

## USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were compiled by LJA Engineering & Surveying, Inc. and were submitted to the TCEQ in the District's Bond Application. Non-construction costs are based upon either contract amounts, or estimates of various costs by the Engineer and First Southwest Company (the "Financial Advisor"). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and review by the District's auditor. The surplus funds may be expended for any lawful purpose for which surplus construction funds may be used, if approved by the TCEQ, where required.

### CONSTRUCTION COSTS

• Clearing and Grubbing Phase I and Drainage Swales to Serve League City Tract .....	\$268,731
• Water, Sewer and Drainage to Serve Mar Bella Parkway and Isla Vista Circle .....	392,158
• Stormwater Pollution Prevention.....	50,457
• City of League City Capital Recovery Fee.....	941,131
• Engineering.....	<u>244,499</u>
<b>Total Construction Costs.....</b>	<b>\$1,896,976</b>

### NON-CONSTRUCTION COSTS

• Legal Fees.....	\$90,000
• Financial Advisory Fees .....	60,000
• Capitalized Interest (Twelve Months) (a) .....	180,000
• Developer Interest.....	462,335
• Underwriter's Discount (3.00%) (a) .....	90,000
• Operating Expenses .....	150,000
• Issuance Expenses .....	15,189
• Bond Application Report.....	45,000
• Attorney General Fee (0.10%).....	3,000
• TCEQ Fee (0.25%) .....	<u>7,500</u>
<b>Total Non-Construction Costs .....</b>	<b>\$1,103,024</b>

**TOTAL BOND ISSUE REQUIREMENT ..... \$3,000,000**

- (a) The TCEQ approved a maximum of \$180,000 of capitalized interest, which represents twelve (12) months of interest at an estimated interest rate 6.00% and a maximum Underwriter's discount of 3.0%.

## THE DISTRICT

### General

The District is a political subdivision of the State of Texas, created by order of the TCEQ on October 28, 2004. The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, particularly Article XVI, Section 59 of the Texas Constitution, and Chapters 49 and 54 of the Texas Water Code, as amended.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District is also empowered to establish, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts, if approved by the City of League City, the TCEQ and the voters of the District. Additionally, the District may, subject to certain limitations, develop and finance recreational facilities.