



S. David Smalling, Jr.
Senior Vice President
Public Finance

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April 6, 2018

Ms. Allena Portis
Director of Finance
City of League City
300 W. Walker
League City, TX 77573

RE: \$6,275,000 Galveston County Municipal Utility District No. 45
Unlimited Tax Bonds, Series 2018

Dear Ms. Portis:

The Board of Directors of the Galveston County Municipal Utility District No. 45 (the "District") has authorized submission to the Texas Commission on Environmental Quality ("TCEQ") for the approval of the sale of Bonds to reimburse the developers in the District for the construction of underground utilities pursuant to an agreement between the District and the developers. The District met on April 3, 2018, to authorize its consultants to proceed with the issuance of its Unlimited Tax Bonds, Series 2018. The Bonds are the fourth installment of bonds issued by the District.

Under the terms of the Utility Agreement between the District and the City dated September 23, 2003, Bonds may be sold by the District only with the approval of the City Council. The terms and conditions of the Bonds and expenditure of funds are in compliance with the Utility Agreement. Therefore, the District respectfully requests Council consideration and approval at the earliest possible Council Meeting. The following information has been included for staff review:

1. Debt Service Schedule;
2. Cash flow showing economic feasibility;
3. Tentative Schedule of Events;
4. Bond Application to TCEQ.

Proceeds of the sale of the Bonds will be used by the District to finance (i) clearing and grubbing for Phase 2 and South Shore Blvd., Phase 1; (ii) Water, wastewater and drainage facilities to serve Hidden Lakes, Sections 4B, 5B, 7B, 8B, 9, 10, and commons; (iii) State Highway 96 Water Crossing; (iv) TxDot ditch relation; (v) East Detention Basin land costs; (vi) costs associated with engineering, materials, testing and surveying; and (vii) pay for administrative and issuance costs, legal fees, financial advisor fees, a fee to the TCEQ, a fee to the Attorney General of Texas, and certain financing costs related to the issuance of the Bonds.

It is anticipated that the issuance of the Bonds will result in no increase to the District's current tax rate, which is \$0.95/\$100.A.V.

Thank you very much for your consideration of our request. If you have any questions, please do not hesitate in telephoning me at 713.230.6125.

Sincerely,
ROBERT W. BAIRD & CO. INCORPORATED

A handwritten signature in black ink, appearing to read "S. David Smalling, Jr." with a stylized flourish at the end.

S. David Smalling, Jr.
Senior Vice President