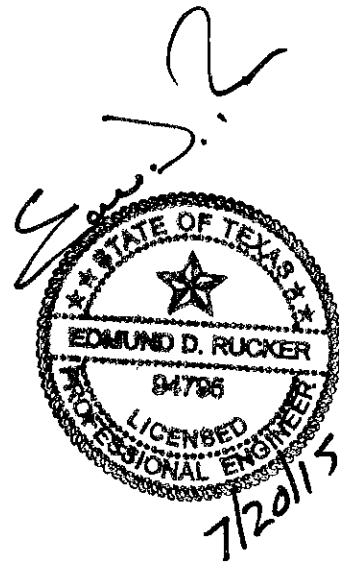


**ENGINEERING REPORT
FOR
GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 46
BOND ISSUE NO. 8
\$6,480,000**

JOB NO. 1285-0010

June 2015

**LJA ENGINEERING, INC.
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HOUSTON, TEXAS 77042-3703
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GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT 46
GALVESTON COUNTY
\$6,480,000
BOND ISSUE NO. 8

SECTION 1 — GENERAL INFORMATION

A Laws, Elections, and Acreage:

- i Authority Creating District:** Created by Order of the Texas Commission on Environmental Quality dated October 28, 2004.
- ii Governing Law:** The District operates under Chapters 49 and 54 of the Texas Water Code pursuant to Article XVI, Section 59 of the Texas Constitution.
- iii Confirmation Election:** The voters of the District confirmed the creation of the District and authorized the District to issue \$86.5 million in bonds at the May 13, 2006 confirmation and bond election. Refer to the District's first bond application for a copy of the Notice of Election and Canvass of Returns for the Confirmation of Creation of District and Bonds.
- iv Acreage:** GCMUD No. 46 consisted of 482.54 acres at the time of creation on October 28, 2004. The boundaries of the district have not changed since the time of creation.
- v Boundary Map:** See Attachment 3.

B Location:

GCMUD No. 46 is located in northern Galveston County and falls within the corporate limits of the City of League City (the "City"), approximately 30 miles southeast of downtown Houston. The district is bounded on the east by State Highway 146, on the north by State Highway 96, and on the east by Galveston County Municipal Utility District No. 45. The district is located in the Rafael Basquez Survey, Abstract 32 and the Nathan Fuller Survey, Abstract 67, City of League City, Galveston County, Texas. All of the property is in the Clear Creek Independent School District. See Attachment 4.

SECTION 2 — PROPOSED BOND ISSUE

A Purpose:

The purpose of Bond Issue No. 8 is to fully reimburse the developer for construction of water, sanitary sewer, and drainage facilities to serve Mar Bella Section 12B; construction of water, sanitary sewer, and drainage facilities to serve Mar Bella Section 13A; construction of detention related facilities to Serve Detention E; construction of amenity related facilities to Serve Detention A, B & C; land cost for detention portion of Detention E, land cost for amenity portion of Detention A, B & C; clearing and grubbing of the amenity portion of Detention A, B, &C; and 177 Capital Recovery Fees (CRFs).

B Bond and Maintenance Tax Authorization:

i Bond Authorization:

Date of Election	Purpose	Amount Approved	Amount Canceled
5-13-06	Water, Wastewater, Drainage	\$86,500,000	None
5-13-06	Parks & Recreational	\$12,000,000	None
5-13-06	Refunding	\$56,000,000	None

ii Maintenance Tax:

On May 13, 2006 the voters within GCMUD No. 46 authorized the District to levy and collect an operation and maintenance tax not to exceed \$1.50 per \$100 valuation on all taxable property within the District. Refer to the District's first bond application for a copy of the Notice of Election and Canvass of Returns for the Confirmation of Creation of District and Bonds.

Date of Election	Purpose	Maximum Tax Approved (per each \$100 of AV)	Cancelled Prior Authorization
5-13-06	General Operating (Including Park & Recreational)	\$1.50	None

C Prior Bond Issues:

Type of Bonds—Water, Wastewater and Drainage			
Total Amount Authorized: \$86,500,000			
Bond Issue No.	TCEQ Amount Approved	TCEQ Order Date Approved	Amount Sold
8 (Proposed)	\$4,200,000	N/A	\$4,200,000
7	\$4,810,000	Nov. 11, 2014	\$4,810,000
6	\$2,175,000	May 14, 2013	\$2,175,000
5	\$3,900,000	Nov. 13, 2012	\$3,900,000
4	\$4,120,000	Oct. 19, 2011	\$4,120,000
3	\$3,000,000	Sep. 11, 2010	\$3,000,000
2	\$2,100,000	Nov. 18, 2009	\$2,100,000
1	\$4,100,000	Jan. 14, 2009	\$4,100,000
Total Bonds Sold:			\$28,405,000
Remaining Authorized Bonds⁽¹⁾:			\$58,095,000

Type of Bonds—Parks & Recreational			
Total Amount Authorized: \$12,000,000			
Bond Issue No.	TCEQ Amount Approved	TCEQ Order Date Approved	Amount Sold
8 (Proposed)	\$2,280,000	N/A	\$2,280,000
Total Bonds Sold:			\$2,280,000
Remaining Authorized Bonds⁽¹⁾:			\$9,720,000

Note: (1) It is the opinion of the District's engineer the remaining authorized but unissued bonds is sufficient to complete the development within the District.

D Type:

Voters approved unlimited tax bonds. District seeks approval of unlimited tax bonds.

E Interest Rate:

The proposed bond issue is analyzed based on an interest rate of 4.75% for the developer's interest and capitalized interest.

F Land-Use Plan:

See Attachment 6.

G Recreational Facilities:

1. See Attachment 6 for a copy of the park plan.
2. See Attachment 1 for a certified copy of the order calling the election and order canvassing the returns of the election.
3. The projects included in this bond issue are in accordance with 293.41(e).
4. The proposed recreational bond issue is not in excess of 1% of the taxable value in the District (in accordance with 293.41(e)(4)). The \$2,280,000 proposed recreational bond issue amount equals 0.92% of the 2015 preliminary value of \$247,443,178. See Attachment 33.
5. The section that includes the amenity lakes areas included in this bond issue for recreational purposes has been served with water, sanitary sewer and drainage and has been reimbursed for same in accordance with 293.41(e)(5).

H Roads:

Does the District have authority to fund roads? No.

SECTION 3 — FACILITIES PROPOSED FOR FUNDING

A Purchase of Existing Facilities and/or Assumption of Existing Contracts:

<u>Contracts Description</u>	<u>Contractor</u>	<u>Percent Complete/ Date</u>	<u>Total Contract Amount</u>	<u>Amount Subject to District Share</u>
W,S&D to Serve Mar Bella Detention A, B, & C ⁽¹⁾	Longhorn Excavators, Inc.	100% 5/26/06	\$1,001,641.89	\$942,600.89
W,S&D to Serve Mar Bella Detention E ⁽²⁾	Paskey, Inc.	100% 7/25/12	\$979,638.08	\$673,670.06
W,S&D to Serve Mar Bella Section 12B ⁽³⁾	Monarch Civil Constructors, LLC	100% 9/18/13	\$493,145.31	\$493,145.31
W,S&D to Serve Mar Bella Section 13A ⁽⁴⁾	Monarch Civil Constructors, LLC	100% 10/24/13	\$467,662.53	\$467,662.53
Clearing & Grubbing Ph1 and Drainage Swales to Serve League City Tract ⁽⁵⁾	Cross Contracting Services, Ltd.	100% 11/4/05	\$113,914.80	\$113,914.80
TOTAL			\$3,056,002.61	\$2,690,993.59

Notes:

(1) The detention excavation cost for Detention Basins A, B and C is based on the Original Contract amount (\$1,869,829.80) plus Change Order No. 1 (\$267,230.00) for the revisions made to the cross section of the detention basins and to replace the concrete headwalls with modular block headwalls plus Change Order No. 2 (\$38,220) for stripping and replacing topsoil for additional fill and adding Channel Lock 400 device for erosion prevention protection minus final Quantity Adjustments (-\$306,340.00). The District's pro-rata share of \$867,298.61 related to the detention component of this project was determined based on \$293.44- Special Considerations and was previously funded in Bond Issues #1 and #2. The amenity portion of the pond is subject to reimbursement from the proceeds of parks and recreations bonds. Furthermore, all excavated material was utilized inside the District boundaries as fill required to provide positive sheet flow drainage into the detention basins. The District realized a \$4,260,477.60 savings by disposing excavated spoil on-site.

(2) The cost for Detention Basin E is based on the original contract amount (\$849,118.34). Change order #1 (\$3,611.68) was added due to a revised fill area, replaced rip rap with concrete slope paving, removed clay liner, revised limits for work associated with modular block, increased clearing & grubbing, added bedding and backfill for unsatisfactory soil conditions. Change order #2 (\$118,966.25) was added due to minor quantity adjustments, the majority being an increase for 24" high gravity stone and the addition of reinforced concrete retaining wall. Change order #3 (12,255.00) was added due to additional dewatering was necessary. The original contract amount, plus the three change orders minus final quantity adjustments (-\$4,313.19) equals a total of \$979,638.08).

(3) The WS&D cost is based on the original contract amount (\$524,361.56) minus final quantity adjustments (\$31,216.13) for a total of (\$493,145.43)

(4) The WS&D cost is based on the original contract amount (\$500,229.77) minus final quantity adjustments (\$32,567.24) for a total of (\$467,662.53).

(5) Staff memo for Bond issue #3 excluded \$113,915 for 42.39% portion of clearing related to lake amenity excavation to be reimbursed using parks and recreation bonds. The reimbursement audit provided in attachment 36 shows that, in addition to construction costs, the engineering and testing services were also prorated and excluded the 42.39% amenity portion. The District is requesting this amount in this bond issue.

B Facilities to be Constructed:

No facilities are proposed to be funded with funds from the bond issue.

SECTION 4 - SUMMARY OF COSTS

CMUD No. 46 Bond Application No. 8

CONSTRUCTION COSTS	TOTAL AMOUNT	DEVELOPER SHARE	DISTRICT SHARE WS&D FACILITIES	DISTRICT SHARE RECREATION FACILITIES
A. Developer Contribution Items				
1. Detention A, B, & C ¹				
a. Amenity lake / landscape berm items	1,001,641	59,040	-	942,601
Subtotal	1,001,641	59,040	-	942,601
2. Detention E ²				
a. Detention Basin Items	699,320	60,449	638,871	
b. Amenity Basin Items	215,941	215,941	-	
c. Miscellaneous Items	64,377	29,578	34,799	
Subtotal	979,638	305,968	673,670	-
3. Mar Bella Section 12B ³				
a. Water Line Items	72,423	-	72,423	
b. Sanitary Sewer Items	153,414	-	153,414	
c. Storm Sewer Items	243,873	-	243,873	
d. Misc Items	23,435	-	23,435	
Subtotal	493,145	-	493,145	-
4. Mar Bella Section 13A ⁴				
a. Water Line Items	74,728	-	74,728	
b. Sanitary Sewer Items	179,137	-	179,137	
c. Storm Sewer Items	169,398	-	169,398	
d. Misc Items	44,400	-	44,400	
	467,663		467,663	
5. Clearing & Grubbing Ph 1 and Drainage Swales to Serve League City Tract ⁵				
a. Items	113,915			113,915
Subtotal	113,915	-		113,915
6. Engineering Fees ⁶				
a. Item #1 (Detention A, B, & C)	306,820	Previously reimbursed with Bond Issue #3		164,437
b. Item #2 (Detention E)	122,748	38,338	84,410	
c. Item #3 (Section 12B)	65,717		65,717	
d. Item #3 (Section 13A)	65,295		65,295	
e. Item #4 (Clearing & Grubbing)	13,033			13,033
Subtotal	\$ 573,613	\$ 38,338	\$ 215,422	\$ 177,470
7. Geotechnical Fees ⁷				
a. Item #1 (Detention A, B, & C)	24,468	Previously reimbursed with Bond Issue #3		13,113
b. Item #2 (Detention E)	15,700	4,904	10,796	
c. Item #3 (Section 12B)	10,500		10,500	
d. Item #3 (Section 13A)	9,500		9,500	
e. Item #4 (Clearing & Grubbing)	230			230
Subtotal	\$ 60,398	\$ 4,904	\$ 30,796	\$ 13,943
8. Surveying Fees ⁸				
a. Item #1 (Detention A, B, & C)	20,665	Previously reimbursed with Bond Issue #3		11,075
b. Item #2 (Detention E)	1,000	312	688	
c. Item #3 (Section 12B)	2,760		2,760	
d. Item #3 (Section 13A)	2,040		2,040	
Subtotal	\$ 26,465	\$ 312	\$ 5,488	\$ 11,075
9. Stormwater Consultation Fees ⁹				
a. Item #1 (Detention A, B, & C)	44,709	Previously reimbursed with Bond Issue #3		23,961
b. Item #2 (Detention E)	1,800	562	1,238	
c. Item #3 (Section 12B)	15,288		15,288	
d. Item #3 (Section 13A)	21,333		21,333	
Subtotal	\$ 83,129	\$ 562	\$ 37,858	\$ 23,961
Total Developer Contribution Items	\$ 3,799,607	\$ 409,124	\$ 1,924,042	\$ 1,282,365

B. District Items

1. City of League City Capital Recovery Fees ¹⁰	\$	997,218	\$	-	\$	997,218	
2. Detention E Land, Interest, and Taxes ¹¹	\$	454,914		\$135,101		\$319,812	
3. Detention A, B, & C Land, Interest, and Taxes ^{11,12}	\$	513,868			\$		513,868
Total District Items	\$	1,965,999	\$	135,101	\$	1,317,030	\$ 513,868
TOTAL CONSTRUCTION COSTS	\$	5,765,606	\$	544,225	\$	3,241,072	\$ 1,796,233
NET CONSTRUCTION COSTS							
							77.2%

NON-CONSTRUCTION COSTS**A. Non-Construction Costs**

1. Legal Fees ¹³					\$120,000	\$68,400
2. Fiscal Agent Fees ¹⁴					\$81,000	\$45,600
3. Interest Costs						
a. Capitalized Interest (1 Year @ 4.75%)					\$199,500	\$108,300
b. Developer Interest (@ 4.75%) ¹⁵					\$361,463	\$150,890
5. Bond Discount (3%)					\$126,000	\$68,400
6. Bond Issuance Expenses					\$27,108	\$17,309
7. Bond Application Costs					\$29,167	\$16,889
8. Attorney General's Fee (0.10%)					\$4,200	\$2,280
9. TCEQ Bond Issue Fee (0.25%)					\$10,500	\$5,700
TOTAL NON-CONSTRUCTION COSTS					\$958,928	\$483,767
PERCENT OF BIR					22.8%	21.2%
TOTAL BOND ISSUE REQUIREMENT (BIR)				\$6,480,000	\$4,200,000	\$2,280,000

Notes:

⁽¹⁾ The detention excavation cost for Detention Basins A, B and C is based on the Original Contract amount (\$1,869,829.80) plus Change Order No. 1 (\$267,230.00) for the revisions made to the cross section of the detention basins and to replace the concrete headwalls with modular block headwalls plus Change Order No. 2 (\$38,220) for stripping and replacing topsoil for additional fill and adding Channel Lock 400 device for erosion prevention protection minus final Quantity Adjustments (-\$306,340.00). The District's pro-rata share of \$867,298.61 related to the detention component of this project was determined based on \$293.44- Special Considerations and was previously funded in Bond Issues #1 and #2. The amenity portion of the pond is subject to reimbursement from the proceeds of parks and recreations bonds. Furthermore, all excavated material was utilized inside the District boundaries as fill required to provide positive sheet flow drainage into the detention basins. The District realized a \$4,260,477.60 savings by disposing excavated spoil on-site.

⁽²⁾ The cost for Detention Basin E is based on the original contract amount (\$849,118.34). Change order #1 (\$3,611.68) was added due to a revised fill area, replaced rip rap with concrete slope paving, removed clay liner, revised limits for work associated with modular block, increased clearing & grubbing, added bedding and backfill for unsatisfactory soil conditions. Change order #2 (\$118,966.25) was added due to minor quantity adjustments, the majority being an increase for 24" high gravity stone and the addition of reinforced concrete retaining wall. Change order #3 (12,255.00) was added due to additional dewatering was necessary. The original contract amount, plus the three change orders equals a total of (\$983,951.27).

⁽³⁾ The WS&D cost is based on the original contract amount (\$524,361.56) minus final quantity adjustments (\$31,216.13) for a total of (\$493,145.43)

⁽⁴⁾ The WS&D cost is based on the original contract amount (\$500,229.77) minus final quantity adjustments (\$32,567.24) for a total of (\$467,662.53)

⁽⁵⁾ Staff memo for Bond Issue #3 excluded \$113,915 for 42.39% portion of clearing related to lake amenity excavation to be reimbursed using parks and recreation bonds. The reimbursement audit provided in attachment 36 shows that, in addition to construction costs, the engineering and testing services were also prorated and excluded the 42.39% amenity portion. These figures have been clouded for ease of reference. The District is requesting this amount in this bond issue.

⁽⁶⁾ Engineering Fees are detailed in Attachment 8.

⁽⁷⁾ Geotech fees were paid to Tolunay-Wong Engineers for their services.

⁽⁸⁾ Surveying fees were paid to GeoSurv for their services.

⁽⁹⁾ Fees for stormwater consultation and stormwater pollution prevention were paid to Stormwater Solutions for their services.

⁽¹⁰⁾ The Capital Recovery Fee is based on 69 water connections and 69 sanitary sewer connections in section 12B, 61 water connections and 61 sanitary connections in section 11B, and 47 water connections and 47 sanitary connections in section 13A. The combined rate of \$5,634.00 per single-family equivalent connection built after June 11, 2013 is based on a rate of \$3,215.00 for water and \$2,419.00 for sanitary sewer.

See Attachment 17 for CRF ordinance.

	Water	Wastewater	Total
Mar Bella Section 12B	69	69	\$388,746
Mar Bella Section 11B	61	61	\$343,674
Mar Bella Section 13A	47	47	\$264,798
	177	177	\$997,218

⁽¹¹⁾ See Attachment 10 for breakdown of land cost, interest, and taxes.

⁽¹²⁾ Detention Basins A, B, & C have a total area of 34.15 acres. Based on \$25,403.20 per acre, the total land cost of Detention Basins A, B, & C is \$867,519.28. In a previous bond issue, \$561,300 was reimbursed through district bonds. The remaining amount of \$306,219.28 will be reimbursed through parks and rec. bonds in this bond issue. The remaining \$157,608.55 of interest on the land to be reimbursed in this bond issue and was calculated based off the remaining land cost of \$306,219.28 at a rate of 4.75%. The remaining taxes to be reimbursed were calculated the same way as the land cost. The total amount of taxes equals \$72,377.81 for the 34.15 acres. \$22,337.96 was previously funded using district bonds so the remaining \$50,039.85 will be reimbursed using parks and rec. bonds in this bond issue. The sum of the remaining dollar amounts (\$306,219.28 for land cost, \$157,608.55 for interest, and \$50,039.85 for taxes) sum up to equal (\$513,867.68). The audit dated February 10, 2009 (attachment 36) shows the total cost incurred from the land acquisition of Detention Basins, A, B, & C, was \$583,636, equaling the amounts previously reimbursed (\$561,300 and \$22,337.96) for land and taxes, respectively.

⁽¹³⁾ See Attachment 11 for breakdown of legal fees.

⁽¹⁴⁾ See Attachment 54 for breakdown of fiscal agent fees (Included in the consultant agreement with the District).

⁽¹⁵⁾ See Attachment 13 for breakdown of developer interest.

SECTION 5 — DEVELOPMENT STATUS AND LAND USE**Update section 5 land use tracker****The following information represents development as of 5/28/15****(A) Land-Use Table:**

<u>Land Uses</u>	<u>Acreage</u>	<u>As of 5/28/15</u> <u>Equivalent Connections</u>	
		<u>Active</u>	<u>Projected</u>
Total District Acreage:			
1. Developed from the Prior Bond Issues	206.83	723	742
2. To Be Developed from the proposed Bond	30.79	92	116
3. Currently Developed with Facilities to be funded by Future Bonds	107.03	20	395
4. Remaining Developable Acreage	53.98	0	59
5. Undevelopable Acreage:			
a. Streets	8.87	0	0
b. Drainage Reserves & Easements	71.24	0	0
c. Lift Station	0.15	0	0
d. Recreation Center	3.65	0	0
TOTALS	482.54	884	1312

(B) Development from Prior Bonds:

<u>SECTION</u>	<u>TYPE OF DEVELOPMENT</u>	<u>NO. OF LOTS</u>	<u>EQUIVALENT CONNECTIONS</u>		
			<u>ACREAGE</u>	<u>ACTIVE</u>	<u>AT FULL DEVELOPMENT</u>
Section 1 to Serve Mar Bella	Single Family	33	11.28	33	33
Section 2 to Serve Mar Bella	Single Family	61	18.41	61	61
Section 3 to Serve Mar Bella	Single Family	75	15.99	75	75
Section 4 to Serve Mar Bella	Single Family	59	14.39	59	59
Section 6 to Serve Mar Bella	Single Family	40	11.74	38	40
Section 5 to Serve Mar Bella	Single Family	5	4.29	2	5
Sec 5-Ph 2 to Serve Mar Bella	Single Family	19	7.64	19	19
Section 7 to Serve Mar Bella	Single Family	89	17.48	89	89
Section 9-A to Serve Mar Bella	Single Family	25	8.55	25	25

Section 9-B to Serve Mar Bella Single Family	36	11.80	36	36
Section 9-C to Serve Mar Bella Single Family	23	9.78	23	23
Section 10-A to Serve Mar Bella Single Family	35	11.02	35	35
Section 10-B to Serve Mar Bella Single Family	50	15.95	50	50
Section 10-C to Serve Mar Bella Single Family	39	9.52	39	39
Section 10-D to Serve Mar Bella Single Family	45	10.99	45	45
Section 11 to Serve Mar Bella Single Family	48	13.50	48	48
Section 12-A to Serve Mar Bella Single Family	60	14.50	55	60
Totals	742	206.83	732	742

(C) Development from Proposed Bonds:

SECTION	TYPE OF DEVELOPMENT	NO. OF LOTS	EQUIVALENT CONNECTIONS		
			ACREAGE	ACTIVE	AT FULL DEVELOPMENT
Section 12-B to Serve Mar Bella Single Family		69	14.19	58	69
Section 13-A to Serve Mar Bella Single Family		47	16.60	34	47
Totals		116	30.79	92	116

(D) Development from Future Bonds (by Section if Available):

SECTION	TYPE OF DEVELOPMENT	NO. OF LOTS	EQUIVALENT CONNECTIONS		
			ACREAGE	ACTIVE	AT FULL DEVELOPMENT
Section 11-B to Serve Mar Bella Single Family		61	16.50	20	61
Section 13-B to Serve Mar Bella Single Family		33	21.97	0	33
Section 15-C to Serve Mar Bella Single Family		58	15.28	0	58
Section 16-A to Serve Mar Bella Single Family		80	16.54	0	80
Section 15 A&B to Serve Mar Bella Single Family		88	22.07	0	88
Section 16 B&C to Serve Mar Bella Single Family		75	14.67	0	75
Totals		395	107.03	20	395

(E) Historical Build-Out:

Year	Type of Development	Number of Units	Acreage of Reserves	Square Footage	Active Connections	Ultimate Connections
2010	Single Family Multi – Family Commercial Office Other				424	477
2011	Single Family Multi – Family Commercial Office Other				495	643
2012	Single Family Multi – Family Commercial Office Other				545	703
2013	Single Family Multi – Family Commercial Office Other				630	858
2014	Single Family Multi – Family Commercial Office Other				798	1057

(F) Floodplain Information:

- (i) **What is being done (if anything) to remove the areas of the District, if any, currently in the official floodplain?** The District is outside the 100-year flood plain according to the attached FEMA map Community Panel Numbers 4854700029 C and 4854810003 B, dated May 2, 1983 and April 4, 1983 for Galveston County (See Attachment 18).
- (ii) **Are any of the improvements proposed for purchase or construction funding through the proceeds of this bond issue currently in the official floodplain?** No.
- (iii) **Are areas currently in the official floodplain used in the build-out projections used to support this bond issue?** No.
- (iv) **Who is charged with maintaining minimum floor slab elevations in the District area?** The City of League City.
- (v) **Are any sites or easements to be funded in the bond issue currently in the floodplain?** 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 water from the City of League City, which provides retail water services to customers in the District. GCMUD No. 46 will obtain water from an existing 24" water line, along State Highway 96 and an existing 8" water line from the adjacent Whispering Lake Ranch development. Furthermore, both lines are serviced by the City of League City. The City of League City currently acquires water from a combination of surface water and existing groundwater wells. The City of League City currently acquires surface water from the City of Houston (Southeast Water Purification Plant) and from the City of Dickinson (Thomas Mackey Water Purification Plant). See Attachment 17 for Utility Agreement between GCMUD No. 46 and the City of League City.

(ii) Water Supply Facilities Inventory:

Capacity: The City of League City; An Engineering Report on Water System from League City was previously provided and is on file at the TCEQ.

- a. Total Capacity of Water Supply:
The total capacity of water supply is 9.0 million gallons per day.
 - b. Total Capacity of Ground Storage:
The combined capacity of the city's ground storage tanks is 4.26 million gallons.
 - c. Total Capacity Elevated Storage:
1 tank at 2.0 million gallons.
1 tank at 0.4 million gallons.
 - d. Total Capacity of Booster Pumps:
Booster pumping stations combined capacities are 17,450 gpm.
- (iii) **Interconnects:** GCMUD No. 46 has no interconnect with any other public water supply system existing or proposed at this time. GCMUD No. 46 obtains all of its water supply from the City of League City and there are currently two separate water sources.
- (iv) See Attachment 17 - Utility Agreement between GCMUD No. 46 and the City of League City.
- (v) There are no special considerations or circumstances.
- (vi) **The District's existing, proposed and ultimate water supply is secured through the City of League City. See Section 6.03 of Attachment 17 – Utility Agreement between GCMUD No. 46 and the City of League City.**

(B) Wastewater Treatment:

- (i) Wastewater Treatment Facilities:** The District receives wastewater services from the City of League City. The wastewater generated within the District will flow by gravity through an internal network of wastewater collection lines and outfall into Lift Station #1. It will then run through a series of existing lift station, force main and gravity lines and ultimately tie into the Dallas-Salmon Wastewater Treatment Plant. The plant has a capacity of 6.0 MGD. The plant is permitted under TPDES Permit No. WQ0010568005. At full development, the District's ultimate equivalent single family connections will be approximately 1,400. The wastewater generated by this development is estimated as 547,500 gpd (average dry weather flow) and 2,190,000 gpd (average wet weather flow).
- (ii) GCMUD No. 46 wastewater flows are based on 300 gpd/ESFC.**
- (iii) The District's existing, proposed and ultimate waste water capacity is secured through the City of League City. See Section 6.03 of Attachment 17 – Utility Agreement between GCMUD No. 46 and the City of League City**
- (iv) There are no special conditions or circumstances.**
- (v) The District's existing, proposed and ultimate wastewater capacity is secured through the City of League City. See Section 6.03 of Attachment 17 – Utility Agreement between GCMUD No. 46 and the City of League City. An Engineering Report on Wastewater System from League City was previously provided and is on file at the TCEQ.**

(C) Storm-Water Drainage Facilities:

- (i) Existing topography indicates that the site generally drains from the northeast to the southwest. Natural ground elevations vary from 18 feet to 12 feet mean sea level (msl) across the site into Gum Bayou, located just west of the site. A Drainage Study was previously provided and is on file at the TCEQ.**
- (ii) Storm water runoff within the District is routed through a curb and gutter street system to collector lines that outfall into detention basins and channels throughout the District and ultimately into Gum Bayou. See drainage study that was previously submitted and on file with TCEQ.**
- (iii) Storm water drainage facilities are proposed to be funded in this bond issue for Mar Bella Sections 9C, 10A and 10B. No other storm water drainage facilities are proposed to be funded in this bond issue.**
- (iv) No storm water quality facilities are proposed to be funded in this bond issue.**

SECTION 7 — BASIS OF DESIGN

(A) Conformity with Regulatory Requirements:

- (i) Texas Commission on Environmental Quality: Yes X No ___ N/A ___
- (ii) City of League City: Yes X No ___ N/A ___
- (iii) County of Galveston: Yes X No ___ N/A ___
- (iv) Galveston County Flood Control District: Yes ___ No ___ N/A X⁽¹⁾
- (v) Commission Permit Required by Water Code 16.236: Yes ___ No ___ N/A X⁽²⁾
- (vi) Others: List in the same format.

⁽¹⁾ Flood control issues are regulated by the City of League City

⁽²⁾ Commission Permit required by V.T.C.A. Water Code Section 16.236 pertains to levee districts and is not applicable for the submittal.

(B) Oversizing:

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

SECTION 8 — FINANCIAL INFORMATION

(A) **Growth / No Growth**

The economic feasibility of this bond issue is based on no growth.

The highest taxable value shown in the cash flow schedule is \$247,443,178.

(B) **Latest Certified Assessed Valuation:** \$ 180,239,462 as of January 1, 2014. See Attachment 33.

Latest Certified Estimate of Assessed Valuation: \$247,443,178 as of January 1, 2015, which is the District's 2015 Delivery Value. See Attachment 34.

(C) **Historical Tax Data:**

The following information is as of **April 30, 2015**. (This information is provided by the District's tax assessor collector)

Year Collected	Assessed Valuation	Debt Service Tax Rate	Maintenance Tax Rate	Amount Collected	% Collected	Total
2010	\$75,319,525	0.75	0.25	\$ 753,195.25	100%	\$ 753,195.25
2011	\$102,705,268	0.78	0.22	\$ 1,027,052.68	100%	\$ 1,027,052.68
2012	\$124,580,064	0.81	0.19	\$ 1,245,800.64	100%	\$ 1,245,800.64
2013	\$146,607,830	0.85	0.15	\$ 1,460,800.42	99.64%	\$ 1,466,128.30
2014	\$180,239,462	0.87	0.13	\$ 1,787,553.75	99.17%	\$ 1,466,128.30

(D) **Cash and Investment:** (This information is provided by the District's bookkeeper)

CASH AND INVESTMENT BALANCES	
As of (May 5, 2015)	
General Operating Fund	\$ 448,327
Debt Service Fund	\$ 1,730,968
Capital Projects Fund	\$ 481,565
Total	\$ 2,660,860

(E) **Outstanding Indebtedness:** (This information is provided by the District's financial advisor)

(i) **Bond Issues:**

Category	Outstanding Debt	Proposed Debt	Combined Debt	Debt Ratio based on Current Certified or Estimated Value
Water, Wastewater, and Drainage	\$ 23,710,000	\$ 4,200,000	\$ 27,910,000	11.28%
Roads	N/A			
Firefighting	N/A			
Recreational	\$ 0	\$ 2,280,000	\$ 2,280,000	0.92%
Totals	\$ 23,710,000	\$ 6,480,000	\$ 30,190,000	12.20% ⁽¹⁾

Note:

1. Based on the Latest Certified Estimate of Assessed Valuation of \$247,443,178 as of January 1, 2015.

(ii) **Bond Anticipation Note: None Outstanding**

(iii) **Were the provisions of Commission Rule 293.54 followed in the issuance of all Bond-Anticipation Notes?** N/A

(iv) **Tax-Anticipation Notes: None**

Will all tax-anticipation notes be retired out of the proceeds of taxes currently in the process of collection? N/A.

(v) **Other Obligations:** There are no other obligations.

(F) **Financial Feasibility:**

(i) **Build-Out Projections:** Is the feasibility of this bond issue based on growth? __Yes X__No.

(ii) **Debt-Service Schedule:** See Attachment 30.

(iii) **Revenue Projections:**

(a) **Does the District intend to use net revenues from operations for debt service payments?**

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?**

No.

(iv) **Operating Budget:**

A table of revenues and expenses are included as Attachment 57.

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

Not Applicable

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

See Attachment 32

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

A letter from League City confirming the portion of the city's tax rate attributable to water, wastewater, drainage or recreation is included as Attachment 30 (b).

(viii) **Combined Tax Rate:**

	Projected Tax Rate	No-Growth Tax Rate
District tax rate		
a. Debt service as shown in cash-flow analysis	\$ 0.900	\$ 0.900
b. Maintenance Tax ⁽¹⁾	\$ 0.075	\$ 0.075
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		
1. League City:	\$ 0.07615 ⁽²⁾	\$ 0.07615 ⁽²⁾
b. Maintenance Tax		
1. League City:	\$ 0.00	\$ 0.00
Equivalent surcharge for water and wastewater, if any:	\$ N/A	\$ N/A
If District is within a city, then indicate the portion of the city's tax rate specifically attributable to water, wastewater, drainage, or recreation:	\$ 0.00	\$ 0.00
Less any equivalent tax rebate:	(\$ N/A)	(\$ N/A)
TOTAL COMBINED TAX RATE	\$ 1.05115	\$ 1.05115

Notes:

(1) A no-growth operating budget is included as Attachment 57 (b).

(2) A letter from League City confirming the portion of the city's tax rate attributable to water, wastewater, drainage or recreation is included as Attachment 30 (b).

(ix) **Total Taxable Value of Area to be Taxed: \$247,443,178 as of January 1, 2015. (See Attachment 34).**

(x) **Waiver of Special Appraisal:**

This was previously provided with and is on file with TCEQ.

(xi) **Overlapping Tax Rates:** (This information is provided by the District's tax assessor collector)

<u>Taxing Jurisdictions</u>	<u>2014 Tax Rate Per \$100 Valuation</u>	<u>2015 Projected Tax Rate Per \$100 Valuation</u>
City of League City	\$ 0.597000	\$ 0.597000
Clear Creek Independent School District	\$ 1.400000	\$ 1.400000
Galveston County	\$ 0.578844	\$ 0.578844
Galveston County Road & Flood	\$ 0.005956	\$ 0.005956
GCMUD No. 46	<u>\$ 1.000000</u>	<u>\$ 0.975000</u>
Total Overlapping Tax Rate	\$ 3.581800	\$ 3.556800

(G) **Development Status:**

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

Yes, the District has a developer as defined by Water Code Section 49.052(d).

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):** At the time of Commission approval, all underground water, wastewater, and drainage facilities to be financed with proceeds from the proposed bond issue or necessary to serve the projected build-out used to support the feasibility of the bond issue, shall be at least 95% complete as certified by the district's engineer. X Yes ___ No ___ Exempt.
- 2. Compliance with 293.59(k)(6)(B):** At the time of Commission approval, all permits for groundwater, surface water, waste discharge, or other permits needed to secure capacity to support the build-out shall have been obtained. X Yes ___ No ___ Exempt.
- 3. Compliance with 293.59(k)(6)(C):** At the time of Commission approval, sufficient lift station, water plant, and wastewater treatment plant capacity, as applicable depending on the type of district, to serve the connections projected for a period of not less than 18 months shall either be 95% complete as certified by the district's engineer or available in existing plants in accordance with executed contracts for capacity in plant(s) owned by other entities (but in no event less than 50,000 gallons per day water plant and wastewater plant capacity) X Yes ___ No ___ Exempt.
- 4. Compliance with 293.59(k)(6)(D):** At the time of Commission approval, water supply, lift station and wastewater treatment capacity needed to support the projected build-out used to support the feasibility of the subject bond application must be existing or funds for that

capacity must be included in the bond issue or secured by a letter of credit or other acceptable guarantee approved by the executive director. X Yes ___ No ___ Exempt.

5. **Compliance with 293.59(k)(6)(E):** At the time of Commission approval, all street and road construction to provide access to the areas provided with utilities to be financed with proceeds from the proposed bond issue, or necessary to serve the projected build-out used to support the feasibility of the subject bond issue, must be 95% complete as certified by the district's engineer. All streets and roads shall be constructed in accordance with city or county standards, as appropriate. X Yes ___ No ___ Exempt.

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

Not Applicable. Previous bond issue based on no-growth.

- (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?** ___ Yes ___ No X N/A

(H) **Market Information:**

Paragraph II: 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.

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:** The following is a list of plans which are submitted with the bond issue:

- a) Construction for Detention Basins "A", "B" & "C" to Serve GCMUD No.46
- b) Construction for Detention Basin "E" to Serve GCMUD No.46
- c) Water, Sanitary Sewer and Drainage Facilities to Serve Mar Bella Section 12B
- d) Water, Sanitary Sewer and Drainage Facilities to Serve Mar Bella Section 13A
- e) Clearing & Grubbing Ph1 and Drainage Swales to Serve League City Tract

(ii) **Plat:** The following is a list of plats and recorded easements which are submitted with the bond issue:

- a) Construction for Detention Basins "A", "B" & "C" to Serve GCMUD No.46
- b) Drainage Easement For Detention Basin "E"
- c) Water, Sanitary Sewer and Drainage Facilities to Serve Mar Bella Section 12B
- d) Water, Sanitary Sewer and Drainage Facilities to Serve Mar Bella Section 13A

(B) **Contract Documents:** The following is a list of contract documents which are submitted with the bond issue:

- a) Construction for Detention Basins "A", "B" & "C" to Serve GCMUD No.46
- b) Construction for Detention Basin "E" to Serve GCMUD No.46
- c) Water, Sanitary Sewer and Drainage Facilities to Serve Mar Bella Section 12B
- d) Water, Sanitary Sewer and Drainage Facilities to Serve Mar Bella Section 13A
- e) Clearing & Grubbing Ph1 and Drainage Swales to Serve League City Tract

(C) **Construction Documents:** The following is a list of construction documents which are submitted with the bond issue.

- a) Construction for Detention Basins "A", "B" & "C" to Serve GCMUD No.46
- b) Construction for Detention Basin "E" to Serve GCMUD No.46
- c) Water, Sanitary Sewer and Drainage Facilities to Serve Mar Bella Section 12B
- d) Water, Sanitary Sewer and Drainage Facilities to Serve Mar Bella Section 13A
- e) Clearing & Grubbing Ph1 and Drainage Swales to Serve League City Tract

(D) Checklist:

The construction checklists are submitted with the construction documents.

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

- (i) **Clearing and Grubbing:** Yes. Clearing and grubbing was included in the contract for Detention Basins A, B, & C. The area was cleared so that detention and amenity excavation could be disposed of on site. This resulted in a significant cost savings for the District when compared with off-site disposal.
- (ii) **Spreading and Compacting of Fill:** Yes. Excess fill from Detention Basins A, B, & C and Detention Basin E in this bond issue were used to fill the development. This was done in order to create positive drainage towards the detention basins. The cost for spreading and compacting fill on-site is approximately one third the cost of hauling the fill off-site.
- (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?** 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. See Attachment 36 for pro-rata share of detention volume vs. amenity volume. The amenity portion of the dual lake-detention ponds is in accordance with 293.44(a)(24).

- (viii) **Floodplain Mitigation: Does the project include funds for costs associated with the mitigation of floodplain areas?** No.

(B) All Projects:

- (i) **Appraisals:** None.
- (ii) **Contract Revenue bonds: Are the proposed bonds contract revenue bonds?** 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. See footnotes in section 4 for capital recovery fees proposed to be purchased in this bond issue. The Utility Agreement between League City and the District satisfies the requirements of 293.44 (b) (3) (A) – (C). See Attachment 44 for copy of engineering report used for calculating CRF fees.

SECTION 12 — MISCELLANEOUS CONSIDERATIONS

(A) Preconstruction Documents:

Copies of the following preconstruction agreements are included as Attachment 45:

- a) Construction for Detention Basins "A", "B" & "C" to Serve GCMUD No.46
- b) Construction for Detention Basin "E" to Serve GCMUD No.46
- c) Water, Sanitary Sewer and Drainage Facilities to Serve Mar Bella Section 12B
- d) Water, Sanitary Sewer and Drainage Facilities to Serve Mar Bella Section 13A
- e) Clearing & Grubbing Ph1 and Drainage Swales to Serve League City Tract

(B) Bid Advertisement:

Were the competitive bidding statutes complied with in each of the construction contracts executed?

Yes.

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

- (ii) **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 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 49*

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

None.

(E) Developer Interest Reimbursement:

See Attachment 13 for a tabular breakdown of developer interests. The District has requested approval for more than 2 years interest in the bond application resolution.

(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. The District intends to purchase land for the detention share of Detention "E" in this bond issue in accordance with 293.44(a)(24). See Attachments 10 and 13 for purchaser's statement and interest and tax calculations for land, respectively.

- (ii) **Easements Outside the District's Boundaries: Does the District intend to purchase easements outside the District's boundaries?**

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?**

No.

- (iv) **Recreational-Facility Sites: Does the District intend to purchase sites for recreational facilities?**

Yes. The District intends to purchase land for the amenity share of Detention "A", "B", "C" in this bond issue in accordance with 293.44(a)(24). See Attachments 10 and 13 for purchaser's statement and interest and tax calculations for land, respectively.

- (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?

No.

SECTION 13 — MISCELLANEOUS INFORMATION

(A) Contracts with Professional Consultants:

Executed copies of contracts with the following consultants are included as Attachment 54:

- a. The Attorney
- b. The District Engineer
- c. The Financial Advisor
- d. The District Bookkeeper
- e. The Tax Assessor-Collector
- f. The Stormwater Pollution Prevention Consultant

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

Not Applicable. The City of League City is responsible for all inspections of new water and wastewater connections.

(C) Key Personnel:

i) **President, Board of Directors:**

Mr. Rusty Vidrine
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, Texas 77027
Attention: Mr. Greer Pagan
Phone: (713) 860-6417

ii) **Attorney:**

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

iii) **Financial Advisor:**

First Southwest Company, LLC
700 Milam Street, Suite 500
Houston, Texas 77002
Attention: Ms. Julie Peak
Phone: (713) 654-8638

v) **Tax Assessor-Collector:**

Assessments of the Southwest, Inc.
P.O. Box 1368
Friendswood, Texas 77549-1368
Attention: Ms. Delia Yanez
Phone: (281) 482-0216

vi) Bookkeeper:

Myrtle Cruz, Inc.
1621 Milam, 3rd Floor
Houston, Texas 77046
Attention: Ms. Dana Davis
Phone: (713) 759-1368

vii) Principal Developer:

Taylor Woodrow Communities – League City, Ltd.
5353 West Sam Houston Parkway N. Ste. 190
Houston, Texas 77041
Attention: Mr. Bobby Skinner
Phone: (281) 598-3000

viii) Engineer:

LJA Engineering, Inc.
2929 Briarpark Drive, Suite 600
Houston, Texas 77042-3703
Attention: Mr. Edmund D. Rucker, P.E.
Phone: (713) 953-5200

(D) Reporting Requirements:

Has the District submitted a current Directors' Registration Form?

Yes.

Has the District submitted a current District Information Form as required by Water Code Section 49.455?

Yes.

Has the District submitted a current Audit Report or Financial Dormancy Affidavit?

Yes.

(E) Name Signs:

Has the District posted at least two name signs, at two or more principal entrances to the District?

Both signs are posted on SH 96 near MarBella Parkway so that both east bound and west bound motorists can see them.

(F) Other Information:

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

A letter from the city of League City waiving requirements to inspect the facilities prior to purchase by the District in accordance with 293.69(h) is enclosed in the front folder of this report.