

ENGINEERING REPORT
FOR
GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 44
BOND ISSUE NO. 4
\$3,675,000

JOB NO. 1788-0014

June 2016

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BOND APPLICATION REPORT FORMAT
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GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT 44
GALVESTON COUNTY
\$3,675,000
BOND ISSUE NO. 4

SECTION 1 — GENERAL INFORMATION

(A) Laws, Elections, and Acreage:

- (i) Authority Creating District:** Created by Order of the Texas Commission on Environmental Quality dated August 10, 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 at the November 2, 2004 confirmation and bond election.
- (iv) Acreage:** GCMUD No. 44 consisted of 435.429 acres at the time of creation on August 10, 2004. On February 20, 2007, 1.50 acres were annexed to the district to complete a total of 436.929 acres. See Attachment 2.
- (v) Boundary Map:** See Attachment 3.

(B) Location:

GCMUD No. 44 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 generally bounded on the east by Tuscan Lakes Boulevard, on the south by FM 646 and on the west by Dickinson Avenue. The district is located in the Perry and Austin Lower League, Abstract 19, City of League City, Galveston County, Texas. See Attachment 4.

SECTION 2 — PROPOSED BOND ISSUE

(A) Purpose:

The purpose of Bond Issue No. 4 is to reimburse the developer for the construction of water, sanitary sewer and drainage facilities that were constructed to serve GCMUD No. 44. These facilities include the following: water, sanitary sewer and drainage facilities to serve Tuscan Lakes Development SF 50–1 Southeast Quadrant; water, sanitary sewer and drainage facilities to serve Tuscan Lakes Development SF 50-3-1 Southeast Quadrant; water, sanitary sewer and drainage facilities to serve the Village at Tuscan Lakes Section 1; water, sanitary sewer and drainage facilities to serve Tuscan Lakes Development SF 50-3-2 Southeast Quadrant; water, sanitary sewer and drainage facilities to serve the Village at Tuscan Lakes Section 2-1; water, sanitary sewer and drainage facilities to serve the Village at Tuscan Lakes Section 2-3; Phase Two Drainage Improvements to serve Tuscan Lakes Southeast Quadrant. In addition, a portion of the funds from the proposed bond issue will be used for land costs for the Phase Two Drainage Improvements.

(B) Bond and Maintenance Tax Authorization:

(i) Bond Authorization:

Date of Election	Purpose	Amount Approved	Amount Canceled
11-2-04	Water, Wastewater, Drainage	\$67,200,000	None
11-2-04	Parks & Recreational	\$4,000,000	None
11-2-04	Refunding	\$33,600,000	None

(ii) Maintenance Tax:

On November 2, 2004 the voters within GCMUD No. 44 authorized the issuance of \$67.2 million in bonds to finance the costs of the water, sanitary sewer and drainage facilities; authorized the issuance of \$33.6 million in refunding bonds; authorized the issuance of \$4 million in parks and recreational bonds; and authorized the District to levy and collect an operation and maintenance tax not to exceed \$1.25 per \$100 valuation on all taxable property within the District. The order canvassing returns was provided in a prior bond issue.

Date of Election	Purpose	Maximum Tax Approved (per each \$100 of AV)	Cancelled Prior Authorization
11-2-04	General Operating/Recreational	\$1.25	None

(C) **Prior Bond Issues:**

Type of Bonds—Water, Wastewater and Drainage Total Amount Authorized: \$67,200,000			
Bond Issue No.	TCEQ Amount Approved	TCEQ Order Date Approved	Amount Sold
1	\$3,870,000	11/18/2009	\$3,870,000
2	\$3,150,000	03/09/2012	\$3,150,000
3	\$3,500,000	04/04/2014	\$3,500,000
4 (proposed)	\$3,675,000	Pending	\$3,675,000
Total Bonds Sold:			\$14,195,000
Remaining Authorized Bonds:			\$53,005,000

(D) **Type:**

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

(E) **Interest Rate:**

An interest rate of 5.25% is proposed for analyzing the feasibility of the proposed bond issue.

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

See Attachment 6.

(G) **Recreational Facilities:**

The bond issue does not include funding for recreational facilities.

(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>Contract Description</u>	<u>Contractor</u>	<u>Percent Complete/ Date</u>	<u>Total Contract Amount</u>	<u>Amount Subject to District Share</u>
WS&D to Serve Tuscan Tuscan Lakes Development SF 50-1 Southeast Quadrant	Abyss Construction, LP	100% 9/27/2007	\$342,159.20	\$342,159.20 ⁽¹⁾
WS&D to Serve Tuscan Tuscan Lakes Development SF 50-3-1 Southeast Quadrant	Hurtado Construction, LLC	100% 8/16/2010	\$314,809.90	\$314,809.90 ⁽²⁾
WS&D to Serve the Village at Tuscan Lakes Section 1	Terbo Construction, LP	100% 5/8/2006	\$515,113.85	\$453,300.19 ⁽³⁾
WS&D to Serve Tuscan Tuscan Lakes Development SF 50-3-2 Southeast Quadrant	Monarch Civil Constructors, LLC	100% 10/7/2013	\$233,054.30	\$233,054.30 ⁽⁴⁾
WS&D to Serve the Village at Tuscan Lakes Section 2-1	Reddico Construction	100% 11/28/2006	\$268,345.33	\$268,345.33 ⁽⁵⁾
WS&D to Serve the Village at Tuscan Lakes Section 2-3	Reddico Construction	100% 6/8/2010	\$240,485.21	\$240,485.21 ⁽⁶⁾
Phase Two Drainage Improvements to Serve Tuscan lakes Southeast Quadrant	Big State Excavation, Inc.	100% 8/8/2007	\$582,654.40	\$264,570.20 ⁽⁷⁾

Notes:

(1) The WS&D cost is based on the original contract amount (\$438,354.20) plus change order no. 1 (\$1,500.00) for the conversion of a junction box to a type "A" inlet minus (-\$1,850.00) which was paid by the contractor's bonding and insurance company due to the fact that the contractor went out of business before the project was complete minus final quantity adjustments of (-\$95,845.00).

(2) The WS&D cost is based on the original contract amount (\$331,202.10) plus change order no. 1 (\$66,845.70) for off-site sanitary sewer plus change order no. 2 (\$940.00) for the removal of a coffer dam and installation of 18" thick concrete rip rap plus change order no. 3 (\$3,050.00) for additional concrete slope paving at outfall pipe to interim drainage ditch minus final quantity adjustments of (-\$87,227.90). The off-site sanitary sewer was originally planned to be constructed by separate contract (Lago Nicola Lane Phase 2), but was added to the scope of work due to the project was split into two phases. Bids were accepted for Lago Nicola Lane Phase 2 and unit prices from that bid were used in change order no. 1.

(3) The WS&D cost is based on the original contract amount (\$612,613.85) minus final quantity adjustments of (-\$97,500.00). The District is seeking reimbursement for 88% of all construction costs and consultant fees in this bond issue. The remaining 12% will be requested in a future bond issue.

(4) The WS&D cost is based on the original contract amount (\$264,949.46) minus final quantity adjustments of (-\$31,895.16).

(5) The WS&D cost is based on the original contract amount (\$291,602.05) plus change order no. 1 (\$0.00) to add signature blocks to the Special Conditions plus change order no. 2 (\$8,323.15) to add 42" RCP storm sewer minus change order no. 3 for final quantity adjustments of (-\$31,579.87). Village at Tuscan Lakes Section 2 was designed as one section, but constructed in two phases. The District is seeking reimbursement for 100% of all construction costs for Phase 1 and 52% of consultant fees in this bond issue. The construction costs for Phase 3 and the remaining 48% of consultant fees will also be requested in this bond issue. Please note that per the recorded plats, Phase 2 only includes Lots. The infrastructure and paving for the Lots in Phase 2 was included in the construction for Phase 1.

(6) The WS&D cost is based on the original contract amount (\$276,590.35) plus change order no. 1 (\$10,026.50) to add storm water pollution prevention controls plus change order no. 2 (\$1,423.05) to remove miscellaneous debris during construction plus change order no. 3 (\$700.00) to make repairs to existing utilities damaged during construction minus final quantity adjustments of (-\$48,254.69). The District is seeking reimbursement for 100% of all construction costs for Phase 3 and 48% of consultant fees in this bond issue. The construction costs for Phase 1 and the remaining 52% of consultant fees will also be requested in this bond issue. Please note that per the recorded plats, Phase 2 only includes Lots. The infrastructure and paving for the Lots in Phase 2 was included in the construction for Phase 1.

(7) The WS&D cost is based on the original contract amount (\$587,837.65) plus change order no. 1 (\$38,560.00) to add tunneling for the storm sewer under the existing pipeline plus change order no. 2 (\$9,645.00) to add additional water line to serve the District plus change order no. 3 (\$64,000.00) to add additional tunneling for the storm sewer under the existing pipeline minus paving items for the Developer (\$53,541.00) minus final quantity adjustments of (\$63,847.25). The District is seeking reimbursement for 50% of all construction costs and consultant fees in this bond issue. The remaining 50% of construction costs and consultant fees will be requested in a future bond issue.

(B) Facilities to be Constructed:

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

SECTION 5 — DEVELOPMENT STATUS AND LAND USE

The following information represents development as of January 2016.

(A) Land-Use Table:

<u>Land Uses</u>	<u>Acreage</u>	As of January 2016 <u>Equivalent Connections</u>	
		<u>Active</u>	<u>Projected</u>
Total District Acreage:			
1. Developed from the Prior Bond Issues	45.00	183	183
2. To Be Developed from the proposed Bonds	65.66	294	294
3. Currently Developed with Facilities to be funded by Future Bonds	166.67	221	555
4. Remaining Developable Acreage	53.23	0	913
5. Undevelopable Acreage:			
a. Streets	0.0 ¹	0	0
b. Drainage Easements	76.10 ²	0	0
c. Reserves	2.90 ³	0	0
d. Lift Station	0.07	0	0
e. Other	27.30 ⁴	23	23
TOTALS	436.929	721	1,968

¹ No street plats used. Acreage included in section plats.

² Includes all existing and proposed drainage easements.

³ Nature preserve on Hewitt Street and smaller reserves from section plats.

⁴ Includes Village at Tuscan Lakes Recreation Center (3.90 ac, 8 ESFC); Eastern Regional Park (23.40 ac, 15 ESFC)

(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>
Tuscan Lakes COM 4 Lot 1 (JSC Credit Union) ²	Commercial	N/A	1.75	3	3
Tuscan Lakes COM 4 Lots 2&4 (L.A. Fitness, Smoothie Factory Tuscan Nail, Sunkissed Tan) ²	Commercial	N/A	8.32	16	16
Tuscan Lakes COM 4 Lot 3 (Future) ²	Commercial	N/A	1.40	-	-
Tuscan Lakes COM 3 Res B (CVS Pharmacy) ²	Commercial	N/A	1.97	5	5
Tuscan Lakes COM 3 Res A (Children's Learning) ²	Commercial	N/A	1.72	8	8

Tuscan Lakes COM 9-A Lot 1 (Valero) ²	Commercial	N/A	2.08	10	10
Tuscan Lakes COM 9-A Lot 2 (Tuscan Lakes Family Dentstry, Nail Salon, Today's Vision, Bahama Bucks) ¹	Commercial	N/A	1.62	9	9
Villas at Tuscan Lakes MF-4 2	Multi Family	N/A	14.64	124	124
Tuscan Lakes COM 8 (Watershed Church) ²	Commercial	N/A	11.5	8	8

Totals		N/A	45.00 ⁽¹⁾	183	183
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Notes:

¹ Platted acreage for section only. Reserves are accounted for separately and are shown above in Section A.

² Project shown for accurate accounting of ESFCs. The District will reimburse trunk facilities that serve this development, but not the internal private facilities. Trunk facilities were reimbursed in a prior bond issue.

(C) Development from Proposed Bonds:

SECTION	TYPE OF DEVELOPMENT	NO. OF LOTS	EQUIVALENT CONNECTIONS		
			ACREAGE	ACTIVE	AT FULL DEVELOPMENT
SF 50-1 to Serve Tuscan Lakes Development	Single Family	84	18.49	84	84
SF 50-3-1 to Serve Tuscan Lakes Development	Single Family	31	6.21	31	31
SF 50-3-2 to Serve Tuscan Lakes Development	Single Family	19	5.79	19	19
Village at Tuscan Lakes Section One	Single Family	93	19.29	93	93
Village at Tuscan Lakes Section Two, Phase One	Single Family	0	3.35	0	0
Village at Tuscan Lakes Section Two, Phase Two	Single Family	14	2.28	14	14
Village at Tuscan Lakes Section Two, Phase Three	Single Family	53	10.25	53	53
Totals		294	65.66 ⁽¹⁾	294	294

Notes:

¹ Platted acreage for section only. Reserves are accounted for separately and are shown above in Section A.

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

SECTION	TYPE OF DEVELOPMENT	NO. OF LOTS	EQUIVALENT CONNECTIONS		
			ACREAGE	ACTIVE	AT FULL DEVELOPMENT
SF 50-4-1 to Serve Tuscan Lakes Development	Single Family	24	5.39	23	24
SF 50-4-2 to Serve Tuscan Lakes Development	Single Family	24	4.60	24	24
SF 50-5 to Serve Tuscan Lakes Development	Single Family	35	8.80	0	35
SF 50-6 to Serve Tuscan Lakes Development	Single Family	55	14.10	0	55
SF 55-1 & 60-1 to Serve Tuscan Lakes Development	Single Family	61	16.7	31	61
SF 55-2 & 60-2 to Serve Tuscan Lakes Development	Single Family	62	17.6	0	62
SF 55-3 & 60-3 to Serve Tuscan Lakes Development	Single Family	92	23.3	0	92
SF 55-4 to Serve Tuscan Lakes Development	Single Family	4	23.3	1	4
Village at Tuscan Lakes Section Three, Phase One	Single Family	19	6.90	16	19
Village at Tuscan Lakes Section Three, Phase Two	Single Family	86	22.28	24	86
Village at Tuscan Lakes Section Four, Phase One	Single Family	42	8.02	42	42
Village at Tuscan Lakes Section Four, Phase Two	Single Family	51	10.38	51	51
City Park II (Future)	Recreation	N/A	5.3	-	-
Totals		555	166.67 ⁽¹⁾	212	555

Notes:

¹ Platted acreage for section only. Reserves are accounted for separately and are shown above in Section A.

(E) Historical Build-Out:

Year	Type of Development	# of Units	Acreage of Reserves	Square Footage	Active Connections	Ultimate Connections
2010	Single Family	--	--	--	154	275
	Multi Family	--	--	--	--	--
	Commercial	--	--	--	29	29
	Office	--	--	--	--	--
	Other	--	--	--	8	8
2011	Single Family	--	--	--	196	275
	Multi Family	--	--	--	124	124
	Commercial	--	--	--	32	32
	Office	--	--	--	--	--
	Other	--	--	--	--	--
2012	Single Family	--	--	--	224	275
	Multi Family	--	--	--	124	124
	Commercial	--	--	--	34	34
	Office	--	--	--	--	--
	Other	--	--	--	31	31
2013	Single Family	--	--	--	314	550
	Multi Family	--	--	--	124	124
	Commercial	--	--	--	43	67
	Office	--	--	--	--	--
	Other	--	--	--	31	31
2014	Single Family	--	--	--	406	550
	Multi Family	--	--	--	124	124
	Commercial	--	--	--	58	67
	Office	--	--	--	--	--
	Other	--	--	--	31	31
2015	Single Family	--	--	--	498	550
	Multi Family	--	--	--	124	124
	Commercial	--	--	--	67	67
	Office	--	--	--	--	--
	Other	--	--	--	31	31

(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 4854880010 E and 4854880013 D, dated September 22, 1999 for Galveston and Harris Counties. 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:** GCMUD No. 44 obtains water from an existing 24” water line, along Louisiana Street and Hewitt Street between League City Parkway, FM 270 and Webster Street, that is 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). The Utility Agreement between GCMUD No. 44 and the City of League City was provided in a prior bond issue.

(ii) **Water Supply Facilities Inventory:**

Capacity: The City of League City

Facility	Existing Capacity	Proposed Capacity	Total Capacity	Criteria	District's % Share (ESFC Capacity)
Wells	9.0 mg	0 mg	9.0 mgd	0.6 gpm/ESFC	1,968 ESFCs
Ground Storage	4.26 mg	0 mg	4.26 mg	200 gal/ESFC	1,968 ESFCs
Elevated Storage	2.4mg	0 mg	2.4mg	100 gal/ESFC	1,968 ESFCs
Booster Pump	17,450 gpm	0 mg	17,450 gpm	300 gal/ESFC	1,968 ESFCs

- (iii) **Interconnects:** GCMUD No. 44 has no interconnect with any other public water supply system existing or proposed at this time. GCMUD No. 44 obtains all of its water supply from the City of League City.
- (iv) The Utility Agreement between GCMUD No. 44 and the City of League City was provided in a prior bond issue.
- (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. 44 and the City of League City.

(B) Wastewater Treatment:

- (i) **Wastewater Treatment Facilities:** The wastewater generated within the District will flow by gravity through an internal network of wastewater collection lines and tie into an existing lift station along Hewitt Street. 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 1,968. The wastewater generated by this development is estimated as 590,400 gpd (average dry weather flow) and 2,361,600 gpd (average wet weather flow).
- (ii) GCMUD No. 44 wastewater flows are based on a daily rate of 300 gpd/ESFC.
- (iii) The Utility Agreement between GCMUD No. 44 and the City of League City is included in Attachment 17.
- (iv) There are no special conditions or circumstances.
- (v) 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. 44 and the City of League City.

(C) Storm-Water Drainage Facilities:

- (i) Prior to development, undeveloped storm runoff was conveyed over land into roadside ditches and would eventually outfall into Robinson Gully.
- (ii) Storm water runoff within the District is routed through a curb and gutter street system to collector lines that outfall into detention basins throughout the District and ultimately into Robinson Gully.
- (iii) Future detention basins will be funded in future bond issues. The Master Drainage Study was provided in a prior bond issue.
- (iv) An ordinance was passed recently in League City that requires all new development or any significant redevelopment to have some type of structural pollution prevention controls in place as part of a storm water quality feature. No storm water quality facilities are being proposed in this Bond Issue.

SECTION 7 — BASIS OF DESIGN

(C) 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.

(C) 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 projected taxable value shown in the cash flow schedule is \$150,402,567.

(B) Latest Certified Assessed Valuation: \$122,148,333 as of January 1, 2015. See Attachment 33.

Latest Certified Estimate of Assessed Valuation: \$150,402,567 as of January 1, 2016. See Attachment 34.

(C) Historical Tax Data: (This information is provided by the District's tax assessor)

The following information is as of February 29, 2016.

YEAR COLLECTED	ASSESSED VALUATION	DEBT SERVICE TAX RATE	MAINTENANCE TAX RATE	AMOUNT COLLECTED	TOTAL
2015	\$122,148,333	0.67	0.13	\$937,261.14	96.08%
2014	\$96,053,812	0.67	0.13	\$768,430.50	99.94%
2013	\$77,388,014	0.63	0.17	\$619,104.11	99.99%
2012	\$65,099,272	0.75	0.05	\$520,476.00	99.99%
2011	\$57,694,375	0.47	0.33	\$461,451.69	100.00%

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

CASH AND INVESTMENT BALANCES As of <u>(March 1, 2016)</u>	
General Operating	\$ 36,894.61
Debt Service Fund	\$ 497,234.39
Capital Projects Fund	\$ 390,676.13
Total	\$ 924,805.13

(E) Outstanding Indebtedness:

(i) Bond Issues:

Category	Outstanding Debt	Proposed Debt	Combined Debt	Debt Ratio based on Current Certified or Estimated Value
Water, Wastewater, and Drainage	\$10,015,000	\$3,675,000	\$13,690,000	9.10%
Roads	N/A	N/A		
Firefighting	N/A	N/A		
Recreational	N/A	N/A		
Totals	\$10,015,000	\$3,675,000	\$13,690,000	

(ii) Bond-Anticipation Notes:

This bond issue includes a BAN. All BAN documentation will be supplemented as Attachment 28 after the sale.

(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?

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 at Attachment 57.

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

N/A

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

See Attachment 32(b).

(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	\$ 0.67	\$ 0.67
b. Maintenance Tax	\$ 0.13	\$ 0.13
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	N/A
2. Entity No. 2:	N/A	N/A
b. Maintenance Tax		
1. Entity No. 1:	N/A	N/A
2. Entity No. 2:	N/A	N/A
Equivalent surcharge for water and wastewater, if any: If District is within a city, then indicate the portion of the city's tax rate specifically attributable to water, wastewater, drainage, or recreation: Less any equivalent tax rebate:		
	\$ 0.0622	\$ 0.0622
	N/A	N/A
TOTAL COMBINED TAX RATE	\$ 0.8622	\$ 0.8622

(ix) **Total Taxable Value of Area to be taxed: \$ 122,148,333 as of January 1, 2015.**

See Attachment 33.

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

This was included with a prior bond issue.

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

Taxing Jurisdictions	2015 Tax Rate Per \$100 Valuation	Projected Tax Rate Per \$100 Valuation
City of League City	\$ 0.597000	\$ 0.573500
Dickinson Independent School District	\$ 1.540000	\$ 1.540000
Galveston County	\$ 0.599915	\$ 0.561247
College of Mainland	\$ 0.225970	\$ 0.202307
Galveston County Road & Flood	\$ 0.008855	\$ 0.005753
GCMUD No. 44	<u>\$ 0.800000</u>	<u>\$ 0.800000</u>
Total Overlapping Tax Rate	\$ 3.771740	\$ 3.682807

(G) Development Status:

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

Yes.

(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. ☒ **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. ☒ **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). ☒ **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. ☒ **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. ☒ **Yes** ☐ **No** ☐ **Exempt**

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

Paragraphs (a) and (b) shown below do not apply because certain exemption criteria listed in 293.59(k)(11) have been met. Specifically, criteria listed under 293.59(k)(11)(C) has been met. The District is providing water, wastewater, and drainage facilities and the combined no-growth tax rate of all overlapping entities specifically attributable to water, sewage, drainage, recreation facilities does not exceed \$1.50 per \$100 assessed valuation.

(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? N/A

(b) Does the District meet the condition of Commission Rule 293.59(1)(4) regarding 75% completion of all prior bond issues? N/A

(H) Market Information:

Paragraph II: A market study is not being provided because:

 X No Growth is projected in determining the feasibility of this bond issue.

 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 a labeled Attachment.

 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 as a labeled Attachment.

 The District will have a level of debt (existing and proposed) of \$10,015,000, and a certified assessed valuation of at least \$150,402,567 at the time bonds are sold, 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:

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) W,S&D To Serve Tuscan Lakes Development SF 50-1 Southeast Quadrant
- (b) W,S&D To Serve Tuscan Lakes Development SF 50-3-1 Southeast Quadrant
- (c) W,S&D To Serve Village at Tuscan Lakes Section 1
- (d) W,S&D To Serve Tuscan Lakes Development SF 50-3-2 Southeast Quadrant
- (e) W,S&D To Serve Village at Tuscan Lakes Section 2-1
- (f) W,S&D To Serve Village at Tuscan Lakes Section 2-3
- (g) Phase Two Drainage Improvements to Serve Tuscan Lakes Southeast Quadrant

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

- (a) Tuscan Lakes SF 50-1 SE (Contains platted R.O.W. for WS&D).
- (b) Tuscan Lakes SF 50-3-1 SE (Contains platted R.O.W. for WS&D).
- (c) Village at Tuscan Lakes Section 1 (Contains platted R.O.W. for WS&D and Drainage Detention Reserve for South Detention Basin to Serve Village at Tuscan Lakes).
- (d) Tuscan Lakes SF 50-3-2 SE (Contains platted R.O.W. for WS&D).
- (e) Village at Tuscan Lakes Section 2-1 (Contains platted R.O.W. for WS&D and Drainage Detention Reserve for North Detention Basin to Serve Village at Tuscan Lakes).
- (f) Village at Tuscan Lakes Section 2-2 (Contains acreage for Lots).
- (g) Village at Tuscan Lakes Section 2-3 (Contains R.O.W. for WS&D).
- (h) Tuscan Lakes SF 55-1 & 60-1 SE (Contains platted R.O.W. for WS&D and Drainage Detention Reserve for Phase Two Drainage Improvements to Serve Tuscan Lakes Southeast Quadrant).
- (i) Tuscan Lakes SF 55-2 & 60-2 SE (Contains platted R.O.W. for WS&D and Drainage Detention Reserve for Phase Two Drainage Improvements to Serve Tuscan Lakes Southeast Quadrant). (*Plat is currently in the recordation process*)

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

- (a) W,S&D To Serve Tuscan Lakes Development SF 50-1 Southeast Quadrant
- (b) W,S&D To Serve Tuscan Lakes Development SF 50-3-1 Southeast Quadrant
- (c) W,S&D To Serve Village at Tuscan Lakes Section 1
- (d) W,S&D To Serve Tuscan Lakes Development SF 50-3-2 Southeast Quadrant
- (e) W,S&D To Serve Village at Tuscan Lakes Section 2-1
- (f) W,S&D To Serve Village at Tuscan Lakes Section 2-3
- (g) Phase Two Drainage Improvements to Serve Tuscan Lakes Southeast Quadrant

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

- (a) W,S&D To Serve Tuscan Lakes Development SF 50-1 Southeast Quadrant
- (b) W,S&D To Serve Tuscan Lakes Development SF 50-3-1 Southeast Quadrant
- (c) W,S&D To Serve Village at Tuscan Lakes Section 1
- (d) W,S&D To Serve Tuscan Lakes Development SF 50-3-2 Southeast Quadrant
- (e) W,S&D To Serve Village at Tuscan Lakes Section 2-1
- (f) W,S&D To Serve Village at Tuscan Lakes Section 2-3
- (g) Phase Two Drainage Improvements to Serve Tuscan Lakes Southeast Quadrant

(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:

Not applicable.

(ii) Spreading and Compacting of Fill:

The project, Phase Two Drainage Improvements to Serve Tuscan Lakes Southeast Quadrant, included spreading and compacting of fill. The detention basin is strictly designed and utilized for detention purposes only and does not include any amenity items. The District should reimburse the spreading and compacting of fill in accordance with 293.44(a)(4).

(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?

Not applicable

(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. A copy of the Utility Agreement and most recently amended capital recovery fee ordinance were included in a prior bond issue. See footnotes in section 4 for capital recovery fees proposed to be purchased in this bond issue.

SECTION 12 — MISCELLANEOUS CONSIDERATIONS

(A) Preconstruction Documents:

Copies of the following preconstruction agreements were provided in a previous bond issue.

- (a) W,S&D To Serve Tuscan Lakes Development SF 50-1 Southeast Quadrant
- (b) W,S&D To Serve Tuscan Lakes Development SF 50-3-1 Southeast Quadrant
- (c) W,S&D To Serve Village at Tuscan Lakes Section 1
- (d) W,S&D To Serve Tuscan Lakes Development SF 50-3-2 Southeast Quadrant
- (e) W,S&D To Serve Village at Tuscan Lakes Section 2-1
- (f) W,S&D To Serve Village at Tuscan Lakes Section 2-3
- (g) Phase Two Drainage Improvements to Serve Tuscan Lakes Southeast Quadrant

(B) Bid Advertisement:

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

Yes. See Attachment 46.

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

The District is requesting a *conditional exemption* from the requirement to obtain a 30% contribution from the developer on certain construction contracts on the anticipation of one of the following conditions being met:

- ☒ X The District will have a ratio of debt [\$10,015,000 existing debt plus the proposed bond issue \$3,675,000 for a total debt of \$13,690,000] to certified assessed valuation [\$150,402,567 projected/estimated as of January 1, 2016] of 10% or less.
- ☐ 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 a *labeled Attachment*.
- ☐ 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 as a *labeled Attachment*.

(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.

(F) Land and Easement Acquisition:

- (i) Storm-Water Detention Facilities: Does the District intend to purchase easements or sites for storm-water detention facilities?**

No.

- (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?**

No.

(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 Financial Advisor
- c. The Tax Assessor-Collector
- d. The District Bookkeeper
- e. The District Engineer

(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:

Ms. Dee Scott
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, Texas 77027
Attention: Mrs. Jessica Holoubek
Phone: (713) 860-6491

ii) Attorney:

Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, Texas 77027
Attention: Mrs. Jessica Holoubek
Phone: (713) 860-6491

iii) Financial Advisor:

RBC Capital Markets
1001 Fannin, Suite 1200
Houston, Texas 77002
Attention: Mr. Matt Dustin
Phone: (713) 853-0877

iv) Tax Assessor-Collector:

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

v) Chief Appraiser Galveston County:

Galveston Central Appraisal District
600 Gulf Fwy
Texas City, Texas 77591
Attention: Ken Wright
Phone: (409) 935-1980

vi) Bookkeeper:

AVANTA Service
5635 Northwest Central Dr., Suite 104E
Houston, Texas 77092
Attention: Ms. Pam E. Lightbody
Phone: (713) 934-9110

vii) Principal Developers:

Tuscan Lakes Development II, L.P.
1531 Louisiana Ave.
League City, Texas 77573
Attention: Mr. Robert B. Douglas, Jr.
Phone: (281) 332-5450

Pulte Homes
16670 Park Row, Ste 100
Houston, Texas 77084
Attention: Mr. Kris Maxwell
Phone: (713) 749-8000

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 District 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?

Yes. Located on SH 96 just east of Dickinson Ave. (eastbound) and FM 270 just north of FM 646 (northbound).

(F)Other Information:

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

None.