



January 31, 2017

Via E-mail: rebecca.underhill@leaguecity.com
Ms. Rebecca Underhill
Finance Director
City of League City
300 West Walker
League City, Texas 77573

Re: \$3,675,000 Galveston County Municipal Utility District No. 44
Unlimited Tax Bonds, Series 2017

Dear Ms. Underhill:

The Board of Directors of the Galveston County Municipal Utility District No. 44 (the "District") has authorized submission to the Texas Commission on Environmental Quality ("TCEQ") for the approval of the sale of Bonds to reimburse the developer in the District for the construction of underground utilities pursuant to an agreement between the District and the developer. The District has received approval from the TCEQ for the issuance of the Bonds, and the District will meet on February 7, 2017 to authorize its consultants to proceed with the issuance of its Unlimited Tax Bonds, Series 2017. The Bonds are the fifth installment of bonds issued by the District.

Under the terms of the Utility Agreement between the District and the City dated April 8, 2003, Bonds may be sold by the District only with the approval of the City Council. The terms and conditions of the Bonds and expenditure of funds are in compliance with the Utility Agreement. Therefore, the District respectfully requests Council consideration and approval at the earliest possible Council Meeting.

The following information has been included for staff review:

1. Debt service schedule on the proposed Series 2017 Bonds;
2. Cash flow showing economic feasibility – all debt;
3. Tentative Schedule of Events.

Proceeds of the sale of the Bonds will be used for:

1. Drainage improvements to serve Tuscan Lakes Development SE Quadrant, Phase 2
2. Water, wastewater, and drainage facilities serving the following developments within the District: Tuscan Lakes Development SF 50-1 SE Quadrant, SF 50-3-1 SE Quadrant, SF 50-3-2 SE Quadrant; The Village at Tuscan Lakes Section 1, Section 2, Phases 1, 2, & 3;
3. Engineering, geotechnical, surveying, and stormwater consulting for said items;
4. Land acquisition costs;
5. Retiring a bond anticipation note plus any accrued interest;

6. Certain financing, legal and other costs related to the issuance of the Bonds.

It is anticipated that the issuance of the Bonds will result in no increase to the District's adopted 2016 tax rate of \$0.80 per \$100 of taxable assessed valuation, split into \$0.64 for debt service and \$0.16 for maintenance. The District's 2016 Certified Assessed Valuation as provided by the Galveston Central Appraisal District is \$155,041,488 as of January 1, 2016.

Thank you very much for your consideration of our request. If you have any questions, please do not hesitate to call me at 713/853-0884.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Matthew E. Dustin". The signature is fluid and cursive, with the first name "Matthew" being more prominent than the last name "Dustin".

Matthew E. Dustin
Vice President

cc: Ms. Lonna Stein City of League City
 Ms. Angie Lutz Allen Boone Humphries Robinson, LLP

Enclosure