

**GALVESTON COUNTY**  
**MUNICIPAL UTILITY DISTRICT NO. 45**  
**GALVESTON COUNTY, TEXAS**  
**THIRD BOND ISSUE**  
**100% REIMBURSEMENT**

**BOND APPLICATION REPORT**  
***VOLUME I OF XIII***

**PREPARED BY: DANNENBAUM ENGINEERING CORPORATION**

**DEC JOB NO. 4341-83**

**December, 2017**



*J. A. Carter* 12/18/17

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November, 2017  
RG-178

# Galveston County M.U.D. No. 45 Third Bond Application Report



*J. A. Carter, Jr.*  
12/18/17

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Water Supply Division

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TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



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## ABBREVIATIONS

The following abbreviations are used in the report:

ac – acres  
Amt. – amount  
AV – assessed valuation  
BIR – bond-issue requirement  
ESFC—equivalent single-family connection.  
ETJ – extraterritorial jurisdiction  
et.seq. – and the following ones  
fps – feet per second  
gpd – gallons per day  
gpm – gallons per minute  
mgd – million gallons per day  
MUD – municipal utility district  
TAC – Texas Administrative Code  
TCEQ – Texas Commission on Environmental Quality

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 45  
GALVESTON COUNTY  
\$6,275,000  
THIRD BOND ISSUE

**SECTION 1 — GENERAL INFORMATION**

**(A) Laws, Elections, and Acreage:**

- (i) Authority Creating District:** Galveston County Municipal Utility District No. 45 was created by the Texas Commission on Environmental Quality on October 21, 2004.
- (ii) Governing Law:** The District is operating under the authority of Chapters 49 and 54 of the Texas Water Code and is subjected to the jurisdiction of the Texas Commission on Environmental Quality under said chapters specifically Senate 54.024 therein.
- (iii) Confirmation Election:** The creation of the District was confirmed in an election on November 7, 2006 by a vote of 2 to 0. (Attachment 1)
- (iv) Acreage:** At creation, the District contained 593.48 acres. Since the District was created, additional land has been annexed into the District as reflected below:

DATE	AREA ANNEXED	RESULTING DISTRICT AREA
April 4, 2006	256.382 acres	849.862 acres
November 16, 2006	65.44 acres	915.302 acres

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

**(B) Location:**

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 the proceeds from this bond issue, to provide water distribution, sanitary sewer collection and storm drainage for Hidden Lakes, Sections 4B, 5B, 7B, 8B, 9 and 10; Hidden Lake Commons; S.H. 96 water crossing; F.M. 646 Commercial Tracts; Clearing and Grubbing projects; and detention basin land. Proceeds of this bond issue will also pay for developer interest and engineering fees for these projects and the expenses for bond issuance.

**(B) Bond and Maintenance Tax Authorization:**

**(i) Bond Authorization:**

On November 7, 2006, the voters of the District authorized issuance of \$94,000,000.00 in water, sewer and drainage bonds, \$6,500,000.00 in park bonds and \$61,000,000.00 in refunding bonds. Road Bonds totaling \$4,750,000, were authorized in an election held on May 7, 2016. Copies of the Orders Canvassing the elections are included as Attachment 1.

Date of Election	Purpose	Amount Approved	Amount Cancelled
Nov. 7, 2006	Water, Wastewater, Drainage	\$94,000,000	0
	Park/Recreation	\$6,500,000	0
	Refunding	\$61,000,000	0

**(ii) Maintenance Tax:**

Date of Election	Purpose	Amount Approved	Cancelled Prior Authorization
Nov. 7, 2006	General Operating	\$1.50	\$0.00

**(iii) Road Bonds**

Date of Election	Purpose	Maximum Tax Approved (per each \$100 of AV)	Cancelled Prior Authorization
May 7, 2016	Roads	\$4,750,000	\$0.00

**(iv) Maintenance Tax for Roads:**

Date of Election	Purpose	Maximum Tax Approved (per each \$100 of AV)	Cancelled Prior Authorization
May 7, 2016	Maintenance of Roads	\$0.25	\$0.00

**(C) Prior Bond Issues:**

**A. PRIOR BOND ISSUES**

A total of \$18,975,000 in water, sewer and drainage bonds have been issued to date in two series of bonds leaving a balance of \$ 75,025,000 in authorized but unissued bonds.

Type of Bonds – Water, Wastewater, and Drainage			
Total Amount Authorized: \$94,000,000			
BOND ISSUE NO.	TCEQ AMOUNT APPROVED	TCEQ ORDER DATE APPROVED	AMOUNT SOLD
1	\$9,000,000	11-Sep-2015	\$ 9,000,000
2	\$9,975,000	26-Oct-2016	\$ 9,975,000
3	\$6,275,000		\$ 6,275,000
<b>Total Bonds Sold (including proposed):</b>			<b>\$25,250,000</b>
<b>Remaining Authorized Bonds:</b>			<b>\$68,750,000</b>

After the sale of the proposed \$6,275,000 third bond issue, \$68,750,000 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.

Type of Bonds – Roads			
Total Amount Authorized: \$4,750,000			
BOND ISSUE NO.	TCEQ AMOUNT APPROVED	TCEQ ORDER DATE APPROVED	AMOUNT SOLD
1	n/a	n/a	\$2,975,000
<b>Total Bonds Sold (including proposed):</b>			<b>\$2,975,000</b>
<b>Remaining Authorized Bonds:</b>			<b>\$1,775,000</b>

After its first road bond issue in the amount of \$2,975,000, the District has \$1,775,000 in remaining authorized but unissued road bonds, which, in the opinion of the District’s engineer, is sufficient to complete development in the District.

**(D) Type:**

The voters of the District have approved unlimited tax bonds. The District seeks Commission approval to issue unlimited tax bonds.

**(E) Interest Rate:**

The District petitions the Commission’s approval of a 4.25% interest rate for this proposed issuance of bonds.

**(F) Land-Use Plan:**

Attachment 6 shows proposed bond projects through this bond issue.

**(G) Recreational Facilities:**

No recreational facilities are being included in this bond issue.

**(H) Roads: Does the District have authority to fund roads?  Yes  No.**

**SECTION 3 — FACILITIES PROPOSED FOR FUNDING**

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

<b>CONTRACT DESCRIPTION</b>	<b>CONTRACTOR</b>	<b>PERCENT COMPLETE (DATE)</b>	<b>TOTAL CONTRACT AMOUNT</b>	<b>DISTRICT SHARE</b>	
Hidden Lakes – Sections 4B & 5B WS&D	Clearwater Utilities, Inc.	100%	\$931,912	\$838,942	(1)
Hidden Lakes – Section 7B WS&D	5758 Construction	01/04/17 100%	\$482,949	\$462,855	(2)
Hidden Lakes Commons	Clearwater Utilities, Inc.	10/29/15 100%	\$592,960	\$484,936	(3)
Clearing & Grubbing – South Shore Boulevard, Phase 1	D-Kon Construction	100%	\$ 23,966	\$ 23,966	(4)
Clearing & Grubbing – Phase 2	Cedar Ridge Excavation	07/21/06 100%	\$411,420	\$135,731	(5)
Commercial Site S.H. 96 Water Crossing	Evenflow Services, LLC	04/07/09 100%	\$ 94,363	\$ 83,145	(6)
TxDOT Ditch Relocation F.M.646 Commercial Tract	SER Construction Partners, Ltd.	09/01/09 100%	\$ 38,576	\$ 38,576	(7)
Hidden Lakes – Section 8B WS&D	Bay Utilities, LLC	100%	\$255,558	\$254,277	(8)
Hidden Lakes – Section 9 WS&D	Bay Utilities, LLC	100%	\$374,463	\$318,882	(9)
Hidden Lakes – Section 10 WS&D	Bay Utilities, LLC	100%	\$700,562	\$618,035	(10)

**NOTES:**

- (1) The original contract amount was \$931,912.25. After final quantity measurements, the final cost for the project was \$838,941.89. The bulk of this savings was because neither well points nor wet sand construction techniques were required. Also, a stabilized construction entrance, reinforced filter fabric fence and hydromulch seeding were not needed. As all of these were bid quantities that were not used, a change order was not required.
- (2) The cost differential between the original contract price and the final contract amount is attributable to less wet sand construction techniques required for the sanitary sewer than anticipated.
- (3) The Contract includes 6 acres of clearing and grubbing at \$16,600/acre, for a total of \$99,600. This clearing does not appear to pertain to any district facilities. Thus, it is not reimbursable. This is roughly 16.8% of the Contract. There is a lump sum portion of the Contract for mobilization in the amount of \$50,150. This amount has been reduced by 16.8%, or \$8,424 because of the non-reimbursable clearing and grubbing. Thus, the final reimbursable amount for this contract is \$484,936.
- (4) D-Kon Construction was contracted to clear the right-of-way land, easements for utilities, and the linear detention basins serving South Shore Boulevard and virtually connecting all of the drainage and linear detention to Gum Bayou.
- (5) The clearing and grubbing contract was originally contracted for \$411,420.00. The final cost was \$369,840.00 due to slight reductions in areas cleared and grubbed. Of the total area covered in the contract, only 42 acres is for utility easements and 25 acres is for detention facilities. Thus, 67 acres or 36.7% of the cost are eligible for reimbursement by the District. This results in a reimbursement amount of \$135,731, plus related engineering, surveying and developer interest.

- (6) This water line was a bore under S.H. 96 to connect the existing League City 24-inch water line to the District's water lines serving approximately 20 acres of commercial development, thus creating a loop. The original contract amount was \$94,363.00. Change Order No. 1 reduced the contract in the amount of \$9,240.00 due to TxDOT changing the requirements from a wet bore and casing to a dry bore and casing (see Volume IX for Change Order details.). After final quantity measurements, the final pay request was \$83,144.88.
- (7) This contract rerouted a TxDOT drainage swale from the middle of a 6-acre tract to the back of the tract. This resulted in a 6-acre commercial corner on S.H. 646 and Caroline (the extension of South Shore Boulevard). A new Shell Service Station will be located on this corner; and additional commercial land can be developed in the future.
- (8) The final contract amount (\$254,277.00) is lower than the original contract amount (\$255,558.00) because well points and wet sand bedding were not required for the contract; no requirement for steel casing of waterlines; no need for reinforced filter fabric; concrete wash out area; hydromulch seeding or barricade removal. There was an increase of 154 feet of 24" storm sewer and related T.V. report and Trench Safety. All of these are detailed in the final pay request in Volume XI.
- (9) The final contract amount (\$318,882.00) is lower than the original contract amount (\$374,463.00) because wet sand construction techniques were not required, thus eliminating the need for wet sand bedding and well points; also a manhole was not needed; steel water line casing was not required; and some storm water pollution facilities were not needed as they were in place for other District projects by the same contractor. The final pay request is in Volume XII.
- (10) The original contract amount for \$700,562.00 included funds for wet sand construction which was not needed. The final cost is \$618,035.00. Change Order No. 1 for \$82,526.70 was executed which reflects final adjustment of quantities; the reduction of wet sand construction and well points; reduction of one tapping sleeve and valve, steel water line casing; no well points were required for the storm sewer; there was some additional 18" and 24" storm sewer required; elements of the Storm Water Pollution Prevention system were reduced. Change Order No. 1 is found in Volume XIII.

**(B) Facilities to be Constructed or Facilities Under Construction:**

None

**SECTION 4 — SUMMARY OF COSTS**

ITEM	AMOUNT	
<b>A. CONSTRUCTION COSTS</b>		
1. Hidden Lakes, Sections 4B/5B WS & D	\$838,942.00	(1)
2. Hidden Lakes, Section 7B W S & D	\$462,855.00	(2)
3. Hidden Lakes Commons	\$484,936.00	(3)
4. Clearing & Grubbing – South Shore Blvd., Phase 1	\$23,966.00	(4)
5. Clearing & Grubbing	\$135,731.00	(5)
6. S.H. 96 Water Crossing	\$83,145.00	(6)
7. TxDOT Ditch Relocation – F.M. 646 Commercial	\$38,576.00	(7)
8. Hidden Lakes, Section 8B W S & D	\$254,277.00	(8)
9. Hidden Lakes, Section 9 W S & D	\$318,882.00	(9)
10. Hidden Lakes, Section 10 W S & D	\$618,035.00	(10)
11. Engineering, Material, Testing & Surveying	\$556,441.00	(11)
12. Land Cost – East Detention Basin	<u>\$1,446,610.00</u>	(12)
<b>TOTAL CONSTRUCTION COSTS (83.67% of BIR)</b>	<b>\$5,262,396.00</b>	
<b>B. NONCONSTRUCTION COSTS</b>		
1. Legal Fees	\$ 165,500.00	(13)
2. Fiscal Agent (2.0%)	\$ 125,500.00	(13)
3. Bond Discount (3.0%)	\$ 188,250.00	
4. Developer Interest (4.25%)	\$ 422,272.00	(14)
5. Bond Application Report Costs	\$ 60,000.00	
6. AG/TCEQ (0.35%)	\$ 21,963.00	
7. Issuance Expenses	<u>\$ 29,119.00</u>	
<b>TOTAL NONCONSTRUCTION (16.33% of BIR)</b>	<b>\$1,012,604.00</b>	
<b>TOTAL BOND ISSUE REQUIREMENT</b>	<b>\$6,275,000.00</b>	

**NOTES:**

- (1) See Footnote 1 on Page 9
- (2) See Footnote 2 on Page 9
- (3) See Footnote 3 on Page 9
- (4) See Footnote 4 on Page 9
- (5) See Footnote 5 on Page 9
- (6) See Footnote 6 on Page 10
- (7) See Footnote 7 on Page 10
- (8) See Footnote 8 on Page 10
- (9) See Footnote 9 on Page 10
- (10) See Footnote 10 on Page 10
- (11) See Attachment 8
- (12) See Attachment 10
- (13) See Attachment 11
- (14) See Attachment 13 for breakdown of developer interest and letter from the District’s Financial Advisor regarding capitalized interest.

**SECTION 5 — DEVELOPMENT STATUS AND LAND USE**

**(A) Land-Use Table:**

The following information represents development as of June 1, 2017.

LAND USES	ACREAGE	EQUIVALENT CONNECTIONS	
		EXISTING	PROJECTED
<b>Developable Acreage:</b>			
Developed from prior bond issues	437.27	804	840
To be developed from the bonds	99.43	50	290
Currently developed with facilities to be funded in future bonds:	0	0	0
Remaining developable acreage:	149.002	0	0
Clear Creek I.S.D.	<u>135</u>	<u>200</u>	<u>200</u>
<b>Subtotal Developable Acreage:</b>	<b>820.702</b>	<b>1,054</b>	<b>1,330</b>
<b>Undevelopable Acreage:</b>			
Streets: South Shore Boulevard, Lawrence and Bishops Bridge, Roads:	21.7	0	0
Drainage Easements:	59.77	0	0
Parks, Recreational and Open Spaces	0	0	0
Other: (Water Plant and Texas/New Mexico Easement)	<u>13.13</u>	<u>0</u>	<u>0</u>
<b>Subtotal Undevelopable Acreage:</b>	<b>94.6</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>915.302</b>	<b>1,054</b>	<b>1,330</b>

**(B) Status of Development from Prior Bond Issues:**

SECTION	TYPE OF DEVELOPMENT	NO. OF LOTS	ACREAGE	EQUIVALENT CONNECTIONS	
				EXISTING	AT FULL DEVELOPMENT
Hidden Lakes, Section 1	Single Family	98	28.29	95	98
Hidden Lakes, Section 2	Single Family	116	40.90	115	116
Hidden Lakes, Section 3	Single Family	74	16.71	73	74
Hidden Lakes, Section 4	Single Family	45	13.65 <sup>(2)</sup>	45	45
Hidden Lakes, Section 5	Single Family	69	20.04	68	69
Hidden Lakes, Section 3, Phase 2	Single Family	62	13.03	62	62
Hidden Lakes, Section 6	Single Family	42	12.94	36	42
Hidden Lakes, Section 7	Single Family	57	39.34 <sup>(1)</sup>	50	57
Hidden Lakes, Section 8	Single Family	43	19.75	30	43
Linear Detention	Detention	N/A	18.53	0	0
Lawrence Road Detention	Detention	N/A	1.84	0	0
Sand Pit Detention	Detention	N/A	21.78	0	0
HEB	Commercial	N/A	17.4	14	14
Lawrence Road Commercial	Commercial	N/A	13.9	16	20
South Shore Blvd.	Road	N/A	17.43 <sup>(3)</sup>	0	0
Bishop's Bridge		N/A	6.74	0	0
Clear Creek ISD	Road	<u>0</u>	<u>135</u>	<u>200</u>	<u>200</u>
<b>TOTALS</b>		<b>606</b>	<b>437.27</b>	<b>804</b>	<b>840</b>

(1) Contains 19.16 acres detention

(2) Contains sandpit detention

(3) Entire row – includes Phases 2, 3 and 4

(C) Development from Proposed Bonds:

**PROPOSED DEVELOPMENT  
(Proposed Bonds)**

SECTION	TYPE OF DEVELOPMENT	NO. OF LOTS	ACREAGE	EQUIVALENT CONNECTIONS	
				EXISTING	AT FULL DEVELOPMENT
Hidden Lakes, Section 4B	Single Family	42	11.72	18	39
Hidden Lakes, Section 5B	Single Family	62	14.60**	25	62
Hidden Lakes, Section 7B	Single Family	30	20.87*	2	30
Hidden Lakes Commons	Commercial	0	17.39	5	30
12" W/S to F.M. 646 Commercial Tract	Commercial	0	<u>0</u>	0	0
Hidden Lakes, Section 8B	Single Family	24	8.77	0	24
Hidden Lakes, Section 9	Single Family	46	13.51	0	46
Hidden Lakes, Section 10	Single Family	<u>59</u>	<u>29.79***</u>	<u>0</u>	<u>59</u>
<b>TOTALS</b>		<b>263</b>	<b>116.65****</b>	<b>50</b>	<b>290</b>

- \* Contains 9.25 acres of detention
- \*\* Contains 2.52 acres of detention
- \*\*\* Contains 5.82 acres of detention
- \*\*\*\* Contains 17.59 acres of detention

(D) Development from Future Bonds (by Section if Available) (NOT APPLICABLE)

**(E) Historical Build-Out:**

YEAR	TYPE OF DEVELOPMENT	NO. OF UNITS	ACREAGE/ RESERVES	SQUARE FOOTAGE	EQUIV. CONNECTIONS EXISTING	ULTIMATE
<b>2012</b>	Single Family	214	-	-	0	1,100
	Multi-Family	0	-	-	0	0
	Commercial	0	-	-	0	75
	Office/Schools	<u>0</u>	-	<u>500,000</u>	<u>200</u>	<u>200</u>
	TOTAL 2012	0	-	-	200	1,375
<b>2013</b>	Single Family	214	-	--	20	1,100
	Multi-Family	0	-	-	0	0
	Commercial	0	-	-	0	75
	Office/Schools	<u>0</u>	-	<u>500,000</u>	<u>200</u>	<u>200</u>
	TOTAL 2013	0	-	-	220	1,375
<b>2014</b>	Single Family	402	-	-	70	1,100
	Multi-Family	0	-	-	0	0
	Commercial	0	-	-	0	75
	Office/Schools	<u>0</u>	-	<u>500,000</u>	<u>200</u>	<u>200</u>
	TOTAL 2014	0	-	-	270	1,375
<b>2015</b>	Single Family	642	-	-	160	1,100
	Multi-Family	0	-	-	0	0
	Commercial	0	-	100,000	16	75
	Office/Schools	<u>0</u>	-	<u>500,000</u>	<u>200</u>	<u>200</u>
	TOTAL 2015	0	-	-	376	1,375
<b>2016</b>	Single Family				339	615
	Multi-Family	0	-	-	0	0
	Commercial	0	-	120000	35	62
	Office/Schools	<u>0</u>	-	<u>500,000</u>	<u>200</u>	<u>200</u>
	TOTAL 2016	0	-	-	574	877
<b>2017</b>	Single Family				804	1,060
	Multi-Family	0	-	-	0	0
	Commercial	0	-	200,000	50	75
	Office/Schools	<u>0</u>	-	<u>500,000</u>	<u>200</u>	<u>200</u>
	TOTAL 2017	0	-	-	1054	1,335

**(E) Floodplain Information:**

A reproduction of the current Flood Insurance Rate Map (Panel Numbers 485470-0029C & 485470-0095C dated May 2, 1983 and 485488-0013D dated September 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, if any, currently in the official floodplain?** All areas for current development are out of the flood plain.
- (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  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  No.

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

**(A) Water Supply:**

(i) Water Supply Source

Ground Water: The District obtains all of its water supply from League City. Therefore, there are no on-site water wells.

Surface Water: The District does use surface water through its utility agreement and amendments with League City.

(ii) Water Supply Facilities Inventory

Water is provided by League City (See Attachment 45)

(iii) Interconnects

Water is provided by League City (See Attachment 45)

(iv) Leased or Purchased Capacity NOT APPLICABLE

(v) Special Considerations NOT APPLICABLE

**(B) Wastewater Treatment Facilities:**

All wastewater is provided by the City of League City in their Dallas Salmon wastewater plant (TCEQ Permit No. 10568-05). (See Attachment 45)

(i) Wastewater Flow per ESFC: 250 gpd

(ii) Leased or Purchased Capacity: All wastewater is provided by the City of League City in their Dallas Salmon wastewater plant (TCEQ Permit No. 10568-05).

(iii) Special Considerations: All wastewater is provided by the City of League City in their Dallas Salmon wastewater plant (TCEQ Permit No. 10568-05).

**(C) Stormwater Drainage Facilities:**

(i) Natural Drainage Patterns: The natural flow is from northwest to southeast.

(ii) Drainage System Improvements: Storm drainage is collected into storm sewers. This discharges to the projects detention basins which flow to Gum Bayou, then to Dickinson Bayou and ultimately, Galveston Bay.

(iii) Storm Water Quality Features: Permanent storm water quality facilities are not required by regulatory agencies at this time. Temporary storm water quality measures necessary for control of storm water quality associated with construction activities are included in individual construction contracts.

**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) **County of Galveston:** Yes  No  N/A
- (iv) **Galveston County Drainage District:** Yes  No  N/A
- (v) **Commission Permit Required by Water Code 16.236:**  
Yes  No  N/A

**(B) Oversizing:**

Is the District constructing any facility with capacity in excess of that reasonably anticipated for future in-district uses?  Yes  No.

**SECTION 8 — FINANCIAL INFORMATION**

The information in this section is provided by Robert W. Baird & Co., Inc. and Assessments of the Southwest, the District’s Financial Advisor and Tax Assessor\Collector, respectively.

**(A) Growth / No Growth**

The economic feasibility of this bond issue is based on No-Growth.

The highest projected taxable value shown in the projections in the cash flow is \$250,905,585.

**(B) Latest Certified Assessed Valuation: \$217,541,558 as of January 1, 2017.** See Attachment 34 (a) for the Certificate of Latest Certified Assessed Valuation.

**(C) Latest Certified Estimate of Assessed Valuation: \$250,905,585 as of June 1, 2017.**

See Attachment 35 for the Certificate of Latest Certified Estimate of Assessed Valuation.

**(D) Historical Tax Data:**

The following information is as of November 30, 2017.

<b>YEAR COLLECTED</b>	<b>ASSESSED VALUATION</b>	<b>DEBT SERVICE TAX RATE</b>	<b>MAINTENANCE TAX RATE</b>	<b>AMOUNT COLLECTED</b>	<b>TOTAL</b>
2011	\$19,716,340	0	1.00	\$ 230,562	100%
2012	\$18,315,836	0	1.00	\$ 214,584	100%
2013	\$20,151,332	0	1.00	\$ 230,965	100%
2014	\$47,420,613	0	1.00	\$ 474,206	100%
2015	\$95,019,294	0.10	0.90	\$ 950,185	100%
2016	\$157,207,717	0.69	0.31	\$1,571,977	100%
2017	\$217,541,558	0.76	0.19	78,388	3.8%

**(E) Cash and Investment:**

<b>CASH AND INVESTMENT BALANCES</b>	
<b>As of December 5, 2017</b>	
<b>General Operating</b>	<b>\$ 612,481.82</b>
<b>Debt Service Fund – Water, Sewer &amp; Drainage</b>	<b>\$ 730,974.11</b>
<b>Capital Projects Fund</b>	<b>\$ 406,165.47</b>
<b>Debt Service Fund – Roads</b>	<b>\$ 154,900.51</b>
<b>Surplus Road Bond Funds</b>	<b>\$ 198,368.70</b>

**(F) Outstanding Indebtedness:**

**(i) Bond Issues:**

Category	Outstanding Debt	Proposed Debt	Combined Debt	Debt Ratio based on Current Certified or Estimated Value
Bond Issue Debt	\$21,950,000*	\$6,275,000	\$28,225,000	11.25%

\* Includes \$2,975,000 road bonds funded June 8, 2017.

**(ii) Bond Anticipation Notes:** NOT APPLICABLE

**(iii) Tax-Anticipation Notes:** NOT APPLICABLE

**(iv) Other Obligations:** None.

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

Provide the following data to support the feasibility of the proposed bond issue as required by Commission Rule 293.59.

**(i) Build-Out Projections: Is the feasibility of this bond issue based on growth?** \_\_\_ Yes  
 X  No. The District is rated.

**(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  X  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  X  No..

**(iv) Operating Budget:** See Attachment 58.

**(v) Projected Cash-Flow Analysis for Proposed and Existing Debt of District:**

NOT APPLICABLE. Bond issue is based on No-Growth.

**(vi) No-Growth Cash-Flow Analysis for Proposed and Existing Debt of District:**

See Attachment 33 (b). No-Growth Cash Flow.

**(vii) Cash-Flow Analysis for All Overlapping Taxing Entities Specifically Attributable to Water, Wastewater, Drainage, Firefighting, Recreation, or Roads:**

(viii) **Combined Tax Rate:**

District tax rate	No-Growth Tax Rate
<b>a. Debt service as shown in cash-flow analysis</b>	
<b>1. Water, Sewer and Drainage Tax</b>	\$ 0.62
<b>2. Road Debt Service Tax</b>	\$ 0.07
<b>b. Maintenance Tax <sup>(1)</sup></b>	\$ 0.10
<b>Tax rate for overlapping entities as defined in Commission Rules 293.59(f)(2) and (f)(6) and (e)(2) and (e)(6)</b>	
<b>a. Debt service as shown in cash-flow analysis</b>	
<b>1. Entity No. 1: (N/A)</b>	\$ 0
<b>2. Entity No. 2: (N/A)</b>	\$ 0
<b>b. Maintenance Tax</b>	
<b>1. Entity No. 1: (N/A)</b>	\$ 0
<b>2. Entity No. 2: (N/A)</b>	\$ 0
<b>Equivalent surcharge for water and wastewater, if any: (N/A)</b>	\$ 0
<b>If District is within a city, then indicate the portion of the city's tax rate specifically attributable to water, wastewater, drainage, or recreation:</b>	\$ 0.06
<b>Less any equivalent tax rebate:</b>	\$ ( 0 )
<b>TOTAL COMBINED TAX RATE</b>	<b>\$ 0.845</b>

(1) The current District operating budget is shown in Attachment 58.

- (ix) **Total Taxable Value of Area to be Taxed: \$250,905,585 as of June 1, 2017.** See Attachment 35 for Certificate of Latest Certified Estimate of Assessed Valuation.
- (x) **Waiver of Special Appraisal:** See Attachment 34.
- (xi) **Overlapping Tax Rates:** Provide a table indicating direct and overlapping taxes by the District and all overlapping taxing jurisdictions for the most current tax year and projected for the coming tax year if known to be different.

TAXING JURISDICTIONS	TAX YEAR	CURRENT TAX RATE PER \$100 VALUATION	PROJECTED TAX RATE PER \$100 VALUATION
Galveston County	2016	0.546247	0.546247
City of League City	2016	0.570000	0.570000
Clear Creek ISD	2016	1.400000	1.400000
Galveston County MUD No. 45	2017	0.950000	0.950000
Galveston County Road & Flood	2016	<u>0.005753</u>	<u>0.005753</u>
<b>TOTAL</b>		<b>3.47200</b>	<b>3.47200</b>

(1) \$0.76 debt service; \$0.19 maintenance

**(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): X Yes \_\_\_ No \_\_\_ Exempt.

2. Compliance with 293.59(k)(6)(B): X Yes \_\_\_ No \_\_\_ Exempt.

3. Compliance with 293.59(k)(6)(C): X Yes \_\_\_ No \_\_\_ Exempt.

4. Compliance with 293.59(k)(6)(D): X Yes \_\_\_ No \_\_\_ Exempt.

5. Compliance with 293.59(k)(6)(E): X Yes \_\_\_ No \_\_\_ Exempt.

**(ii) Status of Growth Projected in Previous Bond Issue, if Applicable:**

(a) Does the District meet the conditions of Commission Rule 293.59(l)(2) and 293.59(l)(3) regarding completion of water and wastewater facilities necessary to serve the connections projected in the previous bond application? \_\_\_ Yes \_\_\_ No  
X N/A.

(b) Does the District meet the condition of Commission Rule 293.59(l)(4) regarding 75% completion of all prior bond issues? X Yes \_\_\_ No.

**(I) Market Information:**

**Paragraph II: A market study is not provided the reasons checked below:** Respond as required. *The District must request such a waiver in its resolution (except in no-growth situation) and cite the applicable exemption in the Commission Rules. A copy of the Board Resolution and Letter from the Financial Adviser is included in Attachment 36.*

X 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 in Attachment 50.

\_\_\_ 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 in Attachment 50.

\_\_\_\_\_ 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:**

The District does not intend to finance any facilities, which were or will be designed for entities or areas that are outside the boundaries of the District.

(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

See Volumes IV – XIII

(A) **Plans:**

(i) **Construction Plans:** See Volumes IV - XIII

(ii) **Plat:** See Volumes IV - XIII

(B) **Contract Documents:**

See Volumes IV - XIII

(C) **Construction Documents:**

See Volumes IV - XIII, which include the following:

- a. Agreement between developer and district for funding, reimbursement, contract award and administration, and for use of facilities prior to Commission approval.
- b. Plans approved by all entities with jurisdiction.
- c. Specifications, including proposed contract documents, bid proposal, and bonds. If executed copies are available, proposed copies are not necessary.
- d. Letter approvals by other relevant review agencies.
- e. Publisher's affidavit or bid solicitations reflecting proper notification of bidding.
- f. Letter notifying Commission field office of bidding time and date.
- g. All addenda to the specifications.
- h. Bid summary and itemized bid tabulation.
- i. Engineer's recommendation of contract award with justification if low bidder not recommended.
- j. Specifications, including executed contract documents, bid proposal, and payment and performance bonds.
- k. Notice to proceed.
- l. All pay estimates.
- m. All change orders with revised plan sheets and approvals, if necessary.
- n. Water and wastewater line pressure test results and wastewater line deflection test results.

- o. Notice to Commission field office of final inspection.
- p. Final inspection report.
- q. Engineer's certificate of completion.
- r. Contractor's affidavit of bills paid.
- s. District acceptance of facilities.

**(D) Checklist: See Volumes IV - XIII**

**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: 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  X  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 Bond Issue 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.**

**(B) All Projects:**

- (i) Appraisals: NOT APPLICABLE**
- (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:**

See Attachment 46.

**(B) Bid Advertisement:**

Was the competitive bidding statutes complied with in each of the construction contracts executed? X Yes \_\_\_ No. See Volumes IV- X.

**(C) Developer's 30% Contribution Exemption Request:**

- (i) **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 reason:**

\_\_\_ The District will have a ratio of debt \$ \_\_\_\_\_ existing debt as of \_\_\_\_\_ plus the proposed bond issue \$ \_\_\_\_\_ for a total debt of \$ \_\_\_\_\_ to certified assessed valuation \$ \_\_\_\_\_ as of \_\_\_\_\_ of 10% or less prior to the sale of the proposed bond issue. If a build-out schedule is provided to support that the 10% ratio will be obtained and the feasibility is based on no growth, then clearly indicate such in the build-out schedule.

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*.

\_\_\_ 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. See Attachment 50.

**(D) Letters of Credit, Deferment of Bond Proceeds, Other Acceptable Financial Guarantees:**

NOT APPLICABLE

**(E) Developer Interest Reimbursement:**

Developer interest is being requested in this Bond Application for projects reimbursed in this Bond Application and one previously reimbursed project (See Attachment 13). The District is requesting more than two years of interest. The resolution and letter from the Financial Advisor is in Attachment 13.

**(F) Land and Easement Acquisition:**

- (i) **Storm-Water Detention Facilities: Does the District intend to purchase easements or sites for storm-water detention facilities? X Yes \_\_\_ 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:**

See Attachment 54 for Attorney, Engineer, Financial Advisor, Bookkeeper and Tax Assessor/Collector contracts.

**(B) Compliance with Commission Rule 293.111(a)(6):**

See Attachment 56.

**(C) Key Personnel:**

**Name & Address**

**Attorney**

Mr. Greer Pagan  
 Allen Boone Humphries & Robinson LLP  
 3200 Southwest Freeway, Suite 2600  
 Houston, Texas 77027  
 (713) 860-6417

**(i) Fiscal Agent**

Jan Bartholomew  
 Robert W. Baird & Co., Inc.  
 1331 Lamar, Suite 1360  
 Houston, Texas 77010  
 Direct: (713) 230-6121

**(ii) Operator**

City of League City  
 300 West Walker  
 League City, Texas 77573

**(iii) General Manager**

NOT APPLICABLE

**(iv) Tax Assessor-Collector**

Ms. Delia Yanez  
 Assessments of the Southwest  
 # 5 Oaktree  
 Friendswood, Texas 77546  
 Direct: (281) 482-0216

Fax: (281) 482-5285

**(v) Chief Appraiser**

Galveston Central Appraisal District  
600 Gulf Freeway  
Texas City, Texas 77591  
Direct: (713) 474-4489

**(vi) Principal Developer(s)**

Steve Sellers -  
Hidden Lakes Development Partners  
c/o Empire Continental  
10850 Richmond Avenue, Suite 130  
Houston, Texas 77042  
Office 713-267-9356  
Fax 713-260-9602

United Development Funding  
340 North Sam Houston Parkway East  
Suite 264  
Houston, Texas 77060

Sam Boyd Development  
P. O. Box 4929  
Horseshoe Bay, Texas 78657  
Direct: (713) 816-2023

**(vii) Engineer**

Mr. Jack Carter, P.E.  
Dannenbaum Engineering Corporation  
3100 West Alabama St.  
Houston, Texas 77098  
Direct: (713) 520-9570

**(viii) Bookkeeper**

Ms. Dana Davis  
Myrtle Cruz, Inc.  
3401 Louisiana Street, Suite 400  
Houston, Texas 77002-9552  
Direct: (713) 759-1368  
Fax: (713) 759-1264

**(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.**

**Sign 1 SH 96 at South Shore Boulevard**

**Sign 2 SH 646 at South Shore Boulevard**

**(F) Other Information:**

**Provide any other information necessary to adequately describe or support the application.**

**Note:**