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Galveston County M.U.D. No. 45 Fourth Bond Application Report

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Water Supply Division

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Galveston County M.U.D. No. 45 Fourth Bond Application Report

Prepared by
Dannenbaum Engineering Corp

December, 2018

4341-84

BOND APPLICATION REPORT
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ABBREVIATIONS

The following abbreviations are used in the report:

ac – acres

Amt. – amount

AV – assessed valuation

BIR – bond-issue requirement

ESFC—equivalent single-family connection.

ETJ – extraterritorial jurisdiction

et.seq. – and the following ones

fps – feet per second

gpd – gallons per day

gpm – gallons per minute

mgd – million gallons per day

MUD – municipal utility district

TAC – Texas Administrative Code

TCEQ – Texas Commission on Environmental Quality

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 45
GALVESTON COUNTY
\$9,390,000
FOURTH BOND ISSUE

SECTION 1 — GENERAL INFORMATION

(A) Laws, Elections, and Acreage:

- (i) **Authority Creating District:** Galveston County Municipal Utility District No. 45 was created by the Texas Commission on Environmental Quality on October 21, 2004.
- (ii) **Governing Law:** The District is operating under the authority of Chapters 49 and 54 of the Texas Water Code and is subjected to the jurisdiction of the Texas Commission on Environmental Quality under said chapters specifically Senate 54.024 therein.
- (iii) **Confirmation Election:** The creation of the District was confirmed in an election on November 7, 2006 by a vote of 2 to 0. (Attachment 1)
- (iv) **Acreage:** At creation, the District contained 593.48 acres. Since the District was created, additional land has been annexed into the District as reflected below:

DATE	AREA ANNEXED	RESULTING DISTRICT AREA
April 4, 2006	256.382 acres	849.862 acres
November 16, 2006	65.44 acres	915.302 acres
September 4, 2018	5.04 acres	920.342 acres

- (v) **Boundary Map:** A current District boundary map is included as Attachment 3.

(B) Location:

Attachment 4 shows the location of the District with respect to the City of Houston.

SECTION 2 — PROPOSED BOND ISSUE

(A) Purpose:

The District proposes that proceeds from this application will result in two bond issues. One for Water, Sewer and Drainage Facilities and one for Park Facilities. The District will add additional Detention Capacity to the District's system with the following three projects: Rough Cut Detention; Drainage Facilities; and Detention Basin Expansion. The Park Facility Bond Issue includes Hidden Lakes Park landscape improvements; the Amenity Portion of drainage facilities and landscaping improvements for Hidden Lakes, Sections 3, 4, 5, 6, 7A and 8A. Proceeds of these bond issues will also pay for a portion of developer interest and engineering fees for these projects and the expenses for bond issuance.

(B) Bond and Maintenance Tax Authorization:

- (i) **Bond Authorization:**

On November 7, 2006, the voters of the District authorized issuance of \$94,000,000 in water, sewer and drainage bonds, \$6,500,000 in park bonds and \$61,000,000 in refunding bonds. Road Bonds totaling \$4,750,000, were authorized in an election held on May 7, 2016. Copies of the Orders canvassing the elections are included as Attachment 1.

Date of Election	Purpose	Amount Approved	Amount Cancelled
Nov. 7, 2006	Water, Wastewater, Drainage	\$94,000,000	0
	Park/Recreation	\$6,500,000	0
	Refunding	\$61,000,000	0

(ii) Maintenance Tax:

Date of Election	Purpose	Amount Approved	Cancelled Prior Authorization
Nov. 7, 2006	General Operating	\$1.50	\$0.00

(iii) Road Bonds

Date of Election	Purpose	Maximum Tax Approved (per each \$100 of AV)	Cancelled Prior Authorization
May 7, 2016	Roads	\$4,750,000	\$0.00

(iv) Maintenance Tax for Roads:

Date of Election	Purpose	Maximum Tax Approved (per each \$100 of AV)	Cancelled Prior Authorization
May 7, 2016	Maintenance of Roads	\$0.25	\$0.00

(C) **Prior Bond Issues:**

A. PRIOR BOND ISSUES

A total of \$25,250,000 in water, sewer and drainage bonds have been issued to date in three series of bonds leaving a balance of \$68,750,000 in authorized but unissued bonds.

Type of Bonds – Water, Wastewater, and Drainage Total Amount Authorized: \$94,000,000			
BOND ISSUE NO.	TCEQ AMOUNT APPROVED	TCEQ ORDER DATE APPROVED	AMOUNT SOLD
1	\$9,000,000	11-Sep-2015	\$ 9,000,000
2	\$9,975,000	26-Oct-2016	\$ 9,975,000
3	\$6,275,000	4-Apr-2018	\$ 6,275,000
4	\$6,450,000		\$ 6,450,000
Total Bonds Sold (including proposed):			<u>\$31,700,000</u>
<i>Remaining Authorized Bonds:</i>			<i>\$62,300,000</i>

After the sale of the proposed \$6,450,000 fourth bond issue, \$62,300,000 in authorized but unissued bonds will remain for the development of water, wastewater and drainage facilities, or capacity in such facilities. In the opinion of the District's Engineer, the remaining voter authorized but unissued bonds are sufficient to complete development in the District.

Type of Bonds – Roads Total Amount Authorized: \$4,750,000			
<u>BOND ISSUE NO.</u>	<u>TCEQ AMOUNT APPROVED</u>	<u>TCEQ ORDER DATE APPROVED</u>	<u>AMOUNT SOLD</u>
1	n/a	n/a	<u>\$2,975,000</u>
Total Bonds Sold (including proposed):			<u>\$2,975,000</u>
<i>Remaining Authorized Bonds:</i>			<i>\$1,775,000</i>

After its first road bond issue in the amount of \$2,975,000, the District has \$1,775,000 in remaining authorized but unissued road bonds, which, in the opinion of the District's engineer, is sufficient to complete development in the District.

Type of Bonds – Parks Total Amount Authorized: \$6,500,000			
<u>BOND ISSUE NO.</u>	<u>TCEQ AMOUNT APPROVED</u>	<u>TCEQ ORDER DATE APPROVED</u>	<u>AMOUNT SOLD</u>
1	\$2,940,000	n/a	<u>\$2,940,000</u>
Total Bonds Sold (including proposed):			<u>\$2,940,000</u>
<i>Remaining Authorized Bonds:</i>			<i>\$3,560,000</i>

After the sale of the proposed \$2,940,000 first park bond issue, \$3,560,000 in authorized but unissued bonds will remain for the development of park and recreation facilities.

(D) **Type:**

The voters of the District have approved unlimited tax bonds. The District seeks Commission approval to issue unlimited tax bonds.

(E) **Interest Rate:**

The District petitions the Commission's approval of a 5% interest rate for this proposed issuance of bonds.

(F) **Land-Use Plan:**

Attachment 6 shows proposed bond projects through this bond issue.

(G) **Recreational Facilities:**

Recreational facilities are being included in this bond issue.

(H) **Roads:** Does the District have authority to fund roads? X Yes No.

SECTION 3 — FACILITIES PROPOSED FOR FUNDING

(A) Purchase of Existing Facilities and/or Assumption of Existing Contracts:

CONTRACT DESCRIPTION	CONTRACTOR	PERCENT COMPLETE (DATE)	TOTAL CONTRACT AMOUNT		AMOUNT SUBJECT TO DISTRICT CONTRIBUTION	
<u>WATER, SEWER & DRAINAGE</u>						
Rough Cut Detention Basin	Lindsey Construction, Inc.	100% 10/02/13	\$ 917,037	(1)	\$ 731,503	(1)
Drainage Facilities Construction	R Construction Company	100% 05/12/15	\$3,230,530		\$2,788,908	(2)
Detention Basin Expansion	Lindsey Construction, Inc.	100% 11/21/16	\$ 821,055		\$ 821,055	(3)
<u>PARK BONDS</u>						
Amenity Portion of Drainage Facilities	R Construction Company	100% 05/12/15	\$3,230,530		\$ 441,622	(2)
Hidden Lakes Park Landscape Improvements	Patak Construction	100% 11/19/15	\$1,684,452.50		\$802,514	(4)
Landscaping and Recreational Facilities for Hidden Lakes, Sections 3,4 & 5	Gulf Coast Landscape Services, Inc.	100% 09/25/14	\$ 438,416		\$ 438,416	(5)
Landscaping and Recreational Facilities for Hidden Lakes, Sections 6 & 7A	Hou-Scape, Inc.	100% 10/12/15	\$ 577,470		\$ 577,470	(6)
Landscaping and Recreational Facilities for Hidden Lakes, Section 8A	Hou-Scape, Inc.	100% 3/16/16	\$ 95,896		\$ 95,896	(7)

NOTES:

- (1) This contract was submitted to the TCEQ for a portion of the cost to be reimbursed by the District's Second Surplus Funds Application. A copy of this approval is included in Volume IV of this application. \$185,534.00 was reimbursed from Surplus Funds. Thus, only \$731,503.00 is to be reimbursed by this bond issue. Surplus Funds audit is included in Volume IV. The original contract amount was \$1,121,561.80, but after final quantity amounts, the final total contract is \$917,036.44. The relocation of spoils sites allowed for the reduction in the final contract price as did the removal of hydro mulch seeding. A portion of this contract included excavation of the detention basin which resulted in a wet basin.
- (2) The original contract amount was \$3,582,061.00, but after final quantity adjustment, the final total contract amount was \$3,230,530.00. The main contract reduction was savings resulting on connecting culverts and no wet sand construction was required. \$441,622 was for excavation of Amenity Portion of drainage facilities which is also included in this bond application.
- (3) Final contract amount increased from the original contract amount of \$622,450.65 because of wet sand construction and an increase in earthwork quantities and spoil site location.
- (4) The project includes a swimming pool and clubhouse which are non-reimbursable items and have been deducted from the total project cost.. The original project cost was \$1,776,228.56. Three Change Orders reduced the project to \$1,684,452.50.
- (5) The original Contract for the landscaping, trails and irrigation to serve Sections 3, 4 and 5 was \$430,000. Two Change Orders were included for additional earthwork, the seeding and tree relocation, bringing the total cost to \$438,416.00
- (6) The original Contract amount for the landscaping, trails and irrigation to serve Sections 6 & 7A was \$497,236.04. There were six Change Orders as reflected in Volume 6 which results in a final total cost of \$577,470.00.
- (7) The original Contract amount for the landscaping, trails and irrigation to serve Section 8A was \$93,046.00. There was one Change Order for boring and sleeves for irrigation lines for a total of \$2,850.00. This brought the final contract amount to \$95,896.00.

(B) **Facilities to be Constructed or Facilities Under Construction:**

None

SECTION 4 — SUMMARY OF COSTS

ITEM	TOTAL AMOUNT	RECREATION SHARE (100%)	W,S & D SHARE (100%)
<u>CONSTRUCTION COSTS</u>			
A. <u>DEVELOPER CONTRIBUTION ITEMS</u>			
1. Rough Cut Detention Basin	\$ 731,503	-	\$ 731,503
2. Drainage Facilities Construction	\$ 3,230,530	-	\$ 2,788,908
3. Detention Basin Expansion	\$ 821,055	-	\$ 821,055
4. Engineering and Surveying	<u>\$ 507,657</u>	-	<u>\$ 470,243</u>
SUBTOTAL CONSTRUCTION	\$ 5,290,745		\$ 4,811,709
B. <u>DISTRICT ITEMS</u>			
1. Amenity Portion Drainage Facilities	\$3,230,530	\$441,622	-
2. Hidden Lakes Park Landscape Improvements	\$1,683,271	\$802,514	-
3. Landscaping and Recreational Facilities for Hidden Lakes, Sections 3,4 & 5	\$ 438,416	\$ 438,416	-
4. Landscaping and Recreational Facilities for Hidden Lakes, Sections 6 & 7A	\$ 577,470	\$ 577,470	-
5. Landscaping and Recreational Facilities for Hidden Lakes, Section 8A	\$ 95,896	\$ 95,896	-
6. Landscape Architect and Engineering Fees	\$191,443	\$191,443 ⁽¹⁾	-
7. Land Costs – Park Land	<u>\$115,683</u>	<u>\$115,683</u> ⁽²⁾	-
SUBTOTAL CONSTRUCTION	\$6,332,709		
<i>TOTAL CONSTRUCTION COSTS (83.6% Parks) (80.2% WS&D) BIR</i>		<i>\$2,663,044</i>	<i>\$ 4,811,709</i>
B. NONCONSTRUCTION COSTS			
1. Legal Fees		\$ 88,200 ⁽³⁾	\$ 169,000 ⁽³⁾
2. Fiscal Agent Fees		\$ 58,800 ⁽³⁾	\$ 129,000 ⁽³⁾
3. Bond Discount		\$ 88,200	\$ 193,500
4. Developer Interest		\$ 0 ⁽⁴⁾	\$ 1,019,216 ⁽⁵⁾
5. Bond Application Costs		\$ 25,000	\$ 65,000
6. AG/TCEQ		\$ 10,290	\$ 22,575
7. Issuance Expenses		<u>\$ 6,466</u>	<u>\$ 40,000</u>
COSTS (16.4 % Parks) (19.8% WS&D) BIR		<i>\$276,956</i>	<i>\$1,638,291</i>
<i>TOTAL BOND ISSUE REQUIREMENT</i>		<i>\$2,940,000</i>	<i>\$6,450,000</i>

NOTES:

- (1) See Attachment 8.
- (2) See Attachment 10.
- (3) See Attachment 11
- (4) See Attachment 13 – Note that because of bond issue size limitations for parks, none of the Developer Interest for park projects can be reimbursed from this bond issue. Thus, all of the developer interest for park projects in the amount of \$552,046 will be included in a future bond issue, or a surplus funds application.
- (5) See Attachment 13 – Because of the bond issue size limitations, not all of the Developer Interest earned can be reimbursed in this bond issue. The total developer interest reimburseable for water, sewer and drainage projects in this bond issue is \$1,123,679, of which \$1,019,216 is included in this bond application. The remaining balance of \$104,463 will be reimbursed in a later bond issue, surplus funds application or from excess available funds from this bond issue, once all expenses have been audited. No Capitalized Interest is required or included (see Financial Advisor's letter in Attachment 14)

SECTION 5 — DEVELOPMENT STATUS AND LAND USE

(A) Land-Use Table:

The following information represents development as of August 1, 2018.

LAND USES	ACREAGE	EQUIVALENT CONNECTIONS	
		EXISTING	PROJECTED
Developable Acreage:			
Developed from prior bond issues	315.85	732	930
To be developed from the bonds	0	0	0
Currently developed with facilities to be funded in future bonds:	72.48	0	199
Remaining developable acreage:	277.542	0	0
Clear Creek I.S.D.	<u>135</u>	<u>200</u>	<u>200</u>
Subtotal Developable Acreage:	800.872	932	1,329
Undevelopable Acreage:			
Streets: South Shore Boulevard, Lawrence and Bishops Bridge, Roads:	20.7	0	0
Drainage Easements:	78.90	0	0
Parks, Recreational and Open Spaces	6.74	0	0
Other: (Water Tower and Texas/New Mexico Easement)	<u>13.13</u>	<u>0</u>	<u>0</u>
Subtotal Undevelopable Acreage:	119.47	0	0
Total	920.342	932	1,329

(B) Status of Development from Prior Bond Issues:

SECTION	TYPE OF DEVELOPMENT	NO. OF LOTS	ACREAGE		EQUIVALENT CONNECTIONS		
					EXISTING	AT FULL DEVELOPMENT	
Hidden Lakes, Section 1	Single Family	98	28.29		95	98	
Hidden Lakes, Section 2	Single Family	116	40.90		115	116	
Hidden Lakes, Section 3	Single Family	74	16.71		73	74	
Hidden Lakes, Section 4	Single Family	45	13.65	(2)	45	45	
Hidden Lakes, Section 5	Single Family	69	20.04		68	69	
Hidden Lakes, Section 3, Phase 2	Single Family	62	13.03		62	62	
Hidden Lakes, Section 6	Single Family	42	12.94		42	42	
Hidden Lakes, Section 7	Single Family	57	39.34	(1)	54	57	
Hidden Lakes,	Single Family	43	19.75		39	43	

Section 8							
Linear Detention	Detention	N/A	18.53		0		0
Lawrence Road Detention	Detention	N/A	1.84		0		0
Sand Pit Detention	Detention	N/A	21.78		0		0
HEB	Commercial	N/A	17.4		14		14
Lawrence Road Commercial	Commercial	N/A	13.9		16		20
South Shore Blvd.	Road	N/A	17.43	(3)	0		0
Bishop's Bridge		N/A	10.01	(4)	0		0
Clear Creek ISD	Road	0	135		200		200
Hidden Lakes, Section 4B	Single Family	42	11.72		18		39
Hidden Lakes, Section 5B	Single Family	62	14.60	(6)	52		62
Hidden Lakes, Section 7B	Single Family	30	20.87	(5)	13		30
Hidden Lakes Commons	Commercial	0	17.39		15		30
12" W/S to FM 646 Commercial Tract	Commercial	0	<u>0</u>		0		0
Hidden Lakes, Section 8B	Single Family	24	8.77		3		24
Hidden Lakes, Section 9	Single Family	46	13.51		6		46
Hidden Lakes, Section 10	Single Family	<u>59</u>	<u>29.79</u>	(7)	<u>2</u>		<u>59</u>
TOTALS		869	557.19	(8)	932	(9)	1,130

(1) Contains 19.16 acres detention

(2) Sandpit detention netted out

(3) Entire row – includes Phases 2, 3 and 4

(4) Contains 3.27 acres for Bishops Bridge, 6.74 acres parks & recreation and 135 acres of school.

(5) Contains 9.25 acres of detention

(6) Contains 2.52 acres of detention

(7) Contains 5.82 acres of detention

(8) Contains 78.9 acres of detention, 20.7 acres of major roads, 6.74 acres of parks and recreation and 135 acres of school

(9) Includes ESFC for commercial, residential and school.

(C) Development from Proposed Bonds:

PROPOSED DEVELOPMENT (Proposed Bonds)

No additional lots are being proposed in this bond application. The proceeds will be used for detention and park projects.

(D) Development from Future Bonds (by Section if Available)

SECTION	TYPE OF DEVELOPMENT	NO. OF LOTS	ACREAGE		EQUIVALENT CONNECTIONS	
					EXISTING	AT FULL DEVELOPMENT
Coastal Point, Section 1	Single Family	68	33.91	0	0	68
Coastal Point, Section 2	Single Family	28	13.06	0	0	28
Coastal Point, Section 3	Single Family	103	<u>25.51</u>	<u>0</u>	<u>0</u>	<u>103</u>
TOTAL		199	72.48	0	0	199

(E) Historical Build-Out:

YEAR	TYPE OF DEVELOPMENT	NO. OF UNITS	ACREAGE/ RESERVES	SQUARE FOOTAGE	EQUIV. CONNECTIONS EXISTING	ULTIMATE
<u>2014</u>	Single Family	402	-	-	70	402
	Multi-Family	0	-	-	0	0
	Commercial	0	-	-	0	75
	Office/Schools	<u>0</u>	-	<u>500,000</u>	<u>200</u>	<u>200</u>
	TOTAL 2014	402		500,000	270	677
<u>2015</u>	Single Family	642	-	-	160	642
	Multi-Family	0	-	-	0	0
	Commercial	0	-	100,000	16	75
	Office/Schools	<u>0</u>	-	<u>500,000</u>	<u>200</u>	<u>200</u>
	TOTAL 2015	642		600,000	376	917
<u>2016</u>	Single Family	642			339	642
	Multi-Family	0	-	-	0	0
	Commercial	0	-	120000	35	75
	Office/Schools	<u>0</u>	-	<u>500,000</u>	<u>200</u>	<u>200</u>
	TOTAL 2016	642		620,000	574	917
<u>2017</u>	Single Family	550			550	804
	Multi-Family	0	-	-	0	0
	Commercial	0	-	200,000	50	75
	Office/Schools	<u>0</u>	-	<u>500,000</u>	<u>200</u>	<u>200</u>
	TOTAL 2017	550		700,000	800	1,079
<u>2018</u>	Single Family	687			687	869
	Multi-Family	0	-	-	0	0
	Commercial	0	-	200,000	50	75
	Office/Schools	<u>0</u>	-	<u>500,000</u>	<u>200</u>	<u>200</u>
	TOTAL 2018	687		700,000	937	1,144

(E) Floodplain Information:

A reproduction of the current Flood Insurance Rate Map (Panel Numbers 485470-0029C & 485470-0095C dated May 2, 1983 and 485488-0013D dated September 22, 1999 relevant to the District as published by the Federal Emergency Management Agency is included with this submittal as Attachment 18. The map has been modified to illustrate the District Boundary.

- (i) What is being done (if anything) to remove the areas of the District, if any, currently in the official floodplain?** All areas for current development are out of the flood plain.
- (ii) Are any of the improvements proposed for purchase or construction funding through the proceeds of this bond issue currently in the official floodplain?** __Yes X No.
- (iii) Are areas currently in the official floodplain used in the build-out projections used to support this bond issue?** __Yes X No.
- (iv) Who is charged with maintaining minimum floor slab elevations in the District area?** City of League City.
- (v) Are any sites or easements to be funded in the bond issue currently in the floodplain?** __Yes X No.

SECTION 6 — SOURCE OF WATER SUPPLY, WASTEWATER TREATMENT FACILITIES, AND STORM-WATER DRAINAGE FACILITIES

(A) Water Supply:

(i) Water Supply Source

Ground Water: The District obtains all of its water supply from League City. Therefore, there are no on-site water wells.

Surface Water: The District does use surface water through its utility agreement and amendments with League City.

(ii) Water Supply Facilities Inventory

Water is provided by League City (See Attachment 45)

(iii) Interconnects

Water is provided by League City (See Attachment 45)

(iv) Leased or Purchased Capacity NOT APPLICABLE

(v) Special Considerations NOT APPLICABLE

(B) Wastewater Treatment Facilities:

All wastewater is provided by the City of League City in their Dallas Salmon wastewater plant (TCEQ Permit No. 10568-05). (See Attachment 45)

(i) Wastewater Flow per ESFC: 250 gpd

(ii) Leased or Purchased Capacity: All wastewater is provided by the City of League City in their Dallas Salmon wastewater plant (TCEQ Permit No. 10568-05).

(iii) Special Considerations: All wastewater is provided by the City of League City in their Dallas Salmon wastewater plant (TCEQ Permit No. 10568-05).

(C) Stormwater Drainage Facilities:

(i) Natural Drainage Patterns: The natural flow is from northwest to southeast.

(ii) Drainage System Improvements: Storm drainage is collected into storm sewers. This discharges to the projects detention basins which flow to Gum Bayou, then to Dickinson Bayou and ultimately, Galveston Bay.

(iii) Storm Water Quality Features: Permanent storm water quality facilities are not required by regulatory agencies at this time. Temporary storm water quality measures necessary for control of storm water quality associated with construction activities are included in individual construction contracts.

SECTION 7 — BASIS OF DESIGN

(A) Conformity with Regulatory Requirements:

The facilities proposed for funding in this application are designed in accordance with the applicable criteria established by regulatory authorities unless otherwise noted.

(i) Texas Commission on Environmental Quality: Yes X No ___ N/A ___

(ii) City of League City: Yes X No ___ N/A ___

(iii) County of Galveston: Yes ___ No ___ N/A X

(iv) Galveston County Drainage District: Yes ___ No ___ N/A X

(v) Commission Permit Required by Water Code 16.236:
Yes ___ No ___ N/A ___

(B) Oversizing:

Is the District constructing any facility with capacity in excess of that reasonably anticipated for future in-district uses? ___ Yes X No..

SECTION 8 — FINANCIAL INFORMATION

The information in this section is provided by Robert W. Baird & Co., Inc. and Assessments of the Southwest, the District's Financial Advisor and Tax Assessor\Collector, respectively.

(A) Growth / No Growth

The economic feasibility of this bond issue is based on No-Growth.

The highest projected taxable value shown in the projections in the cash flow is \$294,502,538.

(B) Latest Certified Assessed Valuation: \$278,119,369 as of January 1, 2018. See Attachment 34 (a) for the Certificate of Latest Certified Assessed Valuation.

(C) Latest Certified Estimate of Assessed Valuation: \$294,102,938 as of August 1, 2018.

See Attachment 35 for the Certificate of Latest Certified Estimate of Assessed Valuation.

(D) Historical Tax Data:

The following information is as of November 30, 2018.

YEAR COLLECTED	ASSESSED VALUATION	DEBT SERVICE TAX RATE	MAINTENANCE TAX RATE	AMOUNT COLLECTED	TOTAL
2011	\$19,716,340	0	1.00	\$ 230,562	100%
2012	\$18,315,836	0	1.00	\$ 214,584	100%
2013	\$20,151,332	0	1.00	\$ 230,965	100%
2014	\$47,420,613	0	1.00	\$ 474,206	100%
2015	\$95,019,294	0.10	0.90	\$ 950,185	100%
2016	\$157,207,717	0.69	0.31	\$1,571,977	100%
2017	\$217,541,558	0.76**	0.19	\$2,056,489	99.77%
2018	\$278,119,369	0.71*	0.22	\$146,498	5.69%

* 0.61 Water, sewer and drainage; 0.10 roads

** 0.69 Water, sewer and drainage; 0.07 roads

(E) Cash and Investment:

CASH AND INVESTMENT BALANCES	
As of	
December 4, 2018	
General Operating	\$ 700,969
Debt Service Fund – Water, Sewer & Drainage	\$ 940,019
Capital Projects Fund	\$ 122,285
Debt Service Fund – Roads	\$ 176,348
Surplus Road Bond Funds	\$ 27

(F) Outstanding Indebtedness:

(i) Bond Issues:

Category	Outstanding Debt	Proposed Debt	Combined Debt	Debt Ratio based on Current Certified or Estimated Value
Bond Issue Debt	\$27,575,000*	\$9,390,000**	\$36,965,000	12.57%

* Includes \$2,975,000 road bonds funded June 8, 2017.

** Includes \$6,450,000 in Water, Sewer and Drainage Bonds and \$2,940,000 in Park Bonds

(ii) Bond Anticipation Notes: NOT APPLICABLE

(iii) Tax-Anticipation Notes: NOT APPLICABLE

(iv) Other Obligations: None.

(G) Financial Feasibility (to Be Completed by All Districts):

Provide the following data to support the feasibility of the proposed bond issue as required by Commission Rule 293.59.

**(i) Build-Out Projections: Is the feasibility of this bond issue based on growth? ___ Yes
___X___ No.**

(ii) Debt-Service Schedule:

See Attachment 31

(iii) Revenue Projections:

**(a) Does the District intend to use net revenues from operations for debt service payments?
___ Yes ___X___ No.**

**(b) Does the District intend to use revenues received from a municipality through either a consent agreement or strategic partnership agreement for debt service payments?
___ Yes ___X___ No..**

(iv) Operating Budget: See Attachment 58.

(v) Projected Cash-Flow Analysis for Proposed and Existing Debt of District:

NOT APPLICABLE. Bond issue is based on No-Growth.

(vi) No-Growth Cash-Flow Analysis for Proposed and Existing Debt of District:

See Attachment 33 (b). No-Growth Cash Flow.

(vii) Cash-Flow Analysis for All Overlapping Taxing Entities Specifically Attributable to Water, Wastewater, Drainage, Recreation or Roads: NOT APPLICABLE.

(viii) **Combined Tax Rate:**

	No-Growth Tax Rate
District Tax Rate	
a. Debt service as shown in cash-flow analysis 1. Water, Sewer, Drainage and Parks Tax 2. Road Debt Service Tax b. Maintenance Tax ⁽¹⁾	\$ 0.74 \$ 0.06 \$ 0.09
Tax rate for overlapping entities as defined in Commission Rules 293.59(f)(2) and (f)(6) and (e)(2) and (e)(6)	\$ 0
a. Debt service as shown in cash-flow analysis 1. Entity No. 1: (N/A) 2. Entity No. 2: (N/A) b. Maintenance Tax 1. Entity No. 1: (N/A) 2. Entity No. 2: (N/A)	\$ 0 \$ 0 \$ 0 \$ 0
Equivalent surcharge for water and wastewater, if any: (N/A)	\$ 0
If District is within a city, then indicate the portion of the city's tax rate specifically attributable to water, wastewater, drainage, or recreation:	\$ 0.06
Less any equivalent tax rebate:	\$ (0)
TOTAL COMBINED TAX RATE	\$ 0.9500

(1) The current District operating budget is shown in Attachment 58.

- (ix) **Total Taxable Value of Area to be Taxed: \$294,102,938 as of August 1, 2018.** See Attachment 35 for Certificate of Latest Certified Estimate of Assessed Valuation.
- (x) **Waiver of Special Appraisal:** See Attachment 34.
- (xi) **Overlapping Tax Rates:** Provide a table indicating direct and overlapping taxes by the District and all overlapping taxing jurisdictions for the most current tax year and projected for the coming tax year if known to be different.

TAXING JURISDICTIONS	TAX YEAR	CURRENT TAX RATE PER \$100 VALUATION	PROJECTED TAX RATE PER \$100 VALUATION
Galveston County (Including Road and Bridge)	2018	0.558	\$0.558
City of League City	2018	0.564	0.564
Clear Creek ISD	2018	1.40	1.40
Galveston County MUD No. 45	2018	<u>0.93</u>	<u>0.9419</u>
TOTAL		3.452	3,571

(1) \$0.76 debt service; \$0.19 maintenance

(H) Development Status:

Does the District have a developer as defined by Water Code Section 49.052(d)? X Yes
___ No.

(i) Status of Construction

Does the District meet the conditions of Commission Rule 293.59(k)(6) regarding completion of facilities prior to Commission approval necessary to serve the projected development?

1. Compliance with 293.59(k)(6)(A): X Yes ___ No ___ Exempt.

2. Compliance with 293.59(k)(6)(B): X Yes ___ No ___ Exempt.

3. Compliance with 293.59(k)(6)(C): X Yes ___ No ___ Exempt.

4. Compliance with 293.59(k)(6)(D): X Yes ___ No ___ Exempt.

5. Compliance with 293.59(k)(6)(E): X Yes ___ No ___ Exempt.

(ii) Status of Growth Projected in Previous Bond Issue, if Applicable:

(a) Does the District meet the conditions of Commission Rule 293.59(l)(2) and 293.59(l)(3) regarding completion of water and wastewater facilities necessary to serve the connections projected in the previous bond application? ___ Yes ___ No
X N/A.

(b) Does the District meet the condition of Commission Rule 293.59(l)(4) regarding 75% completion of all prior bond issues? X Yes ___ No.

(I) Market Information:

Paragraph II: A market study is not provided the reasons checked below: Respond as required. *The District must request such a waiver in its resolution (except in no-growth situation) and cite the applicable exemption in the Commission Rules. A copy of the Board Resolution and Letter from the Financial Adviser is included in Attachment 36.*

X No growth is projected in determining the feasibility of this bond issue.

___ The District anticipates obtaining an acceptable credit rating (as such rating is defined in Commission Rule 293.47(b)(4)) prior to the sale of the proposed bond issue. A letter from the District's Financial Adviser addressing the District's ability to obtain such a rating is included in Attachment 50.

___ The District anticipates obtaining a credit enhanced rating (as such rating is defined in Commission Rule 293.47(b)(5)) prior to the sale of the proposed bond issue. A letter from the District's Financial Adviser addressing the District's ability to obtain such a rating is included in Attachment 50.

_____ The District has a level of debt (existing and proposed) of _____, and a certified assessed valuation of _____, the ratio of debt to assessed value being 10% or less.

_____ The value of houses and/or buildings within the areas to be served by the proposed bond issue is 50% of the proposed value of houses and/or buildings shown in the projected tax rate calculations. The District must complete the following table:

SECTION 9 — SHARED FACILITIES

(A) **Inventory:**

The District does not intend to finance any facilities, which were or will be designed for entities or areas that are outside the boundaries of the District.

(B) **Calculated Pro Rata Shares:** NOT APPLICABLE

(C) **Cost-Sharing Arrangements Requested for Commission Approval:** NOT APPLICABLE

(D) **Oversizing Required by a Local Government or Other Regulatory Agency:** NOT APPLICABLE

SECTION 10 — PLANS, SPECIFICATIONS, OTHER CONSTRUCTION DOCUMENTS

See Volumes IV – X

(A) **Plans:**

(i) **Construction Plans:** See Volumes IV - X

(ii) **Plat:** See Volumes IV - X

(B) **Contract Documents:**

See Volumes IV - X

(C) **Construction Documents:**

See Volumes IV - X, which include the following:

- a. Agreement between developer and district for funding, reimbursement, contract award and administration, and for use of facilities prior to Commission approval.
- b. Plans approved by all entities with jurisdiction.
- c. Specifications, including proposed contract documents, bid proposal, and bonds. If executed copies are available, proposed copies are not necessary.
- d. Letter approvals by other relevant review agencies.
- e. Publisher's affidavit or bid solicitations reflecting proper notification of bidding.
- f. Letter notifying Commission field office of bidding time and date.
- g. All addenda to the specifications.
- h. Bid summary and itemized bid tabulation.
- i. Engineer's recommendation of contract award with justification if low bidder not recommended.
- j. Specifications, including executed contract documents, bid proposal, and payment and performance bonds.
- k. Notice to proceed.
- l. All pay estimates.
- m. All change orders with revised plan sheets and approvals, if necessary.

- n. Water and wastewater line pressure test results and wastewater line deflection test results.
- o. Notice to Commission field office of final inspection.
- p. Final inspection report.
- q. Engineer's certificate of completion.
- r. Contractor's affidavit of bills paid.
- s. District acceptance of facilities.

(D) **Checklist:** See Volumes IV - X

SECTION 11 - SPECIAL CONSIDERATIONS

(E) Developer Projects:

Are any of the projects in the proposed bond issue developer projects as defined in Commission Rule 293.44(a)(1)? X Yes No.

- (i) Clearing and Grubbing: NOT APPLICABLE
- (ii) Spreading and Compacting of Fill: NOT APPLICABLE
- (iii) Change in Development Plan: Do any of the projects in the proposed bond issue include the replacement or relocation of existing or designed facilities? Yes X No.
- (iv) Railroad, Pipeline, or Underground-Utility Relocations: NOT APPLICABLE
- (v) Joint-Use Engineering Studies: NOT APPLICABLE
- (vi) Bridges and Culverts: As described in the Drainage Report (Attachment 38), in 2012, new drainage conditions were required to be met by the City of League City. To meet those conditions, what had been previously approved in past reports, had to be revised. As a result, downstream and offsite channel rectification and offsite detention was not a practical option because of land acquisition, Corps of Engineer permits and relocation of power lines. The new plan resulted in an increase in onsite detention, the elimination of offsite detention and downstream channel rectification, elimination of acquisition of offsite drainage channel easements and detention basin sites and the cost of obtaining a permit from the Corps of Engineers and required mitigation of wetlands. The new plan allowed for bypassing high flows from Gum Bayou through the GCMUD No. 45 detention basins, which effectively reduced the peak flows downstream of GCMUD No. 45. To achieve the desired results, box culverts were required to accommodate the bypassing of flows from Gum Bayou. It is the Engineer's opinion that this drainage solution, including the cost of the box culverts, was the most cost effective way to meet the drainage challenges considering League City's requirements, as well as saving of time for Corps of Engineer permits and related wetland mitigation costs and site acquisition outside of the District. This project is consistent with the spirit of rule 293.44.a (14) and 293.52 (1).
- (vii) Proration of Dual Lake–Detention Pond: Does the Bond Issue include funds for the purchase or construction of detention pond facilities which will hold water continuously for aesthetic or recreational purposes? X Yes No.
- (viii) Floodplain Mitigation: Does the project include funds for costs associated with the mitigation of floodplain areas? Yes X No.

(F) All Projects:

(i) Appraisals: NOT APPLICABLE

(ii) Contract Revenue bonds: Are the proposed bonds contract revenue bonds? ___ Yes
X No.

(iii) Impact Fees and Capital-Recovery Fees: Does the proposed bond issue include funding for fees calculated and collected under the provisions of Local Government Code 395?
___ Yes X No.

SECTION 12 — MISCELLANEOUS CONSIDERATIONS

(G) **Preconstruction Documents:**

See Attachment 46.

(H) **Bid Advertisement:**

Was the competitive bidding statutes complied with in each of the construction contracts executed? X Yes ___ No. See Volumes IV- X.

(I) **Developer's 30% Contribution Exemption Request:**

- (i) The District is requesting a conditional *exemption* from the requirement to obtain a 30% contribution from the developer on certain construction contracts for the following reason:

___ The District will have a ratio of debt \$_____ existing debt as of _____ plus the proposed bond issue \$_____ for a total debt of \$_____ to certified assessed valuation \$_____ as of _____ of 10% or less prior to the sale of the proposed bond issue. If a build-out schedule is provided to support that the 10% ratio will be obtained and the feasibility is based on no growth, then clearly indicate such in the build-out schedule.

X The District anticipates obtaining an acceptable credit rating [as such rating is defined in Commission Rule 293.47(b)(4)] prior to the sale of the proposed bond issue. A letter from the District's financial adviser addressing the District's ability to obtain such a rating is included as *Attachment 50*.

___ The District anticipates obtaining a credit enhanced rating [as such rating is defined in Commission Rule 293.47(b)(5)] prior to the sale of the proposed bond issue. See Attachment 50.

(J) **Letters of Credit, Deferment of Bond Proceeds, Other Acceptable Financial Guarantees:**

NOT APPLICABLE

(K) **Developer Interest Reimbursement:**

Developer interest is being requested in this Bond Application for projects reimbursed in this Bond Application (See Attachment 13). The District is requesting more than two years of interest. The resolution and letter from the Financial Advisor is in Attachment 13. Not all Developer Interest earned by the completion of these projects can be reimbursed by this Bond Issue. This unreimbursed Developer Interest will be reimbursed by Surplus Funds or a Future Bond Issue.

(L) Land and Easement Acquisition:

- (i) Storm-Water Detention Facilities: Does the District intend to purchase easements or sites for storm-water detention facilities? ___ Yes X No.**
- (ii) Easements Outside the District's Boundaries: Does the District intend to purchase easements outside the District's boundaries? ___ Yes X No.**
- (iii) Downstream Drainage Channels: Does the District intend to purchase easements to improve drainage channels downstream of the District that pass through other Districts? ___ Yes X No.**
- (iv) Recreational-Facility Sites: Does the District intend to purchase sites for recreational facilities? X Yes ___ No.**

(M) District Participation in Regional Drainage Systems:

Does the proposed bond issue include funds to be paid to a regional drainage authority for capacity in a regional storm-water detention system? ___ Yes X No.

SECTION 13 — MISCELLANEOUS INFORMATION

(N) **Contracts with Professional Consultants:**

See Attachment 55 for Attorney, Engineer, Financial Advisor, Bookkeeper and Tax Assessor/Collector contracts.

(O) **Compliance with Commission Rule 293.111(a)(6):**

See Attachment 56.

(P) **Key Personnel:**

Name & Address

Attorney

Mr. Greer Pagan
Allen Boone Humphries & Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, Texas 77027
(713) 860-6417

(i) Fiscal Agent

Jan Bartholomew
Robert W. Baird & Co., Inc.
1331 Lamar, Suite 1360
Houston, Texas 77010
Direct: (713) 230-6121

(ii) Operator

City of League City
300 West Walker
League City, Texas 77573

(iii) General Manager

NOT APPLICABLE

(iv) Tax Assessor-Collector

Ms. Delia Yanez
Assessments of the Southwest
5 Oaktree
Friendswood, Texas 77546
Direct: (281) 482-0216
Fax: (281) 482-5285

(v) Chief Appraiser

Galveston Central Appraisal District
600 Gulf Freeway
Texas City, Texas 77591
Direct: (713) 474-4489

(vi) Principal Developer(s)

Steve Sellers -
Hidden Lakes Development Partners
c/o Empire Continental
10850 Richmond Avenue, Suite 130
Houston, Texas 77042
Office 713-267-9356
Fax 713-260-9602

(vii) Engineer

Mr. Jack Carter, P.E.
Dannenbaum Engineering Corporation
3100 West Alabama St.
Houston, Texas 77098
Direct: (713) 520-9570

(viii) Bookkeeper

Ms. Dana Davis
Myrtle Cruz, Inc.
3401 Louisiana Street, Suite 400
Houston, Texas 77002-9552
Direct: (713) 759-1368
Fax: (713) 759-1264

(Q) Reporting Requirements:

Has the District submitted a current Directors' Registration Form? X Yes ___ No.

Has the District submitted a current District Information Form as required by Water Code Section 49.455? X Yes ___ No.

Has the District submitted a current Audit Report or Financial Dormancy Affidavit?
 X Yes ___ No.

(R) Name Signs:

Has the District posted at least two name signs, at two or more principal entrances to the District? X Yes ___ No.

Sign 1 SH 96 at South Shore Boulevard

Sign 2 SH 646 at South Shore Boulevard

(S) Other Information:

Provide any other information necessary to adequately describe or support the application.

Notes: