



S. David Smalling, Jr.
Director
Public Finance

Phone: 713-230-6125
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April 17, 2019

Mr. John Baumgartner
City Manager
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 Mr. Baumgartner:

As requested, we have provided our attestation as to the compliance with the Utility Agreement between Galveston County Municipal Utility District No. 45 (the "District") and the City of League City (the "City") for the issuance of the above referenced transaction (the "Bonds").

Section 4.01(g)

Based on the District's current estimate of assessed value as of March 1, 2019, and the current projection of future value to build out the District, the District's net direct debt after the sale of the Bonds (\$38,740,000) as a percentage of estimated certified assessed value at final buildout (\$678,934,952) is approximately 5.71%, which is less than the greater of 8.5%, or the City's ratio of net direct and overlapping debt (\$886,067,037) as a percentage of current certified assessed valuation (\$8,103,667,336), or 10.93%. Therefore, the District is in compliance with Section 4.01(g).

Section 5.02

After the sale of the Bonds, the ratio of the District's indebtedness (\$38,740,000) to its most recent assessed valuation (\$326,884,952 as of March 1, 2019) is 11.85%, which is less than 25% during the first 24 months after the Bond Date (June 1, 2019) and 15% thereafter. The proposed first optional redemption date without premium for the Bonds is September 1, 2024, which is before the 10th anniversary of the date of issuance. The Bonds will be sold for no less than 97% of par and the net effective interest rate on the Bonds shall not exceed 2% above the highest average interest rate reported by the *Bond Buyer* in its weekly "20-Bond Index" during the 30-day period next preceding the date notice of sale of the Bonds is given, or the date of sale of the Bonds, whichever is greater. The Bonds will be advertised or sold by the District only with the prior approval of the City Council. The Bonds of the District shall be sold to the lowest and best bidder after the District has advertised for and solicited bids. All Bonds of the District shall be approved by the Attorney General of the State of Texas.

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.", written over a light blue horizontal line.

S. David Smalling, Jr.
Director