



S. David Smalling, Jr.
Senior Vice President
Public Finance

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March 28, 2017

Ms. Lonna Stein
Controller
City of League City
300 W. Walker, Suite 215
League City, TX 77573

RE: \$2,975,000 Galveston County Municipal Utility District No. 45
Unlimited Tax Road Bonds, Series 2017

Dear Ms. Stein:

The Board of Directors of the Galveston County Municipal Utility District No. 45 (the "District") has authorized the sale of Bonds to reimburse the developers in the District for the construction of roads pursuant to an agreement between the District and the developers. The District met on March 7, 2017, to authorize its consultants to proceed with the issuance of its Unlimited Tax Road Bonds, Series 2017. The Bonds are the third installment of bonds and the first installment of road bonds issued by the District.

Under the terms of the Utility Agreement between the District and the City dated September 23, 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;
2. Cash flow showing economic feasibility;
3. Tentative Schedule of Events.

Proceeds of the sale of the Bonds will be used by the District to reimburse the Developers for construction costs associated with certain road improvements in the District, and to pay other costs related to the issuance of the Bonds.

The District's Certified 2016 Assessed Value is \$157,355,933 and the estimate of assessed value at February 1, 2017 is \$223,213,653. The District's current tax rate is \$1.00/\$100 A.V., which is split between \$0.69 for debt service and \$0.31 for maintenance and operations. It is anticipated that the issuance of the Bonds will result in no increase to the District's current tax rate, which is \$1.00/\$100 A.V.

Thank you very much for your consideration of our request. If you have any questions, please do not hesitate in telephoning me at 713.230.6125.

Sincerely,
ROBERT W. BAIRD & CO. INCORPORATED

A handwritten signature in black ink, appearing to read "S. David Smalling, Jr.", written over a light blue horizontal line.

S. David Smalling, Jr.
Senior Vice President