

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



THE STATE OF TEXAS
COUNTY OF TRAVIS
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OF A TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
DOCUMENT, WHICH IS FILED IN THE PERMANENT RECORDS

JAN 17 2019

OF THE COMMISSION. GIVEN UNDER MY HAND AND THE
SEAL OF OFFICE ON

Bridget C. Bohan
BRIDGET C. BOHAN, CHIEF CLERK
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

AN ORDER APPROVING AN ENGINEERING PROJECT AND THE ISSUANCE OF \$5,600,000 IN UNLIMITED TAX BONDS FOR GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 44

An application by Galveston County Municipal Utility District No. 44 (the "District") was presented to the Executive Director of the Texas Commission on Environmental Quality (TCEQ) for consideration of approval pursuant to TEX. WATER CODE §§ 5.122 and 49.181. The District requests approval of an engineering project and issuance of \$5,600,000 in bonds to finance: the remaining costs for The Village at Tuscan Lakes Section 4, Phase 1 water, wastewater and drainage; the remaining costs for drainage improvements phase 3 to serve Tuscan Lakes Southeast Quadrant; drainage improvements phase 4 to serve Tuscan Lakes Southeast Quadrant; water and wastewater capital recovery (impact) fees; and water, wastewater and drainage facilities to serve residential development within The Village at Tuscan Lakes Section 3, Phase 2 and Section 4, Phase 2 and Tuscan Lakes Sections SF 50-4-1 SE, SF 50-4-2 SE and SF 50-5 SE. The TCEQ has jurisdiction to consider this matter, and the following Findings of Fact and Conclusions of Law are appropriate after examining the application and supporting documentation.

FINDINGS OF FACT

1. The District filed an application with the TCEQ on November 8, 2018 for approval of a proposed engineering project and the issuance of \$5,600,000 in bonds.
2. The Executive Director of the TCEQ has investigated the District.
3. The application and accompanying documents have been examined. The District was inspected by a member of the Districts Section on December 11, 2018. A memorandum was prepared on the project dated January 7, 2019, a copy of which is attached and made a part hereof.
4. The District's project and issuance of an amount of \$5,600,000 in bonds at a maximum net effective interest rate of 5.24% to finance the project should be approved.
5. The request for a waiver of the 30% developer contribution requirement should be granted pursuant to 30 TEX. ADMIN. CODE § 293.47(a)(1).
6. The District should be directed that it may expend funds for the purchase of facilities conveyed to the City of League City without the need for a pre-purchase inspection pursuant to 30 TEX. ADMIN. CODE § 293.69(h).
7. The District should be directed that for facilities not conveyed to the City of League City, the District should not purchase facilities or assume facility contracts from the developer, until either (a) the TCEQ's region office has inspected the project, and the District has received a region office report with no deficiencies noted, for which approval is valid for

120 days from the date of this Order; or, if a region office report indicates deficiencies, (b) the TCEQ's Districts Section has received a request from the District and a region office report, reviewed the contract administration, and given written authorization to finalize the purchase or assumption, either one in accordance with 30 TEX. ADMIN. CODE § 293.69.

9. The District's Board of Directors should be directed to review to its satisfaction the detailed calculations of the developer's interest to ensure that the costs are authorized District expenditures and in accordance with 30 TEX. ADMIN. CODE § 293.50 before reimbursement to the developer is made.

10. The District should be advised that the legal, fiscal agent, and engineering fees have not been evaluated to determine whether these fees are reasonable or competitive. These fees are included as presented in the engineering report.

11. The District should be directed that any surplus bond proceeds resulting from the sale of bonds at a lower interest rate than that proposed shall be shown as a contingency line item in the Official Statement and the use of such funds shall be subject to approval pursuant to TCEQ rules on surplus funds.

CONCLUSIONS OF LAW

1. The TCEQ has jurisdiction to consider the engineering report and bond application pursuant to TEX. WATER CODE § 49.181.

2. The Executive Director has investigated the District, and the TCEQ has found it legally organized and feasible.

3. The Districts Section's memorandum dated January 7, 2019 on this engineering project should be adopted as the written TCEQ project report in compliance with TEX. WATER CODE § 49.181(d).

NOW, THEREFORE, BE IT ORDERED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY that the Districts Section's memorandum dated January 7, 2019 on this engineering project and bond issue is adopted as the written TCEQ project report. Pursuant to TEX. WATER CODE § 49.181, the engineering project for Galveston County Municipal Utility District No. 44 is hereby approved together with the issuance of \$5,600,000 in bonds at a maximum net effective interest rate of 5.24%. The request for a waiver of the 30% developer contribution requirement associated with this bond issue is granted pursuant to 30 TEX. ADMIN. CODE § 293.47(a)(1). The District is directed that it may expend funds for the purchase of facilities to be conveyed to the City of League City without the need for a pre-purchase inspection pursuant to 30 TEX. ADMIN. CODE § 293.69(h). The District is directed that for facilities not conveyed to the City of League City, the District should not purchase facilities or assume facility contracts from the developer, until either (1) the TCEQ's region office has inspected the project, and the District has received a region office report with no deficiencies noted, for which approval is valid for 120 days from the date of this Order; or, if a region office report indicates deficiencies, (2) the TCEQ's Districts Section has received a request from the District and a region office report, reviewed the contract administration, and given written authorization to finalize the purchase or assumption; either one in accordance with 30 TEX. ADMIN. CODE § 293.69. The District's Board of Directors is directed to review to its satisfaction the detailed calculations of the developer's interest to ensure that the costs are authorized District expenditures and in accordance with 30 TEX. ADMIN. CODE § 293.50 before reimbursement to the developer is made. The District is advised that the legal, fiscal agent, and engineering fees have not been evaluated to determine whether these fees are reasonable or competitive. These fees are included as presented in the engineering report. The District is directed that any surplus bond proceeds resulting from the sale of bonds at a lower interest rate than that proposed shall be shown as a contingency line

item in the Official Statement and the use of such funds shall be subject to approval pursuant to TCEQ rules on surplus funds. The approval of the sale of these bonds herein shall be valid for one year from the date of this Order unless extended by written authorization of the TCEQ.

BE IT FURTHER ORDERED that pursuant to TEX. WATER CODE § 5.701, the District shall pay to the TCEQ 0.25% of the principal amount of bonds actually issued not later than the seventh (7th) business day after receipt of the bond proceeds. The fees shall be paid by check payable to the Texas Commission on Environmental Quality.

BE IT FURTHER ORDERED that to enable the TCEQ to carry out the responsibilities imposed by TEX. WATER CODE §§ 49.181-182, the District shall: (1) furnish the TCEQ copies of all bond issue project construction documentation outlined under 30 TEX. ADMIN. CODE § 293.62, including detailed progress reports and as-built plans required by TEX. WATER CODE § 49.277(b), which have not already been submitted; (2) notify the TCEQ and obtain approval of the TCEQ for any substantial alterations in the engineering project approved herein before making such alterations; and (3) ensure, as required by TEX. WATER CODE § 49.277(b), that all construction financed with the proceeds from the sale of bonds is completed by the construction contractor according to the plans and specifications contracted.

BE IT FURTHER ORDERED that failure of said District to comply with all applicable laws and with provisions of this Order shall subject the District and its directors to all penalties that are provided by law and shall further be considered by the TCEQ as grounds for refusal to approve other bonds of the District.

The Chief Clerk of the TCEQ is directed to forward the District a copy of this Order.

If any provision, sentence, clause, or phrase of this Order is for any reason held to be invalid, the invalidity of any portion shall not affect the validity of the remaining portions of the Order.

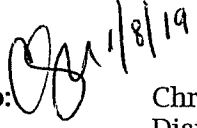
Issue Date: January 11, 2019



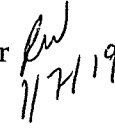
For the Commission

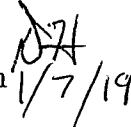
Texas Commission on Environmental Quality

TECHNICAL MEMORANDUM

To:  1/8/19
Chris S. Ulmann, P.E., Manager
Districts Section

Date: January 7, 2019

Thru: Randy Waclawczyk, P.G., Leader  1/7/19
Districts Bond Team

From: Daniel Harrison  1/7/19
Districts Bond Team

Subject: Galveston County Municipal Utility District No. 44; Application for Approval of \$5,600,000 Unlimited Tax Bonds, Sixth Issue, 5.24% Net Effective Interest Rate, Series 2019; Pursuant to Texas Water Code Section 49.181.
TCEQ Internal Control No. D-12212017-050 (TC)
CN: 602565715 RN: 104423165

A. GENERAL INFORMATION

The Texas Commission on Environmental Quality (TCEQ) received an application from the Galveston County Municipal Utility District No. 44 (District) requesting approval for the issuance of \$5,600,000 in unlimited tax bonds to finance the following:

1. The remaining costs for The Village at Tuscan Lakes Section 4, Phase (Ph.) 1 water, wastewater and drainage;
2. The remaining costs for drainage improvements phase 3 to serve Tuscan Lakes Southeast (SE) Quadrant;
3. Drainage improvements phase 4 to serve Tuscan Lakes SE Quadrant;
4. Water and wastewater capital recovery (impact) fees; and
5. Water, wastewater and drainage facilities serving the following development within the District:

<u>Development</u>	<u>Type of Development</u>	<u>Acreage⁽¹⁾</u>	<u>Existing ESFCs⁽²⁾</u>	<u>Ultimate ESFCs</u>
The Village at Tuscan Lakes Section 3, Ph. 2	Single-family	22.28	86	86
The Village at Tuscan Lakes Section 4, Ph. 2	Single-family	10.38	51	51
Tuscan Lakes Section SF 50-4-1 SE	Single-family	5.39	24	24
Tuscan Lakes Section SF 50-4-2 SE	Single-family	4.60	24	24
Tuscan Lakes Section SF 50-5 SE	Single-family	<u>8.80</u>	<u>35</u>	<u>35</u>
Totals		51.45	220	220

Notes: (1) According to the engineering report, reserves are accounted for separately, and these are developed lot acreages only.

(2) Equivalent Single-Family Connections (ESFCs) as of September 2018, as stated in the engineering report.

The District's previous bond issues and use of surplus funds funded utilities to serve 599 equivalent single-family connections (ESFCs) on 142.28 acres. Including this bond issue, the District will have funded utilities to serve 819 ESFCs on 193.65 acres. According to the engineering report, the District's ultimate development is projected to serve 1,963 ESFCs on 330.56 developable (out of 436.93 total) acres.

B. ECONOMIC ANALYSIS

Tax Rate Analysis

The financial feasibility of this bond issue is based on no-growth to an estimated taxable assessed valuation (AV) of \$233,081,946 as of June 1, 2018. A market study was not provided, and is not required since the feasibility is based on no-growth.

According to a Galveston Central Appraisal District certificate, the District's June 1, 2018 estimated taxable AV is \$233,081,946. The annual debt service requirement for the bond amount of \$5,600,000 and existing debt averages \$1,651,973 for the 21-year life of the District's bond debt. The District levied a maintenance tax of \$0.16 in 2016 and, according to the engineering report, is projecting to levy a maintenance tax of \$0.08 in the future.

The District's financial advisor submitted cash flow schedules considering the requested \$5,600,000 bond issue, no-growth to an estimated taxable AV of \$233,081,946 as of June 1, 2018, 12 months of capitalized interest, a 5.0% bond interest rate, a 3% bond discount, a 95% collection rate, and a projected tax rate of \$0.72 per \$100 assessed valuation. A Districts Section's financial analyst has reviewed the financial information submitted and concluded that the following level debt service tax rates would be sufficient.

<u>District</u>	<u>Projected Tax Rate</u>
Debt Service	\$ 0.72 ⁽¹⁾⁽²⁾
Maintenance	\$ 0.08
Total District Taxes	\$ 0.80
City of League City Taxes	\$ 0.06 ⁽³⁾
Total	\$ 0.86 ⁽⁴⁾

Notes: (1) Based on a 5.24% maximum net effective interest rate, a 95% collection rate, no-growth to an estimated taxable AV of \$233,081,946, 12 months of capitalized interest as shown in the cost summary and at least a 25% ending debt service fund balance.

(2) The term "commission-approved tax rate" in 30 Texas Administrative Code (TAC) Section 293.85 refers to an initial ad valorem debt service tax of at most \$0.72 per \$100 assessed valuation.

(3) Portion of the City's tax rate specifically attributable to drainage and recreation with none attributable to water or wastewater according to a letter from the City dated October 10, 2018.

(4) Represents the combined projected tax rate as defined by 30 TAC Section 293.59(f).

Additional Financial Comments

The District is exempt from the 75% and 25% build-out requirements of 30 TAC Sections 293.59(l)(4) and 293.59(k)(7), respectively, based on its combined no-growth tax rate of \$0.86 being less than \$1.50 pursuant to 30 TAC Sections 293.59(l) and 293.59(k)(11)(C).

C. ENGINEERING ANALYSIS

Water Supply

Water supply for the District is provided by the City of League City (City) in accordance with the April 10, 2003 "Utility Agreement By and Between Galveston County Municipal Utility District No. 44, the Johnson Development Corporation, and the City of League City, Texas" (Agreement), as amended. The City's source of water is from a combination of existing wells and surface water from the City of

Houston's Southeast Water Purification Plant and from the City of Dickinson's Thomas Mackey Water Purification Plant. Pursuant to the Agreement, the City agrees to supply the District with all of its requirements of potable water for which the District agrees to pay the City connection charges (impact fees) for water service.

The District is requesting funding for water impact fees for 172 ESFCs in this bond issue.

The District has no emergency or other water supply interconnect agreements.

The City's water supply capacity appears to be adequate to serve the existing 789 ESFCs upon which the engineering feasibility of this bond issue is based.

Wastewater Treatment

Wastewater treatment for District customers is provided by the City's 6.0 million gallons per day (mgd) Dallas-Salmon Plant pursuant to the above-referenced Agreement, as amended. The plant operates under Texas Pollutant Discharge Elimination System (TPDES) Permit No. WQ0010568005 and has a permitted interim flow of 7.5 mgd and a final flow of 12.0 mgd. Pursuant to the Agreement, the City agrees to provide the District with wastewater service for which the District is to pay the City connection charges (impact fees). At full development, the District projects a total of 1,968 ESFCs of wastewater capacity at a daily rate of 300 gallons per ESFC.

The District is requesting funds for wastewater impact fees for 172 ESFCs in this bond issue.

The City's wastewater treatment capacity appears to be adequate to serve the existing 789 ESFCs upon which the engineering feasibility of this bond issue is based.

Storm Water Drainage

Storm water drainage for the District is collected by a network of underground collection lines which convey storm water into detention basins and ultimately outfall into Robinson Gully.

This bond issue proposes to fund the remaining costs for the third phase of drainage improvements and costs for the fourth phase of drainage improvements to serve Tuscan Lakes southeast quadrant.

Purchase of Existing Facilities / Assumption of Contracts

<u>Project</u>	<u>Contractor</u>	<u>% Complete (Date)</u>	<u>Final Contract Amount⁽¹⁾</u>	<u>Amt. Subj. to Distr. Contrib.</u>
The Village at Tuscan Lakes Section 4, Phase 1 - W, WW & D	Cooley Construction LLC	100% (4/3/13)	\$478,699	\$478,699 \$215,415 ⁽²⁾
Drainage Improvements Phase 3 to Serve Tuscan Lakes Development SE Quadrant	Lindsey Construction, Inc.	100% (12/4/14)	\$667,860	\$667,860 \$187,001 ⁽³⁾
Drainage Improvements Phase 4 to Serve Tuscan Lakes Development SE Quadrant	5758 Construction, LP	100% (1/26/16)	\$786,090	\$478,890 ⁽⁴⁾
The Village at Tuscan Lakes Section 3, Phase 2 - W, WW & D	R Construction Company	100% (5/6/15)	\$901,447	\$901,447 \$135,217 ⁽⁵⁾

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The Village at Tuscan Lakes Section 4, Phase 2 - W, WW & D	Monarch Civil Constructors, LLC	100% (2/25/14)	\$325,750	\$325,750
Tuscan Lakes Section SF 50-4-1 SE - W, WW & D	American Site Builders, LLC	100% (10/7/13)	\$178,721	\$178,721
Tuscan Lakes Section SF 50-4-2 SE - W, WW & D	Crostex Construction, Inc.	100% (3/12/14)	\$149,908	\$149,908
Tuscan Lakes Section SF 50-5 SE - W, WW & D	R Construction Company	100% (10/14/15)	\$1,298,332	\$1,298,332 \$1,103,582 ⁽⁶⁾

- Notes: (1) Based on original contract amount plus/minus any change orders and quantity adjustments.
(2) Excludes \$263,284 which was reimbursed in the District's previous (fifth) bond issue.
(3) Excludes \$480,859 which was funded in the District's previous bond issue.
(4) Excludes \$307,200 for the ineligible costs for the amenity portion of the detention pond according to material provided.
(5) Due to bond funding limitations, the District is requesting to reimburse 15% of the costs in this bond issue, and the remaining 85% (\$766,230) may be requested in the future, according to material provided.
(6) Due to bond funding limitations, the District is requesting to reimburse 85% of eligible costs in this bond issue, according to material provided. The remaining 15% (\$194,750) may be requested in the future.

Approved plans and specifications, preconstruction agreements, and various construction contract documents have been provided.

Facilities to be Constructed

None.

Inspection

The District was inspected by a member of the Districts Section on December 11, 2018. Streets and utilities appeared to be complete within those projects which are being funded from the current bond issue. District name signs were properly posted.

D. SUMMARY OF COSTS

<u>Construction Costs</u>	<u>District's ⁽¹⁾ Share</u>
A. Developer Contribution Items	
1. Remaining Costs for The Village at Tuscan Lakes Sec. 4, Ph. 1 - W, WW & D	\$ 215,415
2. Remaining Costs for Drainage Improvements Phase 3 to Serve Tuscan Lakes SE Quadrant,	187,001
3. Drainage Improvements Phase 4 to Serve Tuscan Lakes SE Quadrant	478,890
4. The Village at Tuscan Lakes Section 3, Phase 2 - W, WW & D	135,217
5. The Village at Tuscan Lakes Section 4, Phase 2- W, WW & D	325,750
6. Tuscan Lakes Section SF 50-4-1 SE - W, WW & D	178,721
7. Tuscan Lakes Section SF 50-4-2 SE - W, WW & D	149,908
8. Tuscan Lakes Section SF 50-5 SE - W, WW & D	1,103,582

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9. Oil Well Casing Plugging for Item No. 3	12,659 ⁽²⁾
10. Engineering for Items No. 1 & 3-8	383,258 ⁽³⁾
11. Geotechnical for Items No. 1 & 3-8	61,661 ⁽⁴⁾
12. Surveying for Items No. 6-8	7,739 ⁽⁵⁾
13. Stormwater Consulting for Items No. 1 & 3-8	116,977 ⁽⁶⁾
14. Miscellaneous Fees for Items No. 3-5 & 7-8	<u>2,318</u> ⁽⁷⁾
Total Developer Contribution Items	\$3,359,096
B. District Items	
1. Water and Wastewater Impact Fees	\$ 912,672 ⁽⁸⁾
Total District Items	<u>\$ 912,672</u>
 TOTAL CONSTRUCTION COSTS (76.3% OF BIR)	 \$4,271,768
 <u>Non-Construction Costs</u>	
A. Legal Fees (2.7%)	\$ 152,000 ⁽⁹⁾
B. Fiscal Agent Fees (2.0%)	112,000 ⁽¹⁰⁾
C. Interest	
1. Capitalized Interest (12 months @ 5.0%)	280,000
2. Developer Interest	515,300 ⁽¹¹⁾
D. Bond Discount (3.0%)	168,000
E. Bond Issuance Expenses	41,332
F. Bond Application Report	40,000
G. Attorney General Fee (0.10% or \$9,500 maximum)	5,600
H. TCEQ Bond Issuance Fee (0.25%)	<u>14,000</u>
 TOTAL NON-CONSTRUCTION COSTS	 \$1,328,232
 TOTAL BOND ISSUE REQUIREMENT	 \$5,600,000

Notes: (1) The District has requested a waiver of the 30% developer contribution requirement.

(2) Represents costs for plugging an oil well casing encountered during excavation of the detention improvements, and is the eligible 61% portion of the \$20,780 cost (pro-rated based on the eligible portion of construction costs after deducting the amenity-related drainage work), according to material provided.

(3) Represents \$29,245 for Item No. 1, which is the remaining portion of the \$64,989 in eligible engineering, of which 45% was funded in the District's fifth bond issue; plus \$87,213 for Item No. 3, plus \$16,560 for Item No. 4, which represents 15% of the \$110,401 in eligible engineering, and the remaining 85% (\$93,841) may be requested in the future; plus \$50,027 for Item No. 5; plus \$75,344 for Items No. 6 & 7; plus \$124,869 for Item No. 8, which is 85% of the \$146,905 in eligible engineering, and the remaining \$22,036 (15%) may be requested in the future, according to material provided.

(4) Represents \$4,275 for Item No. 1, which is the remaining 55% of the \$9,500 in eligible geotech fees, of which 45% was previously reimbursed; plus \$10,372 for Item No. 3; plus \$3,596 for Item No. 4; plus \$13,384 for Item No. 5; plus \$6,746 for Items No. 6 & 7; plus \$23,288 for Item No. 8, according to material provided.

(5) Represents \$3,820 for Items No. 6 & 7 plus \$3,919 for Item No. 8, according to material provided.

(6) Represents \$8,290 for Item No. 1, which is the remaining 55% of the \$18,423 in eligible stormwater fees, of which 45% were previously reimbursed; plus \$33,543 for Item No. 3; plus \$3,934 for Item No. 4; plus \$22,460 for Item No. 5; plus \$23,796 for Items No. 6 & 7; plus \$24,954 for Item No. 8; according to the engineering report.

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- (7) Represents \$1,437 for Item No. 3 (including \$1,401 for the pro-rated portion of costs for a wetlands investigation plus \$35 for the pro-rated portion of permit fees); plus \$23 for Item No. 4; plus \$700 for Item No. 5; plus \$105 for Item No. 7; plus \$53 for Item No. 8, according to the engineering report.
- (8) Represents an impact fee payment to the City of \$771,858 for 137 ESFCs at \$5,634 each, including \$3,215 for water plus \$2,419 for wastewater, plus \$140,814 for 35 ESFCs at \$4,023.25 each, including \$1,401.77 for water plus \$2,621.48 for wastewater, pursuant to the Agreement with the City. See Special Consideration No. 2.
- (9) According to the contract provided, the attorney's fees are 3% of the first \$3,000,000 of bonds issued, plus 2.5% of bonds from \$3,000,000 to \$5,000,000 and 2% of bonds above \$5,000,000.
- (10) According to the contract provided, the fiscal agent's fees are 2% of the value of the bonds actually sold and delivered to and paid for by the purchaser(s).
- (11) Estimated at 5.0% with a proposed bond funding date of February 1, 2019, or a maximum of two years in accordance with 30 TAC Section 293.50(a).

E. SPECIAL CONSIDERATIONS

1. Waiver of the 30% Developer Contribution Requirement

The District has requested a waiver of the 30% developer contribution requirement (30 TAC Section 293.47) pursuant to 30 TAC Section 293.47(a)(1), based on the District having a debt to assessed valuation ratio of 10% or less. The District's existing (\$17,050,000) and proposed (\$5,600,000) debt sum to \$22,650,000. The District has provided a Galveston Central Appraisal District certificate indicating a taxable assessed valuation of \$233,081,946 as of June 1, 2018; therefore, its debt to assessed valuation ratio is 9.7%. The District's request for a waiver of the 30% developer contribution requirement should be granted pursuant to 30 TAC Section 293.47(a)(1).

2. Water and Wastewater Impact Fees

The District is required to make impact (capital recovery) fee payments to the City for capacity in the City's water and wastewater facilities and treatment plants, pursuant to the Agreement referenced above. Pursuant to a June 11, 2013 City ordinance, the current impact fee for water service is \$3,215 per ESFC, and the impact fee for wastewater service is \$2,419 per ESFC.

In its first five bond issues the District funded water impact fees for 370 ESFCs and wastewater impact fees for 349 ESFCs. The District is funding water and wastewater impact fees in this bond issue for 172 ESFCs, bringing the totals to 542 ESFCs in water impact fees and 521 ESFCs in wastewater impact fees.

F. CONCLUSIONS

1. Based on \$67,200,000 in unlimited tax bonds approved by voters for water, wastewater, and drainage facilities and \$17,845,000 previously approved by the TCEQ and issued by the District for utilities, the District has sufficient voter-authorized utility bonds (\$49,355,000) for the proposed utility bond issue.
2. Based on \$4,000,000 in unlimited tax bonds approved by voters on November 2, 2004 for park and recreational facilities and no bonds previously approved by the TCEQ or issued by the District for park and recreational facilities, the District has \$4,000,000 in remaining voter-authorized bonds for recreational facilities.
3. Based on the review of the engineering report, plans, specifications, and supporting documents, the bond issue is considered feasible and meets the economic feasibility criteria established by 30 TAC Section 293.59.

4. The recommendations are made under authority delegated by the Executive Director of the TCEQ.

G. RECOMMENDATIONS

1. Approve the bond issue in the amount of \$5,600,000 in accordance with the recommended summary of costs, at a maximum net effective interest rate of 5.24%.
2. Grant a waiver of the 30% developer contribution requirement pursuant to 30 TAC Section 293.47(a)(1).
3. Direct the District that it may expend funds for the purchase of facilities to be conveyed to the City without the need for a pre-purchase inspection pursuant to 30 TAC Section 293.69(h).
4. Direct the District that for facilities not conveyed to the City of League City, the District should not purchase facilities or assume facility contracts from the developer, until TCEQ staff has inspected the project, reviewed the contract administration, and given written authorization to finalize the purchase or assumption as required by 30 TAC Section 293.69.
5. Standard recommendations regarding developer interest, consultant fees, surplus proceeds, time of approval, and bond proceeds fee apply.