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Greg Lentz
Director

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July 24, 2017

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

Ms. Rebecca Underhill
Assistant City Manager - Finance
City of League City
300 West Walker Street
League City, Texas 77573

**RE: Galveston County Municipal Utility District No. 14 (the "District")
\$2,050,000 Unlimited Tax Bonds, Series 2017 (the "Bonds")**

Dear Rebecca:

The District is proposing to sell the Bonds in the principal amount of \$2,050,000, constituting the eleventh series of unlimited tax bonds to be issued by the District. Pursuant to the attached "Restated Utility Agreement Between the District and the City of League City, Texas" (the "Utility Agreement"), the District is required to obtain 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 6.02 of the Utility Agreement which stipulates maximum debt ratios allowed (see detail below).

The sale of the Bonds is pending final approval and issuance of an Order by the Texas Commission on Environmental Quality. We have attached the summary of costs from the bond application report showing the use of Bond proceeds and a no growth cash flow analysis related to the financing for your review. The District levied a total 2016 tax rate of \$0.69 (\$0.64 for debt service and \$0.05 for maintenance). The District's 2016 Certified Taxable Assessed Valuation as of January 1, 2016 as provided by the Galveston Central Appraisal District is \$243,656,896. The District's outstanding debt assuming issuance of the Bonds is \$11,660,000. The ratio of outstanding direct debt assuming issuance of the Bonds to 2016 Certified Taxable Assessed Valuation is 4.79%. **There is no tax rebate associated with the District.**

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The District would like to sell the Bonds on September 18, 2017, and in connection therewith, the District would like to obtain League City approval as soon as possible. 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, cursive flourish extending to the right.

Greg Lentz
Director

Enclosures

cc: Mr. Matthew Reed, Schwartz, Page & Harding, L.L.P.
Ms. Julie Peak, FirstSouthwest, a Division of Hilltop Securities Inc.