

**GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 6**

16055 Space Center Blvd., Suite 150  
Houston, Texas 77062

May 4, 2018

John Baumgartner, City Manager  
City of League City  
300 W. Walker St.  
League City, Texas 77573

Ogden "Bo" Bass, Assistant City Manager  
City of League City  
300 W. Walker St.  
League City, Texas 77573

Michael Kramm, Assistant City Manager  
City of League City  
300 W. Walker St.  
League City, Texas 77573

Allena Portis, Director of Finance  
City of League City  
300 W. Walker St.  
League City, Texas 77573

Nghiem Doan, City Attorney  
City of League City  
300 West Walker St.  
League City, Texas 77573

Re: Withdrawal of Request for Extension of 1979 Utility Agreement between City of League City and Galveston County Municipal Utility District Number 6 (Amended in 1981) and Request to Approve the approximately \$4.72M bond issue, Series 2018.

Dear Executive Team for the City of League City:

As the President of Galveston County MUD #6 in League City, Texas which covers the neighborhoods of the Landing, Brittany Lakes, Clairmont and Magnolia Creek, I, on behalf of the Board of Directors, am withdrawing the request for an extension of the above-referenced Utility Agreement until December 31, 2030.

May 2, 2018

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To reiterate the facts, last year, I began discussions with Rebecca Underhill about extending this Utility Agreement, however, as I understand it, she has since retired. I believe others on the League City executive team may be somewhat aware of the District's request for an extension. To a letter dated March 1, 2018, I attached e-mail correspondence where a few members of the executive team were copied on Ms. Underhill's response to me to submit a written request to extend the Utility Agreement and financial schedules. To that same March 1, 2018 letter, I attached a copy of the 1979 Utility Agreement and the 1981 Amendment thereto.

Galveston County MUD #6 was created in 1979. The forty (40) year utility agreement between the City of League City and MUD #6 will expire in June, 2019. According to the current developer, the homes in the final sections of the District will be built-out in the next two years. The Board has a pending bond application for approximately \$4.72 million with TCEQ for which the District is asking for the City to approve or ratify.

The developer estimates we will need to issue in the future approximately \$3-\$4 million in bonds in order to reimburse the developer for the last sections of Magnolia Creek which will be the final bond issue for the District. The ultimate goal of the District's Board is to retire all bonds by 2024 so the City can dissolve the District and eliminate the MUD tax rebate that the City provides to the District. However, the final maturity date of the last bond will be 2030.

In an abundance of caution, the District previously requested an extension of the Utility Agreement until December 31, 2030, provided however, the District has since discovered that the Utility Agreement obligates the City of League City to pay the rebate until the bonds are discharged, meaning that an extension of the Utility Agreement is not necessary. The developer is aware of the time constraints in this Utility Agreement and plans to have the final bond application submitted prior to the expiration of the Utility Agreement.

The District would appreciate the City's timely approval of the current bond application.

Sincerely,

  
Dr. Wayde Shipman

CC: Mayor Pat Hallisey