



700 Milam Street  
Suite 500  
Houston, Texas 77002

713.654.8679 Direct  
800.922.9850 Toll Free  
713.654.8658 Fax

**Greg Lentz**  
Director

greg.lentz@hilltopsecurities.com

November 15, 2017

*Via E-mail: [allena.portis@leaguecity.com](mailto:allena.portis@leaguecity.com)*

Ms. Allena Portis  
Interim Director of 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 2018 (the "Bonds")**

Dear Allena:

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).

Attached is an Order issued by the Texas Commission on Environmental Quality approving the sale of the Bonds and showing the use of Bond proceeds. The District levied a total 2017 tax rate of \$0.69 (\$0.64 for debt service and \$0.05 for maintenance). According to the Galveston Central Appraisal District ("GCAD"), the District's 2017 Certified Taxable Assessed Valuation as of January 1, 2017 is \$261,408,629 and the Estimated Taxable Assessed Valuation as of September 15, 2017 (after Hurricane Harvey) is \$260,460,810. The District's outstanding debt assuming issuance of the Bonds is \$10,660,000. The ratio of outstanding direct debt assuming issuance of the Bonds to 2017 Certified Taxable Assessed Valuation and Estimated Taxable Assessed Valuation as of September 15, 2017 is 4.08% and 4.09%, respectively. We have attached a no growth cash flow showing no impact to the District's tax rate as a result of issuing the Bonds. **Additionally, there is no tax rebate associated with the District.**

November 14, 2017  
Ms. Allena Portis  
City of League City, Texas  
Page 2 of 2

League City's Council previously adopted Resolution No. 2017-125 on August 8, 2017 consenting to the sale and issuance of the District's Unlimited Tax Bonds, Series 2017. However, the District delayed issuing such Bonds until it could assess the impact from Hurricane Harvey, and as shown above, the impact from Hurricane Harvey on the District's taxable value is minimal based upon the estimate of value provided by GCAD. Therefore, the District is proposing to sell the Bonds on December 18, 2017 and issue the Bonds on January 24, 2018. In connection therewith, the District would like to obtain League City approval as soon as possible and is requesting re-approval from City Council to issue the Bonds as **Unlimited Tax Bonds, Series 2018**. 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, flowing script.

Greg Lentz  
Director

Enclosures

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