate
District tax rate		
a. Debt service as shown in cash-flow analysis	\$0.4500	\$0.4500
b. Maintenance Tax⁽¹⁾	\$0.5200	\$0.5200
Tax rate for overlapping entities as defined in Commission Rules 293.59(f)(2) and (f)(6) and (e)(2) and (e)(6)		
a. Debt service as shown in cash-flow analysis		
1. Entity No. 1: n/a		
b. Maintenance Tax		
1. Entity No. 1: n/a		
Equivalent surcharge for water and wastewater, if any: n/a		
If District is within a city, then indicate the portion of the city’s tax rate specifically attributable to water, wastewater, drainage, or recreation: ⁽²⁾	\$0.39500	\$0.39500
Less any equivalent tax rebate: n/a		
TOTAL COMBINED TAX RATE	\$1.36500	\$1.36500

Notes: (1) See **Attachment 30(B)** for the no-growth maintenance tax calculation. The amount necessary to balance the budget is less than shown above however the District intends to continue to levy the same overall tax rate.

(2) The tax rate attributable to the water, wastewater, drainage, roads and recreational facilities is unknown, therefore the City’s entire tax rate has been included.

(ix) Total Taxable Value of Area to be Taxed: \$329,579,865 as of January 1, 2023.

(x) Waiver of Special Appraisal: See Attachment 32(B).

(xi) Overlapping Tax Rates:

Taxing Jurisdictions	Tax Year	Current Tax Rate Per \$100 Valuation	Projected Tax Rate Per \$100 Valuation
The District	2023	\$0.970000	\$0.970000
Clear Creek ISD	2023	\$0.974600	\$0.974600
Galveston County	2023	\$0.334147	\$0.334147
Galveston County Road and Flood	2023	\$0.007753	\$0.007753
City of League City	2023	\$0.395000	\$0.395000
Total		\$2.681500	\$2.681500

(H) Development Status:

Does the District have a developer as defined by Water Code Section 49.052(d)? X Yes ___ No.

(i) Status of Construction

Does the District meet the conditions of Commission Rule 293.59(k)(6) regarding completion of facilities prior to Commission approval necessary to serve the projected development?

- 1. Compliance with 293.59(k)(6)(A):** At the time of Commission approval, all underground water, wastewater, and drainage facilities to be financed with proceeds from the proposed bond issue or necessary to serve the projected build-out used to support the feasibility of the bond issue, shall be at least 95% complete as certified by the district's engineer. **Yes** **No** **Exempt.**

The District is exempt since its no-growth tax rate is \$1.50 or less.

- 2. Compliance with 293.59(k)(6)(B):** At the time of Commission approval, all permits for groundwater, surface water, waste discharge, or other permits needed to secure capacity to support the build-out shall have been obtained. **Yes** **No** **Exempt.**
- 3. Compliance with 293.59(k)(6)(C):** At the time of Commission approval, sufficient lift station, water plant, and wastewater treatment plant capacity, as applicable depending on the type of district, to serve the connections projected for a period of not less than 18 months shall either be 95% complete as certified by the district's engineer or available in existing plants in accordance with executed contracts for capacity in plant(s) owned by other entities (but in no event less than 50,000 gallons per day water plant and wastewater plant capacity). **Yes** **No** **Exempt.**

The District is exempt since its no-growth tax rate is \$1.50 or less.

- 4. Compliance with 293.59(k)(6)(D):** At the time of Commission approval, water supply, lift station and wastewater treatment capacity needed to support the projected build-out used to support the feasibility of the subject bond application must be existing or funds for that capacity must be included in the bond issue or secured by a letter of credit or other acceptable guarantee approved by the executive director. **Yes** **No** **Exempt.**
- 5. Compliance with 293.59(k)(6)(E):** At the time of Commission approval, all street and road construction to provide access to the areas provided with utilities to be financed with proceeds from the proposed bond issue, or necessary to serve the projected build-out used to support the feasibility of the subject bond issue, must be 95% complete as certified by the district's engineer. All streets and roads shall be constructed in accordance with city or county standards, as appropriate. **Yes** **No** **Exempt.**

The District is exempt since its no-growth tax rate is \$1.50 or less.

- (ii) Status of Growth Projected in Previous Bond Issue, if Applicable:** The District is exempt since its no-growth tax rate is \$1.50 or less.

(I) Market Information: Not applicable, the feasibility of the bonds are based on no-growth.

SECTION 9 — SHARED FACILITIES

(A) **Inventory:** n/a

(B) **Calculated Pro Rata Shares:** n/a

(C) **Cost-Sharing Arrangements Requested for Commission Approval:** n/a

(D) **Oversizing Required by a Local Government or Other Regulatory Agency:** n/a

SECTION 10 — PLANS, SPECIFICATIONS, OTHER CONSTRUCTION DOCUMENTS

(A) **Plans:**

(i) **Construction Plans:** Copies of the construction plans for the following projects are included in this application:

1. Westwood Section 9
2. Westwood Section 10
3. Westwood Section 12
4. Westwood Recreation Center

(ii) **Plat:** A copy of the plats for the District are included under **Attachment 57**.

(B) **Contract Documents:**

Contract documents are included in **Volume 3**.

(C) **Construction Documents:**

Construction documents are included in **Volume 3**.

(D) **Checklist:**

Checklist documents are included in **Volume 3**.

SECTION 11 — SPECIAL CONSIDERATIONS

(A) Developer Projects:

Are any of the projects in the proposed bond issue developer projects as defined in Commission Rule 293.44(a)(1)? X Yes ___ No.

- (i) Clearing and Grubbing:** n/a
- (ii) Spreading and Compacting of Fill:** n/a
- (iii) Change in Development Plan: Do any of the projects in the proposed bond issue include the replacement or relocation of existing or designed facilities? ___ Yes X No.**
- (iv) Railroad, Pipeline, or Underground-Utility Relocations:** There are no railroad, pipeline or underground-utility relocations in this bond application.
- (v) Joint-Use Engineering Studies:** n/a
- (vi) Bridges and Culverts:** All culverts are part of the underground drainage system and are not used for bridges or natural water crossings.
- (vii) Proration of Dual Lake–Detention Pond: Does the project include funds for the purchase or construction of detention pond facilities which will hold water continuously for aesthetic or recreational purposes? ___ Yes X No.**
- (viii) Floodplain Mitigation: Does the project include funds for costs associated with the mitigation of floodplain areas? ___ Yes X No.**

(A) All Projects:

- (i) Appraisals:** n/a
- (ii) Contract Revenue bonds: Are the proposed bonds contract revenue bonds? ___ Yes X No.**
- (iii) Impact Fees and Capital-Recovery Fees: Does the proposed bond issue include funding for fees calculated and collected under the provisions of Local Government Code 395? ___ Yes X No.**

SECTION 12 — MISCELLANEOUS CONSIDERATIONS

(A) Preconstruction Documents:

Preconstruction agreements for reimbursement of costs and construction and/or purchase of utility facilities between the developer and the District have been provided as **Attachment 44**.

(B) Bid Advertisement:

Were the competitive bidding statutes complied with in each of the construction contracts executed? X Yes ___ No.

(C) Developer’s 30% Contribution Exemption Request:

The District is requesting a *conditional exemption* from the requirement to obtain a 30% contribution from the developer on certain construction contracts for the following conditions being met:

X The District anticipates obtaining an acceptable credit rating [as such rating is defined in 293.47(b)(4)] or a credit enhanced rating [as such rating is defined in 293.47(b)(5)] prior to the sale of the proposed bond issue. A letter from the District’s financial adviser addressing the District’s ability to obtain such a rating is included under **Attachment 48**.

(D) Letters of Credit, Deferment of Bond Proceeds, Other Acceptable Financial Guarantees: n/a

(E) Developer Interest Reimbursement:

The District is requesting approval to reimburse the developer for more than two years of interest. The developer interest shown in **Attachment 13** is less than four years of interest on the bonds:

Four Years of Interest	\$ 1,667,120
Total Interest in Bond Issue:	
Capitalized Interest	\$ -
Developer Interest	\$ 765,152
Interest on BAN	\$ -
Total Interest in Bond Issue:	\$ 765,152

(F) Land and Easement Acquisition:

- (i) **Storm-Water Detention Facilities: Does the District intend to purchase easements or sites for storm-water detention facilities?** ___ Yes X No.
- (ii) **Easements Outside the District’s Boundaries: Does the District intend to purchase easements outside the District’s boundaries?** ___ Yes X No.
- (iii) **Downstream Drainage Channels: Does the District intend to purchase easements to improve drainage channels downstream of the District that pass through other Districts?** ___ Yes X No.

(iv) **Recreational-Facility Sites:** Does the District intend to purchase sites for recreational facilities? ___ Yes X No.

(G) District Participation in Regional Drainage Systems:

Does the proposed bond issue include funds to be paid to a regional drainage authority for capacity in a regional storm-water detention system? ___ Yes X No.

SECTION 13 — MISCELLANEOUS INFORMATION

- (A) **Contracts with Professional Consultants:** An executed copy of all current contracts with professional consultants whose fees are included in the bond issue are included under **Attachments 53(A) – (E)**.
- (B) **Compliance with Commission Rule 293.111(a)(6):** Documentation evidencing compliance with Commission Rule 293.111(a)(6) regarding wastewater connections is included as **Attachment 16**.

(C) Key Personnel:

(i)	President, Board of Directors	Ms. Maria Morales PO Box 22167 Houston, Texas 77277 Phone: 713/595-1200
(ii)	Legal/Bond Counsel	Mr. Mark Arnold Hunton Andrews Kurth LLP 600 Travis Street, Suite 4200 Houston, Texas 77002 Phone: 713/220-3938 markarnold@huntonak.com
(iii)	Fiscal Agent	Mr. John Howell The GMS Group, LLC 5075 Westheimer Road, Suite 1175 Houston, Texas 77056 Phone: 713/622-7620 jhowell@gmsgroup.com
(iv)	District Engineer	Mr. Javier Morales, P.E. J. Morales, Inc. 3425 Federal Road Houston, TX 77504 Phone: 713/947-6606
(v)	Bond Engineer	Mr. Ken Heroy, P.E. Jones-Heroy & Associates, Inc. 13915 N. Mopac Expressway, Suite 408 Austin, TX 78728 Phone: 512/989-2200 kenh@jones-heroy.com
(vi)	Chief Appraiser, Galveston County	Mr. Tommy Watson Galveston County Chief Appraiser 9850 Emmett F. Lowry Expressway, Suite A101 Texas City, Texas 77591 Phone: 409/935-1980
(vii)	Bookkeeper	Mr. Kenneth R. Byrd ETI Bookkeeping Services 2225 County Road 90, Suite 115 Pearland, TX 77584

(viii)	General Manager	Mr. David Hawes Hawes Hill & Associates, LLP 9600 Long Point Road, Suite 200 Houston, Texas 77055
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(D) Reporting Requirements:

Has the District submitted a current Directors' Registration Form? Yes No.

Has the District submitted a current District Information Form as required by Water Code Section 49.455? Yes No.

Has the District submitted a current Audit Report or Financial Dormancy Affidavit? Yes No.

(E) Name Signs:

Has the District posted at least two name signs, at two or more principal entrances to the District? Yes No.

There are two District identification signs located within the District. The signs are located at the west and east entrances on League City Parkway at entrances to the District. See **Attachment 59**.

(F) Other Information: None.