



April, 2016
RG-178

Galveston County M.U.D. No. 45 Second Bond Application Report



J. A. Carter, Jr.
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Water Supply Division

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Galveston County M.U.D. No. 45 Second Bond Application Report

Prepared by
Dannenbaum Engineering Corp

April, 2016

4341-82

BOND APPLICATION REPORT

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ABBREVIATIONS

The following abbreviations are used in the report:

ac – acres
Amt. – amount
AV – assessed valuation
BIR – bond-issue requirement
ESFC—equivalent single-family connection.
ETJ – extraterritorial jurisdiction
et.seq. – and the following ones
fps – feet per second
gpd – gallons per day
gpm – gallons per minute
mgd – million gallons per day
MUD – municipal utility district
TAC – Texas Administrative Code
TCEQ – Texas Commission on Environmental Quality

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 45
GALVESTON COUNTY
\$9,975,000
SECOND BOND ISSUE

SECTION 1 — GENERAL INFORMATION

(A) Laws, Elections, and Acreage:

- (i) **Authority Creating District:** Galveston County Municipal Utility District No. 45 was created by the Texas Commission on Environmental Quality on October 21, 2004.
- (ii) **Governing Law:** The District is operating under the authority of Chapters 49 and 54 of the Texas Water Code and is subjected to the jurisdiction of the Texas Commission on Environmental Quality under said chapters.
- (iii) **Confirmation Election:** The creation of the District was confirmed in an election on November 7, 2006 by a vote of 2 to 0. (Attachment 1)
- (iv) **Acreage:** At creation, the District contained 593.48 acres. Since the District was created, additional land has been annexed into the District as reflected below:

DATE	AREA ANNEXED	RESULTING DISTRICT AREA
April 4, 2006	256.382 acres	849.862 acres
November 16, 2006	65.44 acres	915.302 acres

- (v) **Boundary Map:** A current District boundary map is included as Attachment 3.

(B) Location:

Attachment 4 shows the location of the District with respect to the City of Houston.

SECTION 2 — PROPOSED BOND ISSUE

(A) Purpose:

The District proposes, with the proceeds from this bond issue, to provide water distribution, sanitary sewer collection, storm drainage and detention facilities for South Shore Boulevard, Phase 2; Hidden Lakes, Sections 2 (water only) and 3 Phase 2; Sections 4 and 5, Phase 1 and South Shore Boulevard, Phase 3; Section 7 & South Shore Boulevard, Phase 4; Section 8; and Lawrence Road (Phase 2) water, sewer, drainage and detention. Proceeds of this bond issue will also pay for developer interest and engineering fees for these projects, as well as those projects which were reimbursed in Bond Issue No. 1, and the expenses for bond issuance.

(B) Bond and Maintenance Tax Authorization:

(i) Bond Authorization:

On November 7, 2006, the voters of the District authorized issuance of \$94,000,000.00 in water, sewer and drainage bonds, \$6,500,000.00 in park bonds and \$61,000,000.00 in refunding bonds. A copy of the Order Calling and the Order Canvassing the election are included as Attachment 1.

Date of Election	Purpose	Amount Approved	Amount Cancelled
Nov. 7, 2006	Water, Wastewater, Drainage	\$94,000,000	0
	Park/Recreation	\$6,500,000	0
	Refunding	\$61,000,000	0

(ii) Maintenance Tax:

Date of Election	Purpose	Maximum Tax Approved (per each \$100 of AV)	Cancelled Prior Authorization
Nov. 7, 2006	General Operating	\$1.50	\$0.00

(C) Prior Bond Issues:

A. PRIOR BOND ISSUES

A total of \$9,000,000 in bonds have been issued to date in the District's first bond issue, leaving a balance of \$ 85,000,000 in authorized but unissued bonds.

Type of Bonds – Water, Wastewater, and Drainage Total Amount Authorized: 94,000,000			
BOND ISSUE NO.	TCEQ AMOUNT APPROVED	TCEQ ORDER DATE APPROVED	AMOUNT SOLD
1	\$9,000,000	28-July-2015	\$9,000,000
2	\$9,975,000		\$9,975,000
Total Bonds Sold (including proposed):			\$18,975,000
Remaining Authorized Bonds:			\$75,025,000

After the sale of the proposed \$9,975,000 second bond issue, \$75,025,000 in authorized but unissued bonds will remain for the development of water, wastewater and drainage facilities, or capacity in such facilities. In the opinion of the District's Engineer, the remaining voter authorized but unissued bonds are sufficient to complete development in the District.

(D) Type:

The voters of the District have approved unlimited tax bonds. The District seeks Commission approval to issue unlimited tax bonds.

(E) **Interest Rate:**

The District petitions the Commission's approval of a 4.50% interest rate for this proposed issuance of bonds.

(F) **Land-Use Plan:**

Attachment 6 shows proposed bond projects through this bond issue.

(G) **Recreational Facilities:**

No recreational facilities are being included in this bond issue.

(H) **Roads:** Does the District have authority to fund roads? _____ Yes **X** No.

Not at this time.

SECTION 3 — FACILITIES PROPOSED FOR FUNDING

(A) **Purchase of Existing Facilities and/or Assumption of Existing Contracts:**

CONTRACT DESCRIPTION	CONTRACTOR	PERCENT COMPLETE (DATE)	TOTAL CONTRACT AMOUNT	DISTRICT SHARE	
South Shore Boulevard – Phase 2	SER	100%	\$1,369,813.00	\$1,369,813.00	(1)
Hidden Lakes – Section 2 (water only)	SER	100%	\$1,610,527	\$246,453.00	(5)
Hidden Lakes, Section 3, Phase 2	Bay Utilities	100%	\$549,968.00	\$490,908.00	(2)
Hidden Lakes, Sections 4 & 5, Phase 1 & South Shore Boulevard, Phase 3	Bay Utilities	100%	\$565,304.12 \$602,427.00	\$565,304.12 \$602,427.00	(4)
Hidden Lakes, Section 7 and South Shore Boulevard, Phase 4	Triple B Services	100%	\$1,653,226.00	\$753,188.00	(3)
Hidden Lakes, Section 8	Bay Utilities	100%	\$931,249.00	\$857,490.00	(2)
Lawrence Road – Phase 2	Bay Utilities	100%	\$453,927.60	\$366,262.10	(6)

NOTES:

- (1) Water, sanitary sewer and storm sewer line trunks, which served the second phase of South Shore Boulevard.
- (2) Internal water, sanitary sewer and storm sewer line to serve residential subdivision to serve Sections 3, Phase 2 and Section 8.
- (3) Internal water, sanitary sewer and storm sewer line to serve residential subdivision. This is a portion of a larger Contract (\$1,653,226.00) which included Section 6, Bishop's Bridge and Hidden Lakes, Section 7 and South Shore Boulevard, Phase 4. Only Section 7 and South Shore Boulevard, Phase 4 are included in the Bond Issue. The balance of this contract will be reimbursed in a future Bond Issue.

- (4) Internal water, sanitary sewer and storm sewer line to serve residential subdivision. Section 3 - Phase 1 underground utilities (reimbursed in Bond Issue No. 1) was a portion of a larger contract which also included Sections 4 and 5 - Phases 1a and 1b. The total final contract amount was \$1,814,983.00.
- (5) This is a portion of a larger contract with SER, which provided water distribution, sanitary sewer and storm water collection. The sanitary sewer and storm water collection systems were reimbursed in Bond Issue No. 1. This reimbursement is for only the water distribution system.
- (6) This is for sanitary sewer, storm drainage and a detention basin to serve Lawrence Road and the adjacent Commercial Tracts. This contract also included paving work. The total contract was \$453,928.00, of which \$87,666.00 was for paving, resulting in a reimbursable amount of \$366,262.00.

(B) Facilities to be Constructed or Facilities Under Construction:

None

SECTION 4 — SUMMARY OF COSTS

ITEM	AMOUNT	DISTRICT'S SHARE ⁽¹⁾
I. CONSTRUCTION COSTS		
A. DEVELOPER CONTRIBUTION ITEMS		
1. Lawrence Road (Phase 2)	\$453,928.00	\$366,262.00 ⁽²⁾
2. South Shore Boulevard, Phase 2	\$1,369,813.00	\$1,369,813.00 ⁽³⁾
3. Hidden Lakes, Section 2 – Water Only	\$246,453.00	\$246,453.00 ⁽⁴⁾
4. Hidden Lakes, Section 3, Phase 2 & Section 8	\$1,348,398.00	\$1,348,398.00 ⁽⁵⁾
5. Hidden Lakes, Sections 4 & 5, Phase 1 and South Shore Blvd., Phase 3	\$1,167,731.00	\$1,167,731.00 ⁽⁶⁾
6. Hidden Lakes, Section 7 & South Shore Blvd., Phase 4	\$753,188.00	\$753,188.00 ⁽⁷⁾
7. Engineering, Material, Testing & Surveying	\$1,771,129.00	\$1,771,129.00 ⁽⁸⁾
TOTAL DEVELOPER CONTRIBUTION ITEMS (70.4% of BIR)	\$7,022,974.00	\$7,022,974.00
B. DISTRICT ITEMS		
1. Water and Sewer Impact Fees – Hidden Lakes, Sec. 6	\$259,175.00	\$259,175.00 ⁽⁹⁾
TOTAL DISTRICT ITEMS (2.6% of BIR)	\$259,175.00	\$259,175.00
TOTAL CONSTRUCTION COSTS (73% of BIR)	\$7,282,149.00	\$7,282,149.00
II. NONCONSTRUCTION COSTS		
1. Legal Fees (est. @ 2.4%)	\$ 239,500.00	\$ 239,500.00 ⁽¹⁰⁾
2. Fiscal Agent (2%)	\$ 199,500.00	\$ 199,500.00 ⁽¹¹⁾
3. Bond Discount (3%)	\$ 299,250.00	\$ 299,250.00 ⁽¹²⁾
4. Developer Interest	\$1,795,500.00	\$1,795,500.00 ⁽¹³⁾
5. Bond Application	\$ 74,000.00	\$ 74,000.00
6. AG/TCEQ (0.35%)	\$ 34,913.00	\$ 34,913.00
7. Bond Issuance Expenses	\$ 50,188.00	\$ 50,188.00 ⁽¹⁴⁾
TOTAL NONCONSTRUCTION COSTS (27% of BIR)	\$2,692,851.00	\$2,692,851.00
TOTAL BOND ISSUE REQUIREMENT	\$9,975,000.00	\$9,975,000.00

NOTES:

- (1) Since the District is rated, all items are to be reimbursed 100% by the District.
- (2) Costs for water, sewer, storm sewer and detention; the Contract included \$87,666.00 for paving which is not included.
- (3) Costs for water, sewer and storm sewer for Phase 2 of South Shore Boulevard.
- (4) Sewer & storm drainage were reimbursed in Bond Issue No. 1, only water distribution is included in this Bond Issue.
- (5) Water, sewer and storm drainage for Section 3, Phase 2 and Section 8 were in one construction contract.
- (6) Section 3, Phase 1 was reimbursed in Bond Issue No. 1 – this is the remainder of contract.
- (7) Part of a larger construction contract; only Section 7 and South Shore Blvd., Phase 4 will be reimbursed in this issue.
- (8) Engineering for construction items in Bond Issue Nos. 1 & 2.
- (9) Reimbursement of League City CRF expenses for MHI Homes in Section 6.
- (10) See Attachment 11 for calculation.
- (11) 2% of \$9,975,000.
- (12) 3% of \$9,975,000.
- (13) See Attachment 13. This is for a maximum of five years of developer interest for projects listed in Attachment 13 which were included in Bond Issue Nos. 1 & 2. This figure is computed as four years at 4.5% of the total bond issue amount. Additional developer interest will be due for other projects within Bond Issue Nos. 1 & 2. This will be paid in future bond issues, or from Surplus Funds. A letter from the District's Financial Adviser is included in Attachment 13 stating No Capitalized Interest is required.
- (14) Bond Issuance Expenses: Disclosure Council - \$7,500; Audit - \$20,000; Printing - \$15,000; Shipping/Delivery - \$5,000; Miscellaneous - \$2,688

SECTION 5 — DEVELOPMENT STATUS AND LAND USE

(A) Land-Use Table:

The following information represents development as of January 1, 2016.

LAND USES	ACREAGE	EQUIVALENT CONNECTIONS	
		EXISTING	PROJECTED
Developable Acreage:			
Developed from prior bond issues	145.48	205	288
To be developed from the bonds	141.53	136	296
Currently developed with facilities to be funded in future bonds:	56.15	33	93
Remaining developable acreage:	363.062	-	-
Clear Creek I.S.D.	135	200	200
Subtotal Developable Acreage:			
Undevelopable Acreage:			
Streets: South Shore Boulevard, Lawrence and Bishops			
Bridge, Roads:	21.7	-	-
Drainage Easements:	42.15	-	-
Parks, Recreational and Open Spaces			
Other: (Water Plant and Texas/New Mexico Easement)	<u>10.23</u>	-	-
Subtotal Undevelopable Acreage:			
Total	915.302	574	877

(B) Status of Development from Prior Bond Issues:

SECTION	TYPE OF DEVELOPMENT	NO. OF LOTS	ACREAGE	EQUIVALENT CONNECTIONS	
				EXISTING	AT FULL DEVELOPMENT
Hidden Lakes, Section 1	Single Family	98	28.29	66	98
Hidden Lakes, Section 2	Single Family	116	40.90	70	116
Hidden Lakes, Section 3, Phase 1	Single Family	74	16.71	69	74
South Shore Blvd., Phase 1	Road	N/A	17.43*	0	0
Linear Detention	Detention	N/A	18.53	0	0
Lawrence Road Detention	Detention	N/A	1.84	0	0
Sand Pit Detention	Detention	N/A	21.78	0	0
TOTALS		288	145.48	205	288

* Entire row – includes Phases 1, 2, 3 and 4

(C) Development from Proposed Bonds:

**PROPOSED DEVELOPMENT
(Proposed Bonds)****

SECTION	TYPE OF DEVELOPMENT	NO. OF LOTS	ACREAGE	EQUIVALENT CONNECTIONS	
				EXISTING	AT FULL DEVELOPMENT
Hidden Lakes, Section 4, Phase 1	Single Family	45	35.46	17	45
Hidden Lakes, Section 5, Phase 1	Single Family	69	20.05	44	69
Hidden Lakes, Section 3, Phase 2	Single Family	62	13.03	24	62
Hidden Lakes, Section 7	Single Family	52	39.34	23	57
Hidden Lakes, Section 8	Single Family	43	19.75	12	43
Lawrence Road Commercial	Commercial	N/A	13.9	16	20
TOTALS			141.53	136	296

** The proposed bonds include South Shore Boulevard, Phases 2, 3 and 4 which acreage was reflected in prior bonds

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

SECTION	TYPE OF DEVELOPMENT	NO. OF LOTS	ACREAGE	EQUIVALENT CONNECTIONS	
				EXISTING	AT FULL DEVELOPMENT
Bishop's Bridge Drive	Street/Recreation Open Space	0	6.74	0	5
Hidden Lakes, Section 6	Single Family	42	12.94	14	42
Hidden Lakes Commercial -	Commercial	0	17.39	5	30
South Shore Blvd., Reserve C	Unrestricted	0	1.68	0	2
Clear Creek ISD	School Campus	0	135	200	200
HEB	Commercial	<u>N/A</u>	<u>17.4</u>	<u>14</u>	<u>14</u>
TOTALS		42	191.15	233	293

(E) Historical Build-Out:

YEAR	TYPE OF DEVELOPMENT	NO. OF UNITS	ACREAGE/ RESERVES	SQUARE FOOTAGE	EQUIV. CONNECTIONS EXISTING	ULTIMATE
<u>2012</u>	Single Family	214	-	-	0	1,100
	Multi-Family	0	-	-	0	0
	Commercial	0	-	-	0	75
	Office/Schools	0	-	<u>500,000</u>	<u>200</u>	<u>200</u>
	TOTAL 2012	0	-	-		
<u>2013</u>	Single Family	214	-	-	20	1,100
	Multi-Family	0	-	-	0	0
	Commercial	0	-	-	0	75
	Office/Schools	0	-	<u>500,000</u>	<u>200</u>	<u>200</u>
	TOTAL 2013	0				
<u>2014</u>	Single Family	402	-	-	70	1,100
	Multi-Family	0	-	-	0	0
	Commercial	0	-	-	0	75
	Office/Schools	0	-	<u>500,000</u>	<u>200</u>	<u>200</u>
	TOTAL 2014	0				
<u>2015</u>	Single Family	642	-	-	160 (est.)	1,100
	Multi-Family	0	-	-	0	0
	Commercial	0	-	100,000	16	75
	Office/Schools	0	-	<u>500,000</u>	<u>200</u>	<u>200</u>
	TOTAL 2015	0				
<u>2016</u>	Single Family				339	615
	Multi-Family	0	-	-	0	0
	Commercial	0	-	120000	35	62
	Office/Schools	0	-	<u>500,000</u>	<u>200</u>	<u>200</u>
	TOTAL 2016	0			574	877
<u>2017</u>	Single Family				500 (est.)	725
	Multi-Family	0	-	-	0	0
	Commercial	0	-	200,000	50	75
	Office/Schools	0	-	<u>500,000</u>	<u>200</u>	<u>200</u>
	TOTAL 2017	0			750	1,000

(F) Floodplain Information:

A reproduction of the current Flood Insurance Rate Map (Panel Numbers 485470-0029C & 485470-0095C dated May 2, 1983 and 485488-0013D dated September 22, 1999) relevant to the District as published by the Federal Emergency Management Agency is included with this submittal as Attachment 18. The map has been modified to illustrate the District Boundary.

- (i) **What is being done (if anything) to remove the areas of the District, if any, currently in the official floodplain?** All areas for current development are out of the flood plain.
- (ii) **Are any of the improvements proposed for purchase or construction funding through the proceeds of this bond issue currently in the official floodplain?** Yes X No.

- (iii) Are areas currently in the official floodplain used in the build-out projections used to support this bond issue? Yes X No.
- (iv) Who is charged with maintaining minimum floor slab elevations in the District area?
City of League City.
- (v) Are any sites or easements to be funded in the bond issue currently in the floodplain?
 Yes X No.

SECTION 6 — SOURCE OF WATER SUPPLY, WASTEWATER TREATMENT FACILITIES, AND STORM-WATER DRAINAGE FACILITIES

(A) Water Supply:

(i) Water Supply Source

Ground Water: The District obtains all of its water supply from the City of League City ("League City"). Therefore, there are no on-site water wells.

Surface Water: The District does use surface water through its utility agreement and amendments with League City.

(ii) Water Supply Facilities Inventory

Water is provided by League City (See Attachment 22 and 45)

(iii) Interconnects

Water is provided by League City (See Attachment 22 and 45)

(iv) Leased or Purchased Capacity NOT APPLICABLE

(v) Special Considerations NOT APPLICABLE

(B) Wastewater Treatment Facilities:

All wastewater is provided by the League City in their Dallas Salmon wastewater plant (TCEQ Permit No. 10568-05). (See Attachment 29 and 45)

(i) Wastewater Flow per ESFC: 250 gpd

(ii) Leased or Purchased Capacity: All wastewater is provided by League City in their Dallas Salmon wastewater plant (TCEQ Permit No. 10568-05).

(iii) Special Considerations: All wastewater is provided by League City in their Dallas Salmon wastewater plant (TCEQ Permit No. 10568-05).

(C) Stormwater Drainage Facilities:

(i) Natural Drainage Patterns: The natural flow is from northwest to southeast.

(ii) Drainage System Improvements: Storm drainage is collected into storm sewers. This discharges to the projects detention basins which flow to Gum Bayou, then to Dickinson Bayou and ultimately, Galveston Bay.

(iii) Storm Water Quality Features: Permanent storm water quality facilities have been constructed as part of the drainage and detention facilities. Temporary storm water quality measures necessary for control of storm water quality associated with construction activities are included in individual construction contracts. Galveston County Municipal Utility District No. 45 is a party to the City of League City's MS4 Plan filed with the TCEQ.

SECTION 7 — BASIS OF DESIGN

(A) Conformity with Regulatory Requirements:

The facilities proposed for funding in this application are designed in accordance with the applicable criteria established by regulatory authorities unless otherwise noted.

- (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 No N/A X
- (iv) Galveston County Drainage District: Yes No N/A X
- (v) Commission Permit Required by Water Code 16.236:
Yes No N/A

(B) Oversizing:

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

SECTION 8 — FINANCIAL INFORMATION

The information in this section is provided by Robert W. Baird & Co., Inc. and Assessments of the Southwest, the District's Financial Advisor and Tax Assessor/Collector, respectively.

(A) Growth / No Growth

The economic feasibility of this bond issue is based on No-Growth (See Attachment 33).

The highest projected taxable value shown in the projections in the cash flow is \$141,339,147.00.

(B) Latest Certified Assessed Valuation: \$95,019,294.00 as of January 1, 2015. See Attachment 34 (a) for the Certificate of Latest Certified Assessed Valuation

(C) Latest Certified Estimate of Assessed Valuation: \$141,339,147 as of December 1, 2015.

See Attachment 35 for the Certificate of Latest Certified Estimate of Assessed Valuation.

(D) Historical Tax Data:

The following information is as of March 31, 2016.

YEAR COLLECTED	ASSESSED VALUATION	DEBT SERVICE TAX RATE	MAINTENANCE TAX RATE	AMOUNT COLLECTED	TOTAL
2011	\$19,716,340	0	1.00	\$197,163	100%
2012	\$18,315,836	0	1.00	\$183,158	100%
2013	\$20,151,332	0	1.00	\$201,513	100%
2014	\$47,420,613	0	1.00	\$474,196	99.99%
2015	\$95,019,294	0.10	0.90	\$892,730	93.95%

(E) Cash and Investment:

CASH AND INVESTMENT BALANCES	
As of April 5, 2016	
General Operating	\$1,392,158.13
Debt Service Fund	\$607,372.89
Capital Projects Fund	\$731,896.55

(F) Outstanding Indebtedness:

(i) Bond Issues:

Category	Outstanding Debt	Proposed Debt	Combined Debt	Debt Ratio based on Current Certified or Estimated Value
First Bond Issue Total	\$9,000,000	\$9,975,000	\$18,975,000	13.43%

(ii) Bond Anticipation Notes: NOT APPLICABLE

(iii) Tax-Anticipation Notes: NOT APPLICABLE

(iv) Other Obligations: None.

(G) Financial Feasibility (to Be Completed by All Districts):

Provide the following data to support the feasibility of the proposed bond issue as required by Commission Rule 293.59.

(i) Build-Out Projections: Is the feasibility of this bond issue based on growth? ___ Yes
___ **X** No. The District is rated, and the Bond Issue is based on No Growth.

(ii) Debt-Service Schedule:

See Attachment 31

(iii) **Revenue Projections:**

(a) Does the District intend to use net revenues from operations for debt service payments? ___ Yes X 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? ___ Yes X No.

(iv) **Operating Budget:** See Attachment 58.

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

NOT APPLICABLE. Bond issue is based on No-Growth.

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

See Attachment 33 (b). No-Growth Cash Flow.

(vii) **Cash-Flow Analysis for All Overlapping Taxing Entities Specifically Attributable to Water, Wastewater, Drainage, Firefighting, Recreation, or Roads:**
See Attachment 33 (c) - NOT APPLICABLE

(viii) **Combined Tax Rate:**

	Projected Tax Rate	No-Growth Tax Rate
District tax rate		
a. Debt service as shown in cash-flow analysis	\$ 0.82	\$ 0.82
b. Maintenance Tax ⁽¹⁾	\$ 0.11	\$ 0.11
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. Entity No. 1: (N/A)	\$ 0	\$ 0
2. Entity No. 2: (N/A)	\$ 0	\$ 0
b. Maintenance Tax		
1. Entity No. 1: (N/A)	\$ 0	\$ 0
2. Entity No. 2: (N/A)	\$ 0	\$ 0
Equivalent surcharge for water and wastewater, if any: (N/A)	\$ 0	\$ 0
If District is within a city, then indicate the portion of the city's tax rate specifically attributable to water, wastewater, drainage, or recreation:	\$ 0.06	\$ 0.06
Less any equivalent tax rebate:	\$ (0)	\$ (0)
TOTAL COMBINED TAX RATE	\$.99	\$.99

⁽¹⁾ The current District operating budget is shown in Attachment 58.

(ix) **Total Taxable Value of Area to be Taxed:** \$141,339,147 as of December 1, 2015. See Attachment 35 for Certificate of Latest Certified Estimate of Assessed Valuation.

(x) **Waiver of Special Appraisal:** See Attachment 34.

(xi) **Overlapping Tax Rates:** Provide a table indicating direct and overlapping taxes by the District and all overlapping taxing jurisdictions for the most current tax year and projected for the coming tax year if known to be different.

TAXING JURISDICTIONS	TAX YEAR	CURRENT TAX RATE PER \$100 VALUATION	PROJECTED TAX RATE PER \$100 VALUATION
Galveston County	2015	0.561247	0.561247
City of League City	2015	0.573500	0.573500
Clear Creek ISD	2015	1.400000	1.400000
Galveston County MUD No. 45	2015	1.000000 ⁽¹⁾	1.000000
Galveston County Road & Flood	2015	0.005753	0.005753
TOTAL		3.540500	3.540500

⁽¹⁾ \$0.10 debt service; \$0.90 maintenance

(H) Development Status:

Does the District have a developer as defined by Water Code Section 49.052(d)? X Yes
___ No.

(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): X Yes ___ No ___ Exempt.
2. Compliance with 293.59(k)(6)(B): X Yes ___ No ___ Exempt.
3. Compliance with 293.59(k)(6)(C): X Yes ___ No ___ Exempt.
4. Compliance with 293.59(k)(6)(D): X Yes ___ No ___ Exempt.
5. Compliance with 293.59(k)(6)(E): X Yes ___ No ___ Exempt.

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

(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. The District is served by League City.

(b) Does the District meet the condition of Commission Rule 293.59(l)(4) regarding 75% completion of all prior bond issues? X Yes ___ No.

(I) Market Information:

Paragraph II: A market study is not provided the reasons checked below: Respond as required. *The District must request such a waiver in its resolution (except in no-growth situation) and cite the applicable exemption in the Commission Rules. A copy of the Board Resolution and Letter from the Financial Adviser is included in Attachment 36.*

- _____ No growth is projected in determining the feasibility of this bond issue.
- X 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 in Attachment 50.
- X The District anticipates obtaining a credit enhanced rating (as such rating is defined in Commission Rule 293.47(b)(5)) 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 in Attachment 50.
- _____ The District has a level of debt (existing and proposed) of _____, and a certified assessed valuation of _____, the ratio of debt to assessed value being 10% or less.
- _____ The value of houses and/or buildings within the areas to be served by the proposed bond issue is 50% of the proposed value of houses and/or buildings shown in the projected tax rate calculations. The District must complete the following table:

SECTION 9 — SHARED FACILITIES

(A) **Inventory:**

The District does not intend to finance any facilities, which were or will be designed for entities or areas that are outside the boundaries of the District.

(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

See Volumes IV - IX

(A) **Plans:**

(i) **Construction Plans:** See Volumes IV - IX

(ii) **Plat:** See Volumes IV - IX

(B) **Contract Documents:**

See Volumes IV - IX

(C) **Construction Documents:**

See Volumes IV - IX, which include the following:

- a. Agreement between developer and district for funding, reimbursement, contract award and administration, and for use of facilities prior to Commission approval.
- b. Plans approved by all entities with jurisdiction.
- c. Specifications, including proposed contract documents, bid proposal, and bonds. If executed copies are available, proposed copies are not necessary.
- d. Letter approvals by other relevant review agencies.
- e. Publisher's affidavit or bid solicitations reflecting proper notification of bidding.
- f. Letter notifying Commission field office of bidding time and date.
- g. All addenda to the specifications.
- h. Bid summary and itemized bid tabulation.
- i. Engineer's recommendation of contract award with justification if low bidder not recommended.
- j. Specifications, including executed contract documents, bid proposal, and payment and performance bonds.
- k. Notice to proceed.
- l. All pay estimates.
- m. All change orders with revised plan sheets and approvals, if necessary.

- n. Water and wastewater line pressure test results and wastewater line deflection test results.
- o. Notice to Commission field office of final inspection.
- p. Final inspection report.
- q. Engineer's certificate of completion.
- r. Contractor's affidavit of bills paid.
- s. District acceptance of facilities.

(D) Checklist: See Volumes IV - IX

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)? X Yes No.

- (i) **Clearing and Grubbing:** NOT APPLICABLE
- (ii) **Spreading and Compacting of Fill:** NOT APPLICABLE
- (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? Yes X 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 Bond Issue includes funds for the purchase or construction of detention pond facilities which will hold water continuously for aesthetic or recreational purposes? Yes X No. But, there will be one in the future.
- (viii) **Floodplain Mitigation:** Does the project include funds for costs associated with the mitigation of floodplain areas? Yes X No.

(B) All Projects:

- (i) **Appraisals:** NOT APPLICABLE
- (ii) **Contract Revenue bonds:** Are the proposed bonds contract revenue bonds? Yes X 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? X Yes No.

SECTION 12 — MISCELLANEOUS CONSIDERATIONS

(A) Preconstruction Documents:

See Attachment 46.

(B) Bid Advertisement:

Was the competitive bidding statutes complied with in each of the construction contracts executed? X Yes ___ No. See Volumes IV- IX.

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

- (i) 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 will have a ratio of debt \$_____ existing debt as of _____ plus the proposed bond issue \$_____ for a total debt of \$_____ to certified assessed valuation \$_____ as of _____ of 10% or less prior to the sale of the proposed bond issue. If a build-out schedule is provided to support that the 10% ratio will be obtained and the feasibility is based on no growth, then clearly indicate such in the build-out schedule.

X 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 50.

___ The District anticipates obtaining a credit enhanced rating [as such rating is defined in Commission Rule 293.47(b)(5)] prior to the sale of the proposed bond issue.

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

NOT APPLICABLE

(E) Developer Interest Reimbursement:

Developer interest is being requested in this Bond Application for the oldest projects in Bond Issue No. 1, as well as this Bond Application. The District has agreed to reimburse the developer's interest for up to five years. See Attachment 13. A letter from the Financial Adviser is included in Attachment 13 stating No Capitalized Interest is required.

(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 X No. But will in future Bond Issues.

- (ii) **Easements Outside the District's Boundaries:** Does the District intend to purchase easements outside the District's boundaries? ___ Yes X 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? ___ Yes X No.
- (iv) **Recreational-Facility Sites:** Does the District intend to purchase sites for recreational facilities? ___ Yes X No, but it may in future bond issues.
- (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? ___ Yes X No.

SECTION 13 — MISCELLANEOUS INFORMATION

(A) **Contracts with Professional Consultants:**

See Attachment 55 for contracts with the District's Attorney, Engineer & Financial Advisor.

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

See Attachment 56.

(C) **Key Personnel:**

Name & Address

Attorney

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

(i) **Fiscal Agent**

Jan Bartholomew
Robert W. Baird & Co., Inc.
1331 Lamar, Suite 1360
Houston, Texas 77010
Direct: (713) 230-6121

(ii) **Operator**

City of League City
300 West Walker
League City, Texas 77573

(iii) **General Manager**

NOT APPLICABLE

(iv) **Tax Assessor-Collector**

Ms. Delia Yanez
Assessments of the Southwest
5 Oaktree
P. O. Box 1368
Friendswood, Texas 77459-1368

Direct: (281) 482-0216
Fax: (281) 482-5285

(v) Chief Appraiser,

Galveston Central Appraisal District
600 Gulf Freeway
Texas City, Texas 77591
Direct: (713) 474-4489

(vi) Principal Developer(s)

Empire Continental
10850 Richmond Avenue, Suite 130
Houston, Texas 77042
Office 713-267-9356
Fax 713-260-9602

United Development Funding
340 North Sam Houston Parkway East
Suite 264
Houston, Texas 77060

Sam Boyd Development
P. O. Box 4929
Horseshoe Bay, Texas 78657
Direct: (713) 816-2023

(vii) Engineer

Mr. Jack Carter, P.E.
Dannenbaum Engineering Corporation
3100 West Alabama St.
Houston, Texas 77098
Direct: (713) 520-9570

(viii) Bookkeeper

Ms. Dana Davis
Myrtle Cruz, Inc.
1621 Milam, 3rd Floor
Houston, Texas 77002-8017
Direct: (713) 759-1368
Fax: (713) 759-1264

(D) Reporting Requirements:

Has the District submitted a current Directors' Registration Form? X Yes ___ No.

Has the District submitted a current District Information Form as required by Water Code Section 49.455? X Yes ___ No.

Has the District submitted a current Audit Report or Financial Dormancy Affidavit?
 X Yes ___ No.

(E) Name Signs:

Has the District posted at least two name signs, at two or more principal entrances to the District? X Yes No.

Sign 1 SH 96 at South Shore Boulevard

Sign 2 SH 646 at South Shore Boulevard

(F) Other Information:

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

Note: