



S. David Smalling, Jr.
Director
Public Finance

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April 3, 2019

Ms. Teresa McKenzie
Director of Finance
City of League City
300 W. Walker
League City, TX 77573

RE: Galveston County Municipal Utility District No. 45
\$6,450,000 Unlimited Tax Bonds, Series 2019
\$2,940,000 Unlimited Tax Park Bonds, Series 2019A
\$1,775,000 Unlimited Tax Road Bonds, Series 2019B

Dear Ms. McKenzie:

The Board of Directors of the Galveston County Municipal Utility District No. 45 (the "District") has authorized submission to the Texas Commission on Environmental Quality ("TCEQ") for the approval of the sale of Bonds to reimburse the developers in the District for the construction of projects pursuant to an agreement between the District and the developers. The District met on April 2, 2019, to authorize its consultants to proceed with the issuance of its Unlimited Tax Bonds, Series 2019 (the "Utility Bonds"), Unlimited Tax Park Bonds, Series 2019A (the "Park Bonds") and Unlimited Tax Road Bonds, Series 2019B (the "Road Bonds"). The Utility Bonds are the fourth installment of utility bonds issued by the District. The Park Bonds are the first installment of park bonds issued by the District. The Road Bonds are the second installment of road bonds issued by the District.

Under the terms of the Utility Agreement between the District and the City dated September 23, 2003, Bonds may be sold by the District only with the approval of the City Council. The terms and conditions of the Bonds and expenditure of funds are in compliance with the Utility Agreement. *We request that the \$2,500,000 minimum par amount for the Road Bonds be waived, as that is all of the remaining voted road bond authorization, and the Road Bonds are being sold in tandem with the Utility and Park Bonds.* Therefore, the District respectfully requests Council consideration and approval at the earliest possible Council Meeting. The following information has been included for staff review:

1. Debt Service Schedules;
2. Cash flows showing economic feasibility;
3. Tentative Schedule of Events;
4. Bond Application to TCEQ for the Utility and Park Bonds.

Proceeds of the sale of the Utility Bonds will be used by the District to finance (i) Rough Cut detention basin; (ii) drainage facilities at Hidden Lakes; (iii) Rough Cut detention basin expansion; and (vii) pay for administrative and issuance costs, legal fees, financial advisor fees, a fee to the Texas Commission on Environmental Quality (the "TCEQ"), a fee to the Attorney General of Texas, and certain financing costs related to the issuance of the Bonds.

Proceeds of the sale of the Park Bonds will be used by the District to finance (i) Hidden Lakes park landscape improvements; (ii) landscaping and recreational facilities for Hidden Lakes, Sections 3, 4, 5, 6, 7A and 8A; and (iii) pay for administrative and issuance costs, legal fees, financial advisor fees, a fee to the TCEQ, a fee to the Attorney General of Texas, and certain financing costs related to the issuance of the Bonds.

Proceeds of the sale of the Road Bonds will be used by the District to finance (i) Madrid Lane; and (ii) pay for administrative and issuance costs, legal fees, financial advisor fees, a fee to the TCEQ, a fee to the Attorney General of Texas, and certain financing costs related to the issuance of the Bonds.

It is anticipated that the issuance of the Bonds will result in no increase to the District's current tax rate, which is \$0.93/\$100.A.V.



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Thank you very much for your consideration of our request. If you have any questions, please do not hesitate in telephoning me at 713.230.6125.

Sincerely,
ROBERT W. BAIRD & CO. INCORPORATED

A handwritten signature in black ink, appearing to read "S. David Smalling, Jr." with a stylized flourish at the end.

S. David Smalling, Jr.
Director