



Greg Lentz

Director

October 2, 2019

Via E-mail: Kristine.Polian@leaguecitytx.gov

Ms. Kristine Polian

Director-Finance

City of League City

300 W. Walker Street

League City, Texas 77573

**Re: Galveston County Municipal Utility District No. 46 (the "District")
\$3,500,000 Unlimited Tax Bonds, Series 2019A
\$800,000 Unlimited Tax Park Bonds, Series 2019B**

Dear Kristine:

The District is proposing to sell its \$3,500,000 Unlimited Tax Bonds, Series 2019A and \$800,000 Unlimited Tax Park Bonds, Series 2019B (collectively referred to herein as the "Bonds") to finance water, sewer and drainage facilities and recreational facilities, respectively, which are expected to be the final two series of bonds issued by the District to reimburse Taylor Morrison. Pursuant to the attached "Utility Agreement By and Between the District and the City of League City, Texas" (the "Utility Agreement"), the District is required to obtain City of League City approval prior to the sale of the Bonds. The terms and conditions of the Bonds and expenditure of funds are in compliance with the Utility Agreement, in particular, the District is in compliance with Section 5.02 of the Utility Agreement which stipulates maximum debt ratios allowed (see detail below). The District is requesting a variance from Section 6.06(3) of the Utility Agreement which states that bonds shall be issued in series with **a minimum limit on EACH series of bonds being \$2,500,000**. The Series 2019B Park Bonds are sized to comply with The Texas Water Code, Chapter 49, Section 4645, which limits the principal amount of park bonds to one percent (1%) of the taxable value of the District at the time of the sale.

The bond application and sale of the Bonds is pending approval by the Texas Commission on Environmental Quality ("TCEQ"). We have attached the bond application report that includes a schedule showing the use of Bond proceeds and a no growth cash flow analysis related to the financing for your review. The District levied a 2019 tax rate of \$0.85 per \$100 of taxable assessed valuation (\$0.78 for debt service and \$0.07 maintenance). The District's 2019 Taxable Assessed Valuation as of January 1, 2019, as provided by the Galveston Central Appraisal District, is \$411,498,206 (\$396,158,778 of certified value and \$15,339,428 of uncertified value). The District's outstanding debt assuming issuance of the Bonds will be \$41,125,000. The ratio of outstanding debt to 2019 Taxable Assessed Valuation as of January 1, 2019 is 9.99%. There is no tax rebate associated with the District.

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The District would like to sell the Bonds on or around Tuesday, December 3, 2019, and in connection therewith, the District would like to obtain League City approval as soon as possible.

Please let us know if you need any additional information.

Thank you for your assistance with this financing.

Sincerely Yours,

A handwritten signature in blue ink, appearing to read 'Greg Lentz', with a stylized, looping flourish at the end.

Greg Lentz
Director

Enclosures

cc: Mr. Greer Pagan, Allen Boone Humphries Robinson LLP
Ms. Hope Jeffers, Allen Boone Humphries Robinson LLP
Mr. Chase Wolf, Masterson Advisors LLC