



HOUSTON
3200 Southwest Freeway,
Suite 2600
Houston, TX 77027
(713) 860-6400

Christina L. Miller
Partner
cmiller@abhr.com
(713) 860-6492

July 29, 2025

Via electronic mail

Ms. Michelle Villarreal
City Attorney
City of League City
300 West Walker Street
League City, TX 77573
michelle.villarreal@leaguecitytx.gov

Re: Galveston County Municipal Utility District No. 36 (the "District")
Unlimited Tax Bonds, Series 2025 in an amount not to exceed \$10,435,000
(the "Bonds")

Dear Michelle:

The District is currently completing the process necessary to prepare for the advertisement and sale of the Bonds. Pursuant to Section 5.02 of the Amended and Restated Utility Agreement by and between Forestar (USA) Real Estate Group Inc. and the City of League City, effective as of April 24, 2018, and assigned to the District, effective March 11, 2020 (the "Utility Agreement"), the District must obtain the City of League City's (the "City") approval prior to the advertisement and sale of Bonds.

The Preliminary Official Statement (POS), Data Sheet, and other materials provided in support of the District's request for consent from the City are included with this transmittal as attachments.

Additionally, Section 4.01 of the Utility Agreement requires the District to provide the following information to demonstrate the economic feasibility of the Bonds:

- a) Each ending debt service balance (cumulative balance) as shown in the District's cash flow analysis will be not less than 25 percent of the following year's debt service requirements. *Please see Pro-forma Cash Flow Analysis – No Growth in the attachments provided.*

Letter to League City Re Series 2025 Bonds 4905-2079-4708 v.1

CENTRAL TEXAS
919 Congress Avenue, Suite 1500
Austin, TX 78701
(512) 518-2424

NORTH TEXAS
4514 Cole Avenue, Suite 1450
Dallas, TX 75205
(972) 823-0800

abhr.com

- b) All underground facilities to be financed with the proceeds from a proposed bond issue shall be at least 95 percent substantially completed as certified by the District Engineer. *Please see the enclosed letter from the District engineer.*
- c) All street and road construction to provide access to areas provided with utilities to be financed with bond proceeds shall be 95 percent substantially completed as certified by the District Engineer. *Please see the enclosed letter from the District engineer.*
- d) For the District's first Bond issue, at least 25 percent of the projected value of homes, buildings, and/ or other improvements shown on the District's tax rate calculation shall be completed prior to advertising the sale of Bonds. *Not applicable as this is not the first bond issue.*
- e) For second and subsequent Bond issues, the District shall have homes, buildings, or other improvements equal to 75 percent of the value of homes, buildings, or other improvements used in the projected tax rate calculations contained in all prior Bond issues. This value can be located in areas developed from prior Bond issues or a combination of prior Bond issue areas, proposed Bond issue areas, or future Bond issue areas. *The current estimate of value as of July 1, 2025, equals \$164,197,756, which exceeds 75% of the value used in projected tax rate calculations in the prior bond issue.*
- f) For any Bond issue, the combined projected debt service tax rate, as defined in 30 TAC 293.59 referenced above, shall not exceed \$1.50. *Projected debt service tax rate in no growth cash flow is \$0.97, and projected maintenance tax rate is \$0.18, for a combined rate of \$1.15.*
- g) For each Bond sale, the District shall demonstrate that, at final buildout, the District's projected net direct debt as a percentage of current and estimated certified assessed value will not exceed twelve percent (12%). *Please see the attached documentation regarding ultimate build-out projections prepared by the District's financial advisor.*
- h) The District, as required in Section 5.02, will obtain the City's approval prior to the advertisement and sale of Bonds. Whenever the District requests such approval, the District will provide the City with a copy of the Engineering Report and will certify to the City that the District has complied with the above-listed requirements. *Please see the attached Engineering Report.*

The District anticipates issuing the bonds on September 29, 2025.

The District respectfully requests the City's consent to the Bonds be placed on the agenda for the August 12, 2025, City Council meeting.

Sincerely,

A handwritten signature in cursive script, reading "Christina L. Miller".

Christina L. Miller
Attorney for the District

CC: Mr. Chris Sims, Executive Director of Development Services, City of League City (via email)
Ms. Kimberly Corell, Director of Finance, City of League City (via email)
Ms. Anthea Moran, Masterson Advisors LLC (via email)
Ms. Hope Palmer, Firm (via email)