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June 5, 2019

Engineering Report to
Texas Commission on Environmental Quality
Bond Application No. 9
Galveston County Municipal Utility District No. 14
Galveston County, Texas

Jack Carter, P.E.
District Engineer

June 5, 2019

Texas Commission on Environmental Quality
P. O. Box 13087
Capitol Station
Austin, Texas 78711

Ladies and Gentlemen:

The attached report is submitted to provide the required data for Bond Application No. 9. The Bond Application is being submitted showing cost summaries to support a 100% reimbursement in the amount of \$2,360,000 by Galveston County Municipal Utility District No. 14. The proposed bond issue relates to water, sewer and drainage facilities, material testing, engineering, issuance expenses to serve Lakes in Bay Colony, Sections 7 and 8 within the District.

We trust that the information submitted fulfills the requirements of the Commission. If you have any questions or require further information, please contact me at your convenience.

Very truly yours,

Jack Carter, P.E.
District Engineer

w/attachments

xc: Texas Commission on Environmental Quality – Houston

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GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 14
GALVESTON COUNTY
BOND APPLICATION NO. 9
\$2,360,000 – 100% REIMBURSEMENT

SECTION 1 - GENERAL INFORMATION

A. LAWS, ELECTION AND ACREAGE

i. Authority Creating District

Galveston County Municipal Utility District No. 14 was created by order of the Texas Water Commission (predecessor of the Texas Commission on Environmental Quality) dated October 10, 1984.

ii. Governing Law

The District was created and established pursuant to Article XVI, Section 59, of the Constitution of Texas and operates under Chapters 49 & 54 of the Texas Water Code, together with all amendments and additions thereto. Section 54.024 of the Water Code provides for the continuing right of supervision of the Commission over the District.

iii. Confirmation Election

The creation of the District was confirmed at an election on August 10, 1985 by a vote of 4 to 0.

iv. Acreage

At creation, the District contained 240.386 acres. On June 23, 1986, 244.782 acres (comprised of a 181.594 acre tract and a 63.188 acre tract) were annexed into the District, bringing the total acreage within the District to 485.168 acres. On April 30, 2002, 27.533 acres were annexed into the District, bringing the total acreage within the District to 512.701 acres. On October 11, 2005, 43.776 acres (comprised of a 12.506 acre tract and a 31.27 acre tract) were annexed into the District, bringing the total acreage within the District to 556.477 acres. The current official District acreage is 556.477.

v. Boundary Map

A current District boundary map is included as Attachment 3.

B. LOCATION

Galveston County Municipal Utility District No. 14 is located approximately 26 miles southeast of the City of Houston's central business district. The District lies between Interstate Highway 45 and Farm to Market Road 517 along the west side of Farm to Market Road 646. Borden's Gully bisects this portion in an east-west direction as does Magnolia Bayou in the northern portion of the District. All of the land within the District lies within the corporate limits of the City of League City, Texas. Access is provided via I-45 to FM 646.

Attachment 4 shows the location of the District with respect to the City of Houston.

SECTION 2 - PROPOSED BOND ISSUE

A. PURPOSE

The District proposes, with proceeds from this bond issue, to purchase water distribution, wastewater collection, and storm water drainage for Lakes in Bay colony, Sections 7 and 8; engineering; material testing; and issuance expenses.

B. BOND AND MAINTENANCE TAX AUTHORIZATION

i. Bond Authorization:

On August 10, 1985, by a vote of 4 in favor and 0 opposed, the voters of the District authorized issuance of \$17,500,000 in combination tax and revenue bonds for the financing of water, sewer and drainage facilities. On November 4, 2003, by a vote of 79 in favor and 58 opposed, the voters of the District authorized \$17,250,000 in unlimited tax refunding bonds. On May 7th, 2005, by a vote of 148 in favor and 35 opposed (in-district tract) and 143 in favor and 41 opposed (annexation tract), the voters of the District authorized issuance of an aggregate total of \$6,000,000 in unlimited tax bonds for the financing of water, sewer and drainage facilities (being \$3,950,000 for an in-district tract and \$2,050,000 for an annexation tract).

DATE OF ELECTION	PURPOSE	AMOUNT APPROVED	AMOUNT CANCELED
August 10, 1985	Water, Wastewater & Drainage	17,500,000	-0-
November 4, 2003	Refunding	17,250,000	-0-
May 7, 2005	Water, Wastewater & Drainage	6,000,000	-0-

ii. Maintenance Tax

On August 10, 1985, by a vote of 4 in favor and 0 opposed, the voters of the District authorized the Board to levy a maintenance tax not to exceed \$0.20 per \$100 of the assessed valuation.

DATE OF ELECTION	PURPOSE	MAXIMUM TAX APPROVED (PER EACH \$100 OF AV)	CANCELLED PRIOR AUTHORIZATION
10-Aug-85	General Operating	\$0.20	None

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 14
\$2,360,000 Ninth Bond Issue

C. PRIOR BOND ISSUES

A total of \$21,140,000 in bonds have been issued to date in connection with the District’s eight bond issues leaving a balance of \$2,175,000 in authorized but unissued combination tax and revenue bonds and \$185,000 in authorized but unissued unlimited tax bonds.

Type of Bonds – Water, Wastewater, and Drainage Total Amount Authorized: 23,500,000			
BOND ISSUE NO.	TCEQ AMOUNT APPROVED	TCEQ ORDER DATE APPROVED	AMOUNT SOLD
1	\$3,000,000	27-Jul-2000	\$ 3,000,000
2	\$2,400,000	20-Dec-2001	\$ 2,400,000
3	\$2,150,000	2-Aug-2002	\$ 2,150,000
4	\$5,250,000	8-Apr-2004	\$ 5,250,000
5	\$2,525,000	30-Mar-2005	\$ 2,525,000
6	\$2,240,000	6-Jan-2010	\$ 2,240,000
7	\$1,525,000	16-Oct-2015	\$ 1,525,000
8	\$2,050,000	28-July-2017	\$ 2,050,000
9	\$2,360,000		\$ 2,360,000
Total Bonds Sold (including proposed):			\$23,500,000
Remaining Authorized Bonds:			0

After the sale of the proposed \$2,360,000 ninth bond issue, \$0.00 in authorized but unissued bonds will remain for the development of water, wastewater and drainage facilities, or capacity in such facilities. In the opinion of the District’s Engineer, the remaining voter authorized but unissued bonds are sufficient to complete development in the District.

D. TYPE

The voters of the District have approved both combination unlimited tax and revenue bonds and unlimited tax bonds. The District seeks Commission approval to issue \$2,175,000 in combination tax and revenue bonds out of the August 10, 1985, authorization, and \$185,000 in unlimited tax bonds out of the May 7, 2005, authorization.

E. INTEREST RATE

The District petitions the Commission's approval of a 3.75% interest rate for this proposed issuance of bonds.

F. LAND USE PLAN

Each development within the District benefits from prior development in the District. The utilities were designed so that extensions can be made as development continues in the future. This method allows for propagation of District utilities to new sections of development for an organized and orderly development within the District.

A land use plan included as Attachment 6 shows all previously funded projects and the projects proposed for funding in this bond issue.

G. RECREATIONAL FACILITIES

Not Applicable. There are no recreational facilities proposed for funding in this bond application.

H. ROADS

Does the District have authority to fund roads? ___ Yes X No

SECTION 3 - FACILITIES PROPOSED FOR FUNDING

A. PURCHASE OF EXISTING FACILITIES AND/OR ASSUMPTION OF EXISTING CONTRACTS

PROJECT DESCRIPTION	CONTRACTOR	% COMPLETE (DATE)	CONTRACT AMOUNT	AMOUNT SUBJECT TO DISTRICT CONTRIBUTION
Lakes in Bay Colony, Section 7	Paskey Incorporated	100% (04/20/17)	\$ 994,192 ⁽¹⁾	\$ 954,252 ⁽¹⁾
Lakes in Bay Colony, Section 8	A & M Contractor	100% (12/17/18)	\$1,206,130 ⁽²⁾	\$1,085,175 ⁽²⁾

Foot Notes:

- ⁽¹⁾ Original Contract for \$969,179.02 with three change orders:
- a. Change Order No. 1 – Addition of \$11,350.00, March 15, 2017 - was required by League City to provide for drainage of the existing lift station site. This included the addition of 99 feet of 18” storm sewer, a Type E inlet and 86 feet of swale.
 - b. Change Order No. 2 – Addition of \$27,348.64, April 13, 2017 - was required for the TV inspection of the storm sewer. This was a new requirement of League City. It was not included in the bid.
 - c. Change Order No. 3 – Reduction of \$13,686.00, May 10, 2017 - single and double water services were removed from the contract. These were installed by the City of League City. The sum of these change orders brings the final contract amount to \$994,192.00.
 - d. Site work included excavation for expansion of the detention basin. The total cost was \$120,048.00, of which \$80,108.00 was for detention basin expansion and \$39,940 was for amenity lake expansion. The total amount of excavation for detention/amenity expansion was 29,415 cubic yards. Of this amount, 19,630 cubic yards were for detention capacity; 9,785 cubic yards were for amenity lakes. Based on these amounts, the detention basin expansion is 66.73% of the work (\$80,108) and the amenity lake expansion is 33.27% of the work (\$39,940). The \$39,940 is not reimbursable.
- ⁽²⁾ The original contract price was \$1,202,395. Change Order No. 1 – Addition of \$3,735.00, January 23, 2018 – The existing manhole that this section’s sanitary sewer was to connect to a manhole with an existing pipe and plug stubbed out that was not on the proper angle for correct connection. The City of League City required that this be removed, plugged and a new connection made to the manhole. This brings the final contract total to \$1,206,130. The site work included excavation for expansion of the detention basin. The total cost was \$327,968.00, of which \$207,013.00 was for detention basin expansion is and \$120,955.00 was for amenity lake expansion. The total amount of excavation for detention/amenity expansion was 72,382 cubic yards. Of this amount, 45,685 cubic yards were for detention basin expansion capacity; 26,697 cubic yards were for amenity lake expansion. Based on these amounts, the detention basin expansion is 63.12% of the work (\$207,013) and the amenity lake expansion portion is 36.88% of the work (\$120,955). The \$120,955 is not reimbursable.

B. FACILITIES TO BE CONSTRUCTED

There are no facilities to be constructed.

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 14
\$2,360,000 Ninth Bond Issue

SECTION 4 - SUMMARY OF COSTS

	Amount	District Share	
<u>A. Construction Costs</u>			
I. <u>Developer Contribution Costs</u>			
1. Lakes in Bay Colony, Section 7			
a. Detention	\$179,317	\$139,377	(1)
b. SWPPP	\$26,549	\$26,549	
c. Water	\$152,117	\$152,117	
d. Wastewater	\$231,304	\$231,304	
d. Drainage	<u>\$404,905</u>	<u>\$404,905</u>	
SUBTOTAL	\$994,192	\$954,252	(1)
2. Lakes in Bay Colony, Section 8			
a. Detention	\$468,661	\$347,706	(2)
b. SWPPP	\$24,215	\$24,215	
c. Water	\$137,168	\$137,168	
d. Wastewater	\$315,009	\$315,009	
d. Drainage	<u>\$261,077</u>	<u>\$261,077</u>	
SUBTOTAL	\$1,206,130	\$1,085,175	(2)
3. Engineering (7.9 % of Items 1 & 2)	\$174,540	<u>\$53,573</u>	(3)
TOTAL CONSTRUCTION COSTS (88.69% of B.I.R.)	\$2,374,862	\$2,093,000	
<u>B. Non Construction Costs</u>			
1. Legal Fees (2.9 %) ⁽⁴⁾		\$ 69,000	(4)
2. Fiscal Agent Fees (2.0%) ⁽⁵⁾		\$ 47,200	(5)
3. Bond Discount (2.5%)		\$ 59,000	
4. Bond Issuance Expenses ⁽⁶⁾		\$ 48,540	(6)
5. AG Fee (0.10%)		\$ 2,360	
6. TCEQ (0.25%)		\$ 5,900	
7. Bond Application Report		\$ 35,000	
TOTAL NON CONSTRUCTION COST (11.31% of B.I.R.)		\$ 267,000	
TOTAL BOND ISSUE REQUIREMENT (B.I.R.):		<u>\$2,360,000</u>	

NOTES:

⁽¹⁾ Original Contract for \$969,179.02 with three change orders:

- a. Change Order No. 1 – Addition of \$11,350.00, March 15, 2017 - was required by League City to provide for drainage of the existing lift station site. This included the addition of 99 feet of 18” storm sewer, a Type E inlet and 86 feet of swale.
- b. Change Order No. 2 – Addition of \$27,348.64, April 13, 2017 - was required for the TV inspection of the storm sewer. This was a new requirement of League City. It was not included in the bid.

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 14
\$2,360,000 Ninth Bond Issue

- c. Change Order No. 3 – Reduction of \$13,686.00, May 10, 2017 - single and double water services were removed from the contract. These were installed by the City of League City. The sum of these change orders brings the final contract amount to \$994,192.00.
 - d. Site work included excavation for expansion of the detention basin. The total cost was \$120,048.00, of which \$80,108.00 was for detention basin expansion and \$39,940 was for amenity lake expansion. The total amount of excavation for detention/amenity expansion was 29,415 cubic yards. Of this amount, 19,630 cubic yards were for detention capacity; 9,785 cubic yards were for amenity lakes. Based on these amounts, the detention basin expansion is 66.73% of the work (\$80,108) and the amenity lake expansion is 33.27% of the work (\$39,940). The \$39,940 is not reimbursable.
- (2) The original contract price was \$1,202,395. Change Order No. 1 – Addition of \$3,735.00, January 23, 2018 – The existing manhole that this section’s sanitary sewer was to connect to a manhole with an existing pipe and plug stubbed out that was not on the proper angle for correct connection. The City of League City required that this be removed, plugged and a new connection made to the manhole. This brings the final contract total to \$1,206,130. The site work included excavation for expansion of the detention basin. The total cost was \$327,968.00, of which \$207,013.00 was for detention basin expansion and \$120,955.00 was for amenity lake expansion. The total amount of excavation for detention/amenity expansion was 72,382 cubic yards. Of this amount, 45,685 cubic yards were for detention basin expansion capacity; 26,697 cubic yards were for amenity lake expansion. Based on these amounts, the detention basin expansion is 63.12% of the work (\$207,013) and the amenity lake expansion portion is 36.88% of the work (\$120,955). The \$120,955 is not reimbursable.
- (3) See Attachment 8 for a breakdown of Engineering Fees. Due to the limited amount of remaining voted bond authorization, only \$53,573.00 of the engineering fees are requested to be reimbursed in this application.
- (4) See Attachment 11 for a breakdown of Legal Fees. See Attachment 55(b) for a copy of the legal services contract.
- (5) See Attachment 55 (c) for a copy of Fiscal Agent Contract, which provides for a 2% fee.
 $\$2,360,000 \times 0.02 = \$47,200$.
- (6) Below is a breakdown of the bond issuance expenses.

Disclosure Counsel	\$11,000
Aerial/Photographs	\$ 2,000
Rating Fee	\$19,700
Advertisement	\$ 2,000
Printing NOS/POS/OS	\$ 4,000
Paying Agent	\$ 750
Audit	\$ 5,000
Bookkeeper	\$ 1,500
Tax Assessor/Collector	\$ 1,000
Auditor	\$ 800
Miscellaneous	<u>\$ 790</u>
TOTAL ESTIMATED BOND ISSUANCE COSTS	\$48,540

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 14
\$2,360,000 Ninth Bond Issue

SECTION 5 – DEVELOPMENT STATUS AND LAND USE

The following information represents development as of June, 2019.

A. LAND USE TABLE

Land use acreages for previous and proposed bond issues are based on recorded plats. Land use acreages for future bond issues are based on the master plan. An acreage summary is provided in the table below:

LAND USES		ACREAGE	EQUIVALENT CONNECTIONS	
			ACTIVE	PROJECTED
Total District Acreage:				
	Developed from the Prior Bond Issues (see Table B below):	398.39	1,749	1,749
	To be Developed from the Bonds (see Table C below):	33.31	95	125
	Remaining Developable Acreage:	<u>0</u>	<u>0</u>	<u>0</u>
	SUBTOTAL	431.70	1,844	1,874
Undevelopable Acreage:				
	Detention / Recreation	76.144	0	0
	Grand Parkway	18.68	0	0
	Lift Station	3.1	0	0
	Landscape Strip	9.223	0	0
	Magnolia Bayou	8.33	0	0
	Bordens Gully	6.5	0	0
	Drill Sites	<u>2.8</u>	<u>0</u>	<u>0</u>
	SUBTOTAL	124.777	0	0
	TOTAL	556.477	1,844	1,874

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 14
\$2,360,000 Ninth Bond Issue

B. DEVELOPMENT FROM PRIOR BONDS

SECTION	TYPE OF DEVELOPMENT	NO. OF LOTS	ACREAGE	EQUIVALENT SINGLE FAMILY CONNECTIONS	
				EXISTING ACTIVE	AT FULL DEVELOPMENT
Lakes in Bay Colony, Section 1	Single Family Residential	74	24.7	74	74
Bay Colony Pointe, Section 1	Single Family Residential	117	23.37	117	117
Bay Colony Pointe, Section 2	Single Family Residential	90	18.8	90	90
Bay Colony Pointe, Section 3	Single Family Residential	42	11.1	42	42
Bay Colony Pointe, Section 4	Single Family Residential	110	23.37	110	110
Bay Colony Pointe, Section 5	Single Family Residential	124	28	124	124
Bay Colony Pointe, Section 6	Single Family Residential	190	45.32	190	190
Bay Colony Apartments	Apartments (250 Units)	250 ⁽¹⁾	14.46	178 ⁽²⁾	178 ⁽²⁾
Bay Colony Parkside, Section 1	Single Family Residential	149	46.93	149	149
Bay Colony Commercial (Sections 1 & 2)	Commercial	2	15.965	120	120
Bay Colony Town Center, Phases 1 & 2	Commercial	105	41	105	105
Lakes in Bay Colony, Sections 4, 5, & 6	Single Family Residential	19	6.27	19	19
Bay View, Section 1	Single Family Residential	107	31.804	107	107
Bay View, Section 2 – Phase 1	Single Family Residential	45	12.113	45	45
Bay View, Section 2 – Phase 2	Single Family Residential	45	10.296	45	45
Apartments	Apartments Units	175 ⁽¹⁾	13.6	105 ⁽²⁾	105 ⁽²⁾
Bay View, Section 3	Single Family Residential	57	12.977	57	57
Bay View, Section 4	Single Family Residential	<u>72</u>	<u>18.315</u>	<u>72</u>	<u>72</u>
TOTAL		1,773	398.39	1,749	1,749

⁽¹⁾ Actual Apartment Units

⁽²⁾ Equivalent Single Family Connections

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 14
\$2,360,000 Ninth Bond Issue

C. DEVELOPMENT FROM PROPOSED BONDS:

As of June, 2019.

SECTION	TYPE OF DEVELOPMENT	NO. OF LOTS	ACREAGE	EQUIVALENT CONNECTIONS	
				ACTIVE	AT FULL DEVELOPMENT
Lakes in Bay Colony, Section 7	Single Family Residential	39	17.16*	37	39
Lakes in Bay Colony, Section 8	Single Family Residential	86	25.06*	58	86
TOTAL:		125	42.22	95	125

*Includes 8.91 acres of detention.

D. DEVELOPMENT FROM FUTURE BONDS – there is no remaining developable acreage in the District.

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 14
\$2,360,000 Ninth Bond Issue

E. HISTORICAL BUILD-OUT

Year	Type of Development	No. of Units	Acreage	Equivalent Connections	
				Existing	Ultimate
1-Jan-19	Single Family Residential	1,346	346.775	1,284	1,346
	Multi-Family Residential	425	28.06	283	283
	Commercial	11	56.965	239	245
	Office	0	0	0	0
	Subtotal	1,782	431.8	1,806	1,874
1-Jan-18	Single Family Residential	1,346	346.775	1,255	1,346
	Multi-Family Residential	425	28.06	283	283
	Commercial	11	56.965	190	245
	Office	0	0	0	0
	Subtotal	1,782	431.8	1,728	1,874
1-Jan-17	Single Family Residential	1,346	346.775	1,221	1,346
	Multi-Family Residential	425	28.06	283	283
	Commercial	11	56.965	150	245
	Office	0	0	0	0
	Subtotal	1,782	431.8	1,654	1,874
1-Jan-16	Single Family Residential	1,092	282.073	1,092	1,092
	Multi-Family Residential	425	28.06	283	283
	Commercial	11	56.965	150	245
	Office	0	0	0	0
	Subtotal	1,528	367.098	1,525	1,620

F. FLOODPLAIN INFORMATION

A reproduction of the current Flood Insurance Rate Map (Panel Number 4854880030E Dated 09/22/1999) relevant to the District as published by the Federal Emergency Management Agency is included with this submittal as Attachment 18. The map has been modified to illustrate the District Boundary.

- i. **What is being done (if anything) to remove the areas of the District currently in the official floodplain?** All areas for current development are out of the floodplain.
- 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 there 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 receives potable water from the City of League City (the “City”) which provides predominantly treated surface water. However, the City does have water wells which operate during high demand periods. See Attachment 17 for a copy of the Restated Utility Agreement between the District and the City and all amendments thereto.

ii. Water Supply Facilities Inventory

The City provides treated water to the District. Pursuant to the Restated Utility Agreement between the District and the City, as amended, and correspondence dated March 12, 2004, from the City, the City will provide the District with its ultimate requirement for water supply capacities at the District’s boundaries. See Attachment 17. Upon completion and inspection of water facilities, ownership of the facilities is conveyed to the City for operations and maintenance.

iii. Interconnects

The District’s water system is connected to the City’s system.

iv. Leased or Purchased Capacity

Not Applicable

v. Special Considerations or Circumstances

Not Applicable

vi. The District’s water supply is capable of serving 2600 ESFCs, which is sufficient to serve the 1,874 ESFCs necessary to support the feasibility of this proposed bond issue.

B. WASTEWATER TREATMENT

i. Wastewater Treatment Facilities

The City provides wastewater treatment capacity to the District per the Restated Utility Agreement between the District and the City, as amended, and correspondence dated March 12, 2004, from the City. See Attachment 17. The in-place trunk lines transport the flow to the League City Dallas Salmon Facility, which has capacity for approximately 4,014 connections. Of this amount, 2,600 ESFC are committed to the District (See Attachment 17). This commitment can be expanded as needed with the payment of wastewater capital recovery fees to League City.

ii. Wastewater Flow

Wastewater flow per ESFC = 234 gpd as approved in the League City Master Wastewater Plan, a copy of which is included in Attachment 45, Page 4.1.

iii. Leased Facilities

Not Applicable. All wastewater is provided by the City in its Dallas Salmon wastewater plant.

iv. Special Considerations

Not Applicable.

- v. The District's wastewater capacity is capable of serving 2,600 ESFCs, which is sufficient to serve the 1,874 ESFCs necessary to support the feasibility of this proposed bond issue.**

C. STORM-WATER DRAINAGE FACILITIES

- i. In general, the District drains by overland flow to either Borden's Gully or Magnolia Bayou which are tributaries to Dickinson Bayou. These channels are improved national channels which are maintained by the City.
- ii. Improvements to Borden's Gully and Magnolia Bayou were funded by the District by previous bond issues. Other drainage system improvements to serve the District's development primarily consist of storm sewer systems and detention basins.
- iii. The stormwater drainage facilities proposed for funding in this bond issue are internal stormwater collection and discharge facilities within Lakes in Bay Colony, Sections 7 and 8.
- iv. Stormwater quality treatment facilities are provided by the Lakes in Bay Colony detention basin and outfall structure.

SECTION 7 – BASIS OF DESIGN

A. CONFORMITY WITH REGULATORY REQUIREMENTS

The facilities proposed for funding in this application are designed in accordance with the applicable criteria established by regulatory authorities unless otherwise noted.

- i. Texas Commission on Environmental Quality: **Yes No N/A**
- ii. City of League City: **Yes No N/A**
- iii. Galveston County: **Yes No N/A**
- iv. Galveston County Drainage District:
The District is in Corporate Limits of the City of League City.
The Galveston County Drainage District has no jurisdiction **Yes No N/A**
- v. Commission Permit Required by Water Code 16.236:
No levee required for the project **Yes No N/A**

B. OVERSIZING

Is the district constructing any facility with the capacity in excess of that reasonably anticipated for future in-district uses? Yes No. If yes, is the capacity required by local government or other regulatory agency? Yes No. (Sec. 9.D)

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SECTION 8 – FINANCIAL INFORMATION

The information in this section is provided by Masterson Advisors, LLC, the District’s Financial Advisor, and Wheeler & Associates, Inc., the District’s Tax Assessor/Collector.

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 \$268,977,313 (See Attachment 33b).

B. LATEST CERTIFIED ASSESSED VALUATION:

\$267,287,217 as of January 1, 2018. (See Attachment 34 (a) for certification).

LATEST CERTIFIED ESTIMATE OF ASSESSED VALUATION:

\$280,685,549 as of September 1, 2018 (see Attachment 35).

C. HISTORICAL TAX DATA:

The following information is as of April 30, 2019.

YEAR COLLECTED	ASSESSED VALUATION	DEBT SERVICE TAX RATE	MAINTENANCE TAX RATE	AMOUNT COLLECTED	TOTAL
2018	\$268,684,657	0.63	0.05	\$1,798,600	98.44 ^(a)
2017	\$261,353,295	0.64	0.05	\$1,801,267	99.88%
2016	\$243,713,312	0.64	0.05	\$1,681,110	99.96%
2015	\$222,425,433	0.65	0.06	\$1,578,143	99.93%
2014	\$190,907,732	0.66	0.08	\$1,412,065	99.94%
2013	\$184,296,466	0.66	0.08	\$1,363,089	99.95%
2012	\$178,895,143	0.70	0.08	\$1,395,378	100%
2011	\$178,592,122	0.72	0.14	\$1,535,801	100%
2010	\$179,244,617	0.72	0.14	\$1,541,276	100%

(a) In process of collection. Taxes for 2018 are due by January 31, 2019.

D. CASH AND INVESTMENT

CASH INVESTMENT BALANCES	
As of May 20, 2019	
General Operating	\$ 735,139
Debt Service Fund	\$2,785.851
Capital Projects Fund	\$ 36,276

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E. OUTSTANDING INDEBTEDNESS

i. Bond Issues

Category	Outstanding Debt	Proposed Debt	Combined Debt	Debt Ratio based on Current Certified or Estimated Value
Water, Wastewater and Drainage	\$9,390,000	\$2,360,000	\$11,750,000	4.40% ⁽¹⁾
Roads	0	0	0	0.00%
Firefighting	0	0	0	0.00%
Recreational	0	0	0	0.00%
Totals	\$9,390,000	\$2,360,000	\$11,750,000	4.40% ⁽¹⁾

⁽¹⁾ Based on the Latest Certified Assessed Valuation as of January 1, 2018 (\$267,287,217) (See Attachment 34).

ii. Bond-Anticipation Notes:
NOT APPLICABLE

iii. Were the provisions of Commission Rule 293.54 followed in the issuance of all Bond-Anticipation Notes? ___Yes ___No.
NOT APPLICABLE

iv. Tax-Anticipation Notes:
Will all tax-anticipation notes be retired out of the proceeds of taxes currently in the process of collection? ___Yes ___No.
NOT APPLICABLE

v. Other Obligations:
None.

F. FINANCIAL FEASIBILITY:

i. Build-Out Projections: Is the feasibility of this bond issue based on growth?
___Yes XNo.

ii. Debt-Service Schedule: See Attachment 31.

iii. Revenue Projections:

a. Does the District intend to use net revenues from operations for debt service payments?
___Yes XNo.

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 XNo

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The restated utility agreement with the City of League City contemplates a declining tax rebate to the District; however, per the terms of that agreement, no significant rebate revenue is expected on a going-forward basis. Moreover, the District has and will levy an ad valorem tax sufficient to timely make all debt service payments.

- iv. **Operating budget:** See Attachment 58. This bond issue should have no effect on operating costs of the District based on the current level of development. The District has and will levy an ad valorem tax sufficient to timely pay operating costs.
- v. **Projected Cash-Flow Analysis for Proposed and Existing Debt of District:**
Not Applicable. The feasibility of this bond issue is based on no growth in assessed value.
- vi. **No-Growth Cash-Flow Analysis for Proposed and Existing Debt of District**
See Attachment 33(b).
- vii. **Cash-Flow Analysis of All Overlapping Taxing Entities Specifically Attributable to Water, Wastewater, Drainage, Firefighting, Recreation, or Roads:**
Not Applicable.
- viii. **Combined Tax Rate:**

	Projected Tax Rate	No-Growth Tax Rate
District Tax Rate:		
a. Debt service as shown in cash-flow analysis	\$0.67	\$0.67
b. Maintenance Tax	\$0.05	\$0.05
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		
b. Maintenance Tax		
Equivalent surcharge for water and wastewater, if any: If the District is within a city, then indicate the portion of the city's tax rate specifically attributed to water, wastewater, drainage, or recreation:	\$0.0519 ⁽¹⁾	\$0.0519 ⁽¹⁾
Less any equivalent tax rebate:	<u>0</u>	<u>0</u>
Total Combined Tax Rate	\$0.7719	\$0.7719

(1) The District is located within the corporate limits of the City of League City. The City levied a 2018 total tax rate of \$0.5638 per \$100 of taxable assessed valuation of which \$0.150002 is allocated to debt service, and of the debt service portion, \$0.03699 is being used to pay debt

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related to drainage projects and another \$0.01491 is used to pay debt service for parks and recreation projects. (See Attachment 17). The restated utility agreement with the City of League City contemplates a declining tax rebate to the District; however, per the terms of that agreement, no significant rebate revenue is expected on a going-forward basis.

- ix. **Total Taxable Value of Area to be Taxed:** \$267,287,217 as of January 1, 2018 (see Attachment 34).
- x. **Waiver of Special Appraisal:** The Agreements for Waiver of Tax Exemptions are included as Attachment 34(b).
- xi. **Overlapping Tax Rates:**

Taxing Jurisdictions	Tax Year	Current Tax Rate Per \$100 Valuation	Projected Tax Rate Per \$100 Valuation
Galveston County MUD 14	2018	0.68	0.72
City of League City	2018	0.5638	0.5638
Galveston County	2018	0.5298	0.5298
Dickinson ISD	2018	1.520	1.5200
College of the Mainland	2018	0.2128	0.2128
Galveston County Road & Flood District	2018	<u>0.0021</u>	0.0021
TOTAL		3.5085	3.5485

G. DEVELOPMENT STATUS

Does the District have a developer as defined by Water Code Section 49.052(d)?

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):** Yes ___ No Exempt. All facilities proposed for reimbursement in this bond issue are completed and accepted by the City of League City. The District is also exempt from this condition pursuant to Commission Rule 293.59(k)(11)(c)(i) because the District's combined no-growth tax rate of all overlapping entities specifically attributable to water, sewer, drainage, recreational facilities and roads is less than \$1.50.

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2. **Compliance with 293.59(k)(6)(B):** Yes ___ No ___ Exempt. All water and wastewater facilities are owned by the City of League City with current permits.
3. **Compliance with the 293.59(k)(6)(C):** Yes ___ No Exempt. All water and wastewater facilities are owned by the City of League City and capacity is available. The District is exempt from this condition pursuant to Commission Rule 293.59(k)(11)(c)(i) because the District's combined no-growth tax rate of all overlapping entities specifically attributable to water, sewer, drainage, recreational facilities and roads is less than \$1.50.
4. **Compliance with the 293.59(k)(6)(D):** Yes ___ No ___ Exempt. All water and wastewater facilities are owned by the City of League City and capacity is available.
5. **Compliance with 293.59(k)(6)(E):** Yes ___ No Exempt. All roads are constructed and accepted by the City of League City. The District is exempt from this condition pursuant to Commission Rule 293.59(k)(11)(c)(i) because the District's combined no-growth tax rate of all overlapping entities specifically attributable to water, sewer, drainage, recreational facilities and roads is less than \$1.50.

ii. Status of Growth Projected in Previous Bond Issue, if Applicable:

Not Applicable. The District is exempt from this condition pursuant to Commission Rule 293.59(k)(11)(c)(i) because the District's combined no-growth tax rate of all overlapping entities specifically attributable to water, sewer, drainage, recreational facilities and roads is less than \$1.50.

H. MARKET INFORMATION

A market study is not provided for one of the reasons checked below:

No growth is projected in determining the feasibility of this bond issue.

___ The District anticipates obtaining an acceptable credit rating (as such rating is defined in Commission Rule 293.47(b)(4) 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 as a *labeled Attachment*.

___ The District anticipates obtaining a credit enhanced rating (as such rating is defined in Commission Rule 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 as Attachment L.

___ The District has a level of debt (existing and proposed) of _____, and a certified assessed valuation of _____, the ratio of debt to assessed value being 10% or less.

___ The value of houses and/or buildings within the areas to be served by the proposed bond issue is 50% of the proposed value of houses and/or buildings shown in the projected tax rate calculations. The District must complete the following table:

SECTION 9 – SHARED FACILITIES

A. INVENTORY:

NOT APPLICABLE

B. CALCULATED PRO RATA SHARES:

NOT APPLICABLE

C. COST-SHARING ARRANGEMENTS REQUESTED FOR COMMISSION APPROVAL:

NOT APPLICABLE

D. OVERSIZING REQUIRED BY A LOCAL GOVERNMENT OR OTHER REGULATORY AGENCY:

NOT APPLICABLE

SECTION 10–PLANS, SPECIFICATIONS, OTHER CONSTRUCTION DOCUMENTS

A. PLANS

i. Construction Plans

Construction plans for the following projects are included:

- i. Volume IV – Lakes in Bay Colony, Section 7
- ii. Volume V – Lakes in Bay Colony, Section 8

ii. Plat

Plats for the following project are included:

- i. Volume IV – Lakes in Bay Colony, Section 7
- ii. Volume V – Lakes in Bay Colony, Section 8

B. CONTRACT DOCUMENTS

- i. Volume IV – Lakes in Bay Colony, Section 7
- ii. Volume V – Lakes in Bay Colony, Section 8

C. CONSTRUCTION DOCUMENTS

- i. Volume IV – Lakes in Bay Colony, Section 7
- ii. Volume V – Lakes in Bay Colony, Section 8

D. CHECKLIST

- i. Volume IV – Lakes in Bay Colony, Section 7
- ii. Volume V – Lakes in Bay Colony, Section 8

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)? Yes No.

- i. Clearing and Grubbing:
NOT APPLICABLE
- ii. Spreading and Compacting of Fill:
NOT APPLICABLE
- 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 No.
- iv. Railroad, Pipeline, or Underground-Utility Relocations:
NOT APPLICABLE
- v. Joint-Use Engineering Studies:
NOT APPLICABLE
- vi. Bridges and Culverts:
NOT APPLICABLE
- 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 No. The costs related for the lake amenity expansion have been prorated and removed from reimbursement. See footnotes in Sections 3 and 4.
- viii. Floodplain Mitigation: Does the project include funds for costs associated with the mitigation of floodplain areas? Yes No.

B. ALL PROJECTS:

- i. Appraisals: (NOT APPLICABLE)
- ii. Contract Revenue bonds: Are the proposed bonds contract revenue bonds?
 Yes 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:

The District has executed a Utility Development Agreement with the developer as follows:

Utility Development Agreement by and between the District and BC Lakes, LLC, a Texas Limited Liability Company, 2510 De Four Trace, Seabrook, Texas 77586

See Attachment 46.

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:

- i. **The District is requesting an exemption from the requirement to obtain a 30% contribution from the developer on certain construction contracts for the following reason:**

X The District is in the city limits of the City of League City and:

- a. ___ The facilities were completed or under construction as of December 1, 1986, and the District is operating in an alter ego relationship with the City. (Provide documentation to certify such alter ego relationship as a *labeled Attachment* if such has not been previously provided.)
- b. X The District was created, or had a petition for creation submitted to the Commission, before December 1, 1986, and the District is operating in an alter ego relationship with the City. See Attachment 17.
- c. ___ The District is providing the services on behalf of, or in place of the City and has contracted with the City to receive rebates of 65% or more of the city taxes actually collected on property located within the District. Such contract is enclosed as a *labeled Attachment*.
- d. X The District anticipates obtaining an acceptable credit rating [as such rating is defined in Commission Rule 293.47(b)(4)] 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 as Attachment 50.

D. LETTERS OF CREDIT, DEFERMENT OF BOND PROCEEDS, OTHER ACCEPTABLE FINANCIAL GUARANTEES:

The streets and utilities that are included in the bond issue are 100% complete. Certificates of Completion are included in Volume IV and V of this application.

E. DEVELOPER INTEREST REIMBURSEMENT:

As this bond issue is limited to the total amount of authorized, but unissued bonds (\$2,360,000), there is no opportunity to reimburse developer interest with bond proceeds.

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:

Contracts executed between the District and its Attorney, its Financial Advisor, and its Engineer are included with this submittal as Attachment 55.

B. COMPLIANCE WITH COMMISSION RULE 293.111(A)(6):

The City of League City owns, operates, and maintains all water and sewer facilities in the District, and they inspect all utility connections in conjunction with their issuance of building permits. See Attachment 56.

C. KEY PERSONNEL:

		<u>Name, Address, and Phone Number</u>
i.	President, Board of Directors	Mr. Brent Novelli c/o Schwartz, Page and Harding, L.L.P. 1300 Post Oak Blvd, Suite 1400 Houston, TX 77056
ii.	Attorney	Mr. Matthew R. Reed Schwartz, Page & Harding, L.L.P. 1300 Post Oak Boulevard, Suite 1400 Houston, Texas 77056 (713) 623-4531
iii.	Fiscal Agent	Mr. Greg Lentz Masterson Advisors, LLC 4400 Post Oak Parkway Suite 2370 Houston, Texas 77027
iv.	Operator	N/A
v.	General Manager	N/A
vi.	Tax Assessor-Collector	Barbara Wheeler Wheeler and Associates 6935 Barney Road, Suite 110 Houston, Texas 77092 (713)462-8906
vii.	Chief Appraiser	Galveston Central Appraisal District 600 Gulf Freeway Texas City, Texas 77591 (713)474-4489
viii.	Principal Developer	BC Lakes, LLC c/o Mark Caldwell 2510 De Four Trace Seabrook, Texas 7586

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ix.	Engineer	Mr. Jack Carter, P.E. Dannenbaum Engineering Corporation 3100 West Alabama Houston, Texas 77098 (713) 520-9570
x.	Bookkeeper	Municipal Accounts & Consulting, L.P. 1300 Post Oak Blvd. Ste 1600 Houston, Texas 77056 (713) 623-4539

D. REPORTING REQUIREMENTS:

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

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

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

E. NAME SIGNS:

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

The signs are located as follows:

Corner of Colony Falls Lane and Shore Landing Lane
Bay Creek Drive and FM 646

F. OTHER INFORMATION:

No other information needed.