



**Greg Lentz**

Director  
Public Finance

August 9, 2016

*Via E-mail: [rebecca.underhill@leaguecity.com](mailto:rebecca.underhill@leaguecity.com)*

Ms. Rebecca Underhill  
Assistant City Manager-Finance  
City of League City  
300 W. Walker Street  
League City, Texas 77573

**Re: Bay Colony West Municipal Utility District (the “District”)  
\$4,300,000 Unlimited Tax Bonds, Series 2016**

Dear Rebecca:

The District is proposing to sell its \$4,300,000 Unlimited Tax Bonds, Series 2016 (the “Bonds”) to finance water, sewer and drainage facilities. Pursuant to the attached “Utility Agreement By and Between the District and the City of League City, Texas” (the “Utility Agreement”), the District is required to obtain City of League City approval prior to the sale of the Bonds. The terms and conditions of the Bonds and expenditure of funds are in compliance with the Utility Agreement, in particular, the District is in compliance with Section 5.02 of the Utility Agreement which stipulates maximum debt ratios allowed (see detail below).

The bond application and sale of the Bonds has been approved by the TCEQ. We have attached the bond application report that includes a schedule showing the use of Bond proceeds and a no growth cash flow analysis related to the financing for your review. The District is levying a total 2015 tax rate of \$1.000 per \$100 of taxable assessed valuation (\$0.885 for debt service and \$0.115 maintenance) and will be considering its 2016 tax rate at an August 24, 2016 meeting. The District’s 2016 Taxable Assessed Valuation as of January 1, 2016 and Estimated Taxable Assessed Valuation as of July 15, 2016, as provided by the Galveston Central Appraisal District, is \$152,882,160 (\$151,640,125 of certified value and \$1,242,035 of uncertified value) and \$161,770,335, respectively. The District’s outstanding debt assuming issuance of the Bonds will be \$17,720,000. The ratios of outstanding debt to 2016 Taxable Assessed Valuation as of January 1, 2016 and Estimated Taxable Assessed Valuation as of July 15, 2016 and is 11.59% and 10.95%, respectively. **There is no tax rebate associated with the District.**

August 9, 2016  
Ms. Rebecca Underhill  
City of League City  
Page 2 of 2

The District would like to sell the Bonds in late September 2016, and in connection therewith, the District would like to obtain League City approval as soon as possible. Please let us know if you need any additional information.

Thank you for your assistance with this financing.

A handwritten signature in blue ink, appearing to read "Greg Lentz". The signature is stylized with a large, sweeping flourish at the end.

Greg Lentz  
Director

Enclosures

cc: Mr. Dax Philbin, Paul A. Philbin & Associates, P.C.  
Ms. Julie Peak, FirstSouthwest, a Division of Hilltop Securities Inc.