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Independent Accountants' Report

Board of Directors
Galveston County Municipal Management District No. 1
Galveston County, Texas

We have performed the procedures enumerated below, which were agreed to by Galveston County Municipal Management District No. 1 (the "District") solely to assist you with respect to the amounts to be paid to its developer (the "Developer"), and to provide you with information relating to the use of proceeds of the District's Series 2015 Road Bond Anticipation Note. This engagement to apply agreed upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below for the purpose for which this report has been requested or for any other purpose.

1. Information for the use of proceeds was obtained from the bond application filed with the Texas Commission on Environmental Quality (the "TCEQ").
2. Information pertaining to the costs paid by the developer was obtained directly from the developer. Our procedures included reviewing supporting documentation and calculations regarding these costs provided to us by the developer. Information pertaining to costs to be paid directly by the District from the bond anticipation note proceeds was obtained by reviewing District records, discussions, and other correspondence with various District consultants.
3. We performed other procedures and tests regarding amounts to be paid to the developer from the Bond Anticipation Note proceeds in accordance with 30 TAC §293.70 Audit of Payments to Developers.
4. This report has been prepared in accordance with the guidance provided by the TCEQ in their Water District Financial Management Guide (revised March 2004), Appendix M. The accompanying schedules have been prepared in consultation with the District's consultants.

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the amounts to be paid to the developer. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Board of Directors
Galveston County Municipal Management District No. 1

This report is intended solely for the information and use of the specified users and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. This report should not be associated with the presentation of any financial data of the District except to comply with filing requirements as specified by the TCEQ.

We appreciate the opportunity to be of service to the District and the courtesy and cooperation extended to us by the developer and the District's personnel and consultants during the course of our engagement. Please feel free to contact us regarding any of the items referred to above or any other matters of concern.

A handwritten signature in black ink that reads "McGlothlin & Co, PLLC". The signature is written in a cursive, flowing style.

December 15, 2015
Houston, Texas

SCHEDULE A
GALVESTON COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1
RECAPITULATION OF AMOUNTS TO BE PAID TO
101 LEAGUE CITY I-45/646, L.P.
FROM SERIES 2015 ROAD BOND ANTICIPATION NOTE
As of December 15, 2015

	Eligible Costs 101 League City I-45/646, L.P.	
	Total Cost Incurred	Reimbursable Amount From BAN Proceeds
Payee		
Galveston County Municipal Management District No. 1		
Advances for:		
Ramp reversal project	\$ 1,045,000	\$ 1,045,000
Ramp reversal project utility relocations	80,000	80,000
Subtotal	1,125,000	1,125,000
Brookport Drive	100,000	100,000
Texas Department of Transportation		
Ramp reversal project	934,329	934,329
Dannenbaum Engineering Corporation		
Engineering services related to Ramp reversal project	1,374	1,374
Survey for Brookport and TXDOT right-of-way	3,856	3,856
Land acquisitions		
Calder Road right-of-way, based on appraisal	34,049	34,049
Brookport Road right-of-way, based on appraisal	233,392	233,392
	267,441	267,441
Subtotal	2,432,000	2,432,000
Total to be Paid from Series 2015 Road Bond Anticipation Note		\$ 2,432,000

SCHEDULE B
GALVESTON COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1
COMPARISON OF ACTUAL COSTS WITH BOND ANTICIPATION NOTE COST SUMMARY
As of December 15, 2015

	Costs Reimbursed	Other Costs Paid by District	Total Costs
<u>Construction Costs</u>			
Ramp reversal	\$ 2,060,703	\$ -	\$ 2,060,703
Brookport Drive	100,000		100,000
ROW Survey	3,856		3,856
Calder Road ROW dedication	34,049		34,049
Brookport Drive ROW dedication	233,392		233,392
Total Construction Costs	2,432,000		2,432,000
<u>Nonconstruction Costs</u>			
Legal fees			
Financial advisor fees			
Bond anticipation note issuance expense			
Total Nonconstruction Costs			
Totals	\$ 2,432,000	\$ -	\$ 2,432,000

Schedule B

Projected Amounts	Actual and Projected	Bond Anticipation Note Total	Difference Under (Over)
\$ -	\$ 2,060,703	\$ 2,060,703	\$ -
	100,000	100,000	
	3,856	3,856	
	34,049	34,049	
	233,392	233,392	
	2,432,000	2,432,000	
30,000	30,000	30,000	
18,000	18,000	18,000	
20,000	20,000	20,000	
68,000	68,000	68,000	
\$ 68,000	\$ 2,500,000	\$ 2,500,000	\$ -