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Greg Lentz
Vice President

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September 25, 2015

Via E-mail: rebecca.underhill@leaguecity.com

Ms. Rebecca Underhill
Finance Director
City of League City
300 West Walker
League City, Texas 77573

**Re: Galveston County Municipal Utility District No. 46 (the "District")
\$4,200,000 Unlimited Tax Bonds, Series 2015
\$2,280,000 Unlimited Tax Park Bonds, Series 2015A**

Dear Rebecca:

The District is proposing to sell an aggregate of \$6,480,000 principal amount of unlimited tax bonds consisting of \$4,200,000 Unlimited Tax Bonds, Series 2015 to finance water, sewer and drainage facilities and \$2,280,000 Unlimited Tax Park Bonds, Series 2015A to finance recreational facilities (both series collectively referred to herein as the "Bonds"). Pursuant to the attached "Utility Agreement between the District and the City of League City" (the "Utility Agreement"), the District is required to obtain City of League City approval prior to the sale of 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 sale of the Bonds is under review by the staff of the Texas Commission on Environmental Quality (the "TCEQ"). We have attached a Resolution authorizing submittal of the bond application to the TCEQ and a cash flow analysis related to the financing for your review. The District is levying a total 2015 tax rate of \$0.98 per \$100 of taxable assessed valuation (\$0.89 for debt service and \$0.09 maintenance). The District's 2015 Taxable Assessed Valuation as of January 1, 2015 and Estimated Taxable Assessed Valuation as of September 1, 2015 as provided by the Galveston Central Appraisal District is \$245,075,239 (consisting of \$231,782,011 of certified value and \$13,293,228 of uncertified value) and \$287,968,235, respectively. The District's outstanding debt assuming issuance of the Bonds is \$29,585,000. **There is no tax rebate associated with the District.**

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The District would like to sell the Bonds as soon as the bond application is approved by the TCEQ, and in connection therewith, the District would like to obtain League City approval as soon as possible. I have also attached the Bond Application Report submitted to the TCEQ that includes a schedule showing the use of the proceeds from the Bonds. 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', with a stylized, flowing script.

Greg Lentz
Vice President

Enclosures

cc: Mr. Greer Pagan, Allen Boone Humphries Robinson LLP
Ms. Julie Peak, First Southwest Company, LLC