

**ENGINEERING REPORT
FOR
GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 46
BOND ISSUE NO. 12
\$4,300,000**

JOB NO. 1285-0013

June 2019

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FRN F-1386
LJA ENGINEERING, INC.

BOND APPLICATION REPORT FORMAT
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GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT 46
GALVESTON COUNTY
\$4,300,000
BOND ISSUE NO. 12

SECTION 1 — GENERAL INFORMATION

A Laws, Elections, and Acreage:

- i Authority Creating District:** Created by Order of the Texas Commission on Environmental Quality dated October 28, 2004.
- ii Governing Law:** The District operates under Chapters 49 and 54 of the Texas Water Code pursuant to Article XVI, Section 59 of the Texas Constitution.
- iii Confirmation Election:** The voters of the District confirmed the creation of the District and authorized the District to issue \$86.5 million in bonds at the May 13, 2006 confirmation and bond election. Refer to the District's first bond application for a copy of the Notice of Election and Canvass of Returns for the Confirmation of Creation of District and Bonds.
- iv Acreage:** GCMUD No. 46 consisted of 482.54 acres at the time of creation on October 28, 2004. The boundaries of the district have not changed since the time of creation.
- v Boundary Map:** See Attachment 3.

B Location:

GCMUD No. 46 is located in northern Galveston County and falls within the corporate limits of the City of League City (the "City"), approximately 30 miles southeast of downtown Houston. The district is bounded on the east by State Highway 146, on the north by State Highway 96, and on the east by Galveston County Municipal Utility District No. 45. The district is located in the Rafael Basquez Survey, Abstract 32 and the Nathan Fuller Survey, Abstract 67, City of League City, Galveston County, Texas. All of the property is in the Clear Creek Independent School District. See Attachment 4.

SECTION 2 — PROPOSED BOND ISSUE

A Purpose:

The purpose of Bond Issue No. 12 is to fully reimburse the developer for construction of water, sanitary sewer, and drainage facilities to serve Mar Bella Section 14 A; construction of water, sanitary sewer, and drainage facilities to serve Mar Bella Section 14 B; Lake B Slope Repair; Lake C Slope Repair; Lake D Slope Repair; Lake E Slope Repair; 74 City of League City Capital Recovery Fees (CRFs); and Mar Bella Landscape and Irrigation Phase 1. This bond issue also reallocates surplus funds for water, sanitary sewer and drainage facility reimbursement.

B Bond and Maintenance Tax Authorization:

i Bond Authorization:

Date of Election	Purpose	Amount Approved	Amount Canceled
5-13-06	Water, Wastewater, Drainage	\$86,500,000	None
5-13-06	Parks & Recreational	\$12,000,000	None
5-13-06	Refunding	\$56,000,000	None

ii Maintenance Tax:

On May 13, 2006 the voters within GCMUD No. 46 authorized the District to levy and collect an operation and maintenance tax not to exceed \$1.50 per \$100 valuation on all taxable property within the District. Refer to the District's first bond application for a copy of the Notice of Election and Canvass of Returns for the Confirmation of Creation of District and Bonds.

Date of Election	Purpose	Maximum Tax Approved (per each \$100 of AV)	Cancelled Prior Authorization
5-13-06	General Operating (Including Park & Recreational)	\$1.50	None

C Prior Bond Issues:

Type of Bonds—Water, Wastewater and Drainage Total Amount Authorized: \$86,500,000			
Bond Issue No.	TCEQ Amount Approved	TCEQ Order Date Approved	Amount Sold
12 (Proposed) ⁽²⁾	\$3,500,000	N/A	\$3,500,000
11	\$2,545,000	Nov. 13, 2017	\$2,545,000
10	\$8,690,000	July 12, 2016	\$8,690,000

9	\$4,200,000	Oct. 1, 2015	\$4,200,000
7	\$4,810,000	Nov. 11, 2014	\$4,810,000
6	\$2,175,000	May 14, 2013	\$2,175,000
5	\$3,900,000	Nov. 13, 2012	\$3,900,000
4	\$4,120,000	Oct. 19, 2011	\$4,120,000
3	\$3,000,000	Sep. 11, 2010	\$3,000,000
2	\$2,100,000	Nov. 18, 2009	\$2,100,000
1	\$4,100,000	Jan. 14, 2009	\$4,100,000
Total Bonds Sold:			\$43,140,000
Remaining Authorized Bonds⁽¹⁾:			\$43,360,000

Type of Bonds—Parks & Recreational			
Total Amount Authorized: \$12,000,000			
Bond Issue No.	TCEQ Amount Approved	TCEQ Order Date Approved	Amount Sold
12 (Proposed) ⁽²⁾	\$800,000	N/A	\$800,000
11	\$1,485,000	N/A	\$1,485,000
8	\$2,280,000	Oct. 1, 2015	\$2,280,000
Total Bonds Sold:			\$4,565,000
Remaining Authorized Bonds⁽¹⁾:			\$7,435,000

- Note: (1) It is the opinion of the District's engineer the remaining authorized but unissued bonds is sufficient to complete the development within the District.
- (2) Bond Application No. 12 includes water, sanitary sewer and drainage bonds (\$3,500,000) and park bonds (\$800,000) for a total bond amount of (\$4,300,000).

D Type:

Voters approved unlimited tax bonds. District seeks approval of unlimited tax bonds.

E Interest Rate:

The proposed bond issue is analyzed based on an interest rate of 4.50% for the developer's interest.

F Land-Use Plan:

See Attachment 6.

G Recreational Facilities:

1. See Attachment 6 for a copy of the park plan.
2. A certified copy of the order calling the election and order canvassing the returns of the election have been previously been provided to the TCEQ.
3. The projects included in this bond issue are in accordance with 293.41(e)(2).
4. The proposed recreational bond issue (\$800,000) plus the outstanding recreational bond debt (\$3,395,000) is currently equivalent to 0.998% of the latest certified estimate of assessed valuation as of April 29, 2019 in the amount of \$420,173,357. At the time of issuance of the recreational bonds, the District's total and outstanding recreational bonds will be \$4,195,000 (\$800,000 plus \$3,395,000) and the District expects to achieve a minimum of \$420,173,357 in taxable value to comply with the 1.00% ratio of recreational bond debt to taxable value in accordance with 293.41(e)(4). See Attachment 34.
5. The projects included in this bond issue are in compliance with 293.41(e)(5). Mar Bella Landscape & Irrigation Phase I includes work in Mar Bella Section 1, 5, 5 Phase 2, Detention A, a portion of Detention B, Village Way, a portion of Mar Bella Parkway and a portion of Isla Vista Circle. All of these projects were reimbursed in a previous bond issue. See Attachment 6.
6. See Attachment 7 for itemized breakdown of costs.

H Roads:

Does the District have authority to fund roads? No.

SECTION 3 — FACILITIES PROPOSED FOR FUNDING

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

<u>Contracts Description</u>	<u>Contractor</u>	<u>Percent Complete/ Date</u>	<u>Total Contract Amount</u>	<u>Amount Subject to District Share</u>
W,S&D to Serve Mar Bella Section 14 A ⁽¹⁾	Bay Utilities	100% 12/15/17	\$741,844	\$519,291
W,S&D to Serve Mar Bella Section 14 B ⁽²⁾	Crostex Construction, Inc.	100% 9/4/18	\$797,712	\$797,712
Mar Bella Landscape and Irrigation – Phase 1 ⁽³⁾	Shooter & Lindsey, Inc.	100% 1/8/09	\$1,705,137	\$511,541
TOTAL			\$3,244,693	\$1,828,544

Notes:

- (1) The WS&D cost for Mar Bella Section 14A is based on the Original Contract amount (\$743,394.40) plus Change Order No. 1 (\$7,300.00) for pavement and sidewalk removal and replacement to core into existing sanitary manhole, minus final Quantity Adjustments (-\$8,850.00). The District is seeking 70% of the construction costs and fees. The remaining 30% of the construction costs and fees was previously reimbursed through a surplus funds application. See Construction Checklist for pay estimates and change orders.
- (2) The WS&D cost for Mar Bella Section 14 B is based on the Original Contract amount (\$904,836.74) minus final quantity adjustments (\$107,125.00). See Construction Checklist for pay estimates and change orders.
- (3) The landscaping cost for Mar Bella Sitework, Planting & Irrigation Phase 1 is based on the original contract amount (\$1,660,558) plus Change Order No. 1 (\$13,140.00) for street bores and irrigation sleeves, minus Change Order No. 2 (-\$40,543.00) for revising the plantings, minus Change Order No. 3 (-\$73,886.00) for deducting the south side of Las Palmas Drive and adding seed and drains, plus Change Order No. 4 (\$173,868.00) for Las Olas Pass and additional street bores, minus final quantity adjustments (-\$28,000.00) for a total of (\$1,705,137.00). 59% of this project, which is \$1,006,031, was funded in a previous Bond Issue through park bonds. 30% of the remaining 41% will be funded in this bond issue. See Construction Checklist for pay estimates and change orders.

B Facilities to be Constructed:

<u>Contracts</u> <u>Description</u>	<u>Contractor</u>	<u>Percent</u> <u>Complete/</u> <u>Date</u>	<u>Total</u> <u>Contract</u> <u>Amount</u>	<u>Amount</u> <u>Subject</u> <u>to District</u> <u>Share</u>
Lake B Slope Repair ⁽¹⁾		0%	\$579,742	\$579,742
Lake C Slope Repair ⁽²⁾		0%	\$98,655	\$98,655
Lake D Slope Repair ⁽³⁾		0%	\$251,704	\$251,704
Lake E Slope Repair ⁽⁴⁾		0%	\$356,180	\$356,180
		TOTAL	\$1,286,281	\$1,286,281

(1) The WS&D cost for future Lake B Slope Repair is based on the cost estimate in Attachment 7.

(2) The WS&D cost for future Lake C Slope Repair is based on the cost estimate in Attachment 7.

(3) The WS&D cost for future Lake D Slope Repair is based on the cost estimate in Attachment 7.

(4) The WS&D cost for future Lake E Slope Repair is based on the cost estimate in Attachment 7.

SECTION 5 — DEVELOPMENT STATUS AND LAND USE

The following information represents development as of 06/01/19

(A) Land-Use Table:

<u>Land Uses</u>	<u>Acreage</u>	As of 05/01/19 <u>Equivalent Connections</u>	
		<u>Active</u>	<u>Projected</u>
Total District Acreage:			
1. Developed from the Prior Bond Issues	344.65	1092	1258
2. To Be Developed from the Proposed Bond	24.40	0	74
3. Currently Developed with Facilities to be funded by Future Bonds	0	0	0
4. Remaining Developable Acreage	22.00	0	25
5. Undevelopable Acreage:			
a. Streets	16.45	0	0
b. Drainage Reserves & Easements	71.24	0	0
c. Lift Station	0.15	0	0
d. Recreation Center	3.65	0	0
TOTALS	482.54	1092	1357

(B) Development from Prior Bonds:

<u>SECTION</u>	<u>TYPE OF DEVELOPMENT</u>	<u>NO. OF LOTS</u>	<u>EQUIVALENT CONNECTIONS</u>		
			<u>ACREAGE</u>	<u>ACTIVE</u>	<u>AT FULL DEVELOPMENT</u>
Section 1 to Serve Mar Bella Single Family		33	11.28	33	33
Section 2 to Serve Mar Bella Single Family		61	18.41	61	61
Section 3 to Serve Mar Bella Single Family		75	15.99	75	75
Section 4 to Serve Mar Bella Single Family		59	14.39	59	59
Section 5 to Serve Mar Bella Single Family		5	4.29	3	5
Section 5 Ph 2 to Serve Mar Bella Single Family		19	7.64	19	19
Section 6 to Serve Mar Bella Single Family		40	11.74	38	40
Section 7 to Serve Mar Bella Single Family		89	17.48	89	89
Section 9-A to Serve Mar Bella Single Family		25	8.55	25	25
Section 9-B to Serve Mar Bella Single Family		36	11.80	36	36

Section 9-C to Serve Mar Bella Single Family	23	9.78	23	23
Section 10-A to Serve Mar Bella Single Family	35	11.02	35	35
Section 10-B to Serve Mar Bella Single Family	50	15.95	50	50
Section 10-C to Serve Mar Bella Single Family	39	9.52	39	39
Section 10-D to Serve Mar Bella Single Family	45	10.99	45	45
Section 11 to Serve Mar Bella Single Family	48	13.50	48	48
Section 11-B to Serve Mar Bella Single Family	61	16.50	53	61
Section 12-A to Serve Mar Bella Single Family	60	14.50	60	60
Section 12-B to Serve Mar Bella Single Family	69	14.19	69	69
Section 13-A to Serve Mar Bella Single Family	47	16.60	42	47
Section 13-B to Serve Mar Bella Single Family	33	21.97	12	33
Section 15-C to Serve Mar Bella Single Family	58	15.28	52	58
Section 16-A to Serve Mar Bella Single Family	80	16.54	72	80
Section 15-A&B to Serve Mar Bella Single Family	88	22.07	20	88
Section 16-B&C to Serve Mar Bella Single Family	80	14.67	34	80

Totals	1258	344.65	1092	1258
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(C) Development from Proposed Bonds:

SECTION	TYPE OF DEVELOPMENT	NO. OF LOTS	EQUIVALENT CONNECTIONS		
			ACREAGE	ACTIVE	AT FULL DEVELOPMENT
Section 14-A to Serve Mar Bella Single Family		28	10.52	0	28
Section 14-B to Serve Mar Bella Single Family		46	13.88	0	46
Totals		74	24.40	0	74

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

SECTION	TYPE OF DEVELOPMENT	NO. OF LOTS	EQUIVALENT CONNECTIONS		
			ACREAGE	ACTIVE	AT FULL DEVELOPMENT

N/A

(E) Historical Build-Out:

Year	Type of Development	Number of Units	Acreage of Reserves	Square Footage	Active Connections	Ultimate Connections
2012	Single Family Multi – Family Commercial Office Other				545	703
2013	Single Family Multi – Family Commercial Office Other				630	858
2014	Single Family Multi – Family Commercial Office Other				798	1057
2015	Single Family Multi – Family Commercial Office Other				966	1253
2016	Single Family Multi – Family Commercial Office Other				1092	1258
2017	Single Family Multi – Family Commercial Office Other				1092	1258
2018	Single Family Multi – Family Commercial Office Other				1092	1258

(F) Floodplain Information:

- (i) What is being done (if anything) to remove the areas of the District, if any, currently in the official floodplain?** The District is outside the 100-year flood plain according to the attached FEMA map Community Panel Numbers 4854700029 C and 4854810003 B, dated May 2, 1983 and April 4, 1983 for Galveston County (See Attachment 18).
- (ii) Are any of the improvements proposed for purchase or construction funding through the proceeds of this bond issue currently in the official floodplain?** No.
- (iii) Are areas currently in the official floodplain used in the build-out projections used to support this bond issue?** No.
- (iv) Who is charged with maintaining minimum floor slab elevations in the District area?** The City of League City.
- (v) Are any sites or easements to be funded in the bond issue currently in the floodplain?** No.

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

(A) Water Supply:

- (i) **Water Supply Source:** The District receives water from the City of League City, which provides retail water services to customers in the District. GCMUD No. 46 will obtain water from an existing 24" water line, along State Highway 96 and an existing 8" water line from the adjacent Whispering Lake Ranch development. Furthermore, both lines are serviced by the City of League City. The City of League City currently acquires water from a combination of surface water and existing groundwater wells. The City of League City currently acquires surface water from the City of Houston (Southeast Water Purification Plant) and from the City of Dickinson (Thomas Mackey Water Purification Plant). See Attachment 17 for Utility Agreement between GCMUD No. 46 and the City of League City.

(ii) Water Supply Facilities Inventory:

Capacity: The City of League City; An Engineering Report on Water System from League City was previously provided and is on file at the TCEQ.

- a. Total Capacity of Water Supply:
The total capacity of water supply is 9.0 million gallons per day.
 - b. Total Capacity of Ground Storage:
The combined capacity of the City of League City's ground storage tanks is 4.26 million gallons.
 - c. Total Capacity Elevated Storage:
1 tank at 2.0 million gallons.
1 tank at 0.4 million gallons.
 - d. Total Capacity of Booster Pumps:
Booster pumping stations combined capacities are 17,450 gpm.
- (iii) **Interconnects:** GCMUD No. 46 has no interconnect with any other public water supply system existing or proposed at this time. GCMUD No. 46 obtains all of its water supply from the City of League City and there are currently two separate water sources.
- (iv) See Attachment 17 - Utility Agreement between GCMUD No. 46 and the City of League City.
- (v) There are no special considerations or circumstances.
- (vi) **The District's existing, proposed and ultimate water supply is secured through the City of League City. See Section 6.03 of Attachment 17 – Utility Agreement between GCMUD No. 46 and the City of League City.**

(B) Wastewater Treatment:

- (i) **Wastewater Treatment Facilities:** The District receives wastewater services from the City of League City. The wastewater generated within the District will flow by gravity through an internal network of wastewater collection lines and outfall into Lift Station #1. It will then run through a series of existing lift station, force main and gravity lines and ultimately tie into the Dallas-Salmon Wastewater Treatment Plant. The plant has a capacity of 6.0 MGD. The plant is permitted under TPDES Permit No. WQ0010568005 (previously on file with TCEQ). At full development, the District's ultimate equivalent single family connections will be approximately 1,357. The wastewater generated by this development is estimated as 547,500 gpd (average dry weather flow) and 2,190,000 gpd (average wet weather flow).
 - (ii) **GCMUD No. 46 wastewater flows are based on 300 gpd/ESFC.**
 - (iii) **The District's existing, proposed and ultimate waste water capacity is secured through the City of League City. See Section 6.03 of Attachment 17 – Utility Agreement between GCMUD No. 46 and the City of League City**
 - (iv) **There are no special conditions or circumstances.**
 - (v) **The District's existing, proposed and ultimate wastewater capacity is secured through the City of League City. See Section 6.03 of Attachment 17 – Utility Agreement between GCMUD No. 46 and the City of League City. An Engineering Report on Wastewater System from League City was previously provided and is on file at the TCEQ.**
- (C) **Storm-Water Drainage Facilities:**
- (i) **Existing topography indicates that the site generally drains from the northeast to the southwest. Natural ground elevations vary from 18 feet to 12 feet mean sea level (msl) across the site into Gum Bayou, located just west of the site. A Drainage Study was previously provided and is on file at the TCEQ.**
 - (ii) **Storm water runoff within the District is routed through a curb and gutter street system to collector lines that outfall into detention basins and channels throughout the District and ultimately into Gum Bayou. See drainage study that was previously submitted and on file with TCEQ.**
 - (iii) **Storm water drainage facilities are proposed to be funded in this bond issue for Mar Bella Sections 14 A and 14 B. No other storm water drainage facilities are proposed to be funded in this bond issue.**
 - (iv) **No storm water quality facilities are proposed to be funded in this bond issue.**

SECTION 7 — BASIS OF DESIGN

(A) Conformity with Regulatory Requirements:

- (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 X No ___ N/A ___
- (iv) Galveston County Flood Control District: Yes ___ No ___ N/A X⁽¹⁾
- (v) Commission Permit Required by Water Code 16.236: Yes ___ No ___ N/A X⁽²⁾
- (vi) Others: List in the same format.

⁽¹⁾ Flood control issues are regulated by the City of League City

⁽²⁾ Commission Permit required by V.T.C.A. Water Code Section 16.236 pertains to levee districts and is not applicable for the submittal.

(B) Oversizing:

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

SECTION 8 — FINANCIAL INFORMATION

(A) **Growth / No Growth**

The economic feasibility of this bond issue is based on no growth.

The highest taxable value shown in the cash flow schedule is \$420,173,357.

(B) **Latest Certified Assessed Valuation:** \$ 379,009,322 as of June 7, 2019. See Attachment 33.

Latest Certified Estimate of Assessed Valuation: \$420,173,357 as of April 29, 2019. See Attachment 34.

(C) **Historical Tax Data:**

The following information is as of **February 28, 2019**. (This information is provided by the District's tax assessor collector)

Year Collected	Assessed Valuation	Debt Service Tax Rate	Maintenance Tax Rate	Amount Collected	% Collected	Total
2014	\$179,929,537	0.87	0.13	\$ 1,799,295	100%	\$ 1,796,416
2015	\$244,111,270	0.89	0.09	\$ 2,392,290	100%	\$ 2,392,290
2016	\$304,075,981	0.89	0.08	\$ 2,949,291	99.99%	\$ 2,949,537
2017	\$356,931,440	0.85	0.08	\$3,319,229	99.99%	\$3,319,462
2018	\$379,009,322	0.79	0.08	\$3,297,773	97.18%	\$3,204,917

(D) **Cash and Investment:** (This information is provided by the District's bookkeeper)

CASH AND INVESTMENT BALANCES As of <u>(March 5, 2019)</u>	
General Operating Fund	\$ <u>490,290</u>
Debt Service Fund	\$ <u>3,390,746</u>
Capital Projects Fund	\$ <u>362,974</u>
Total	\$ <u>4,244,010</u>

(E) **Outstanding Indebtedness:** (This information is provided by the District's financial advisor)

(i) **Bond Issues:**

Category	Outstanding Debt	Proposed Debt	Combined Debt	Debt Ratio based on Current Certified or Estimated Value ⁽¹⁾
Water, Wastewater, and Drainage	\$ 34,930,000	\$3,500,000	\$ 38,430,000	9.15%
Roads	N/A			
Firefighting	N/A			
Recreational	\$ 3,395,000	\$ 800,000	\$ 4,195,000	1.00% ⁽²⁾
Totals	\$ 38,325,000	\$ 4,300,000	\$ 42,625,000	10.15%

Note:

1. Based on the Latest Certified Estimate of Assessed Valuation of \$420,173,357 as of April 29, 2019.
2. The proposed recreational bond issue (\$800,000) plus the outstanding recreational bond debt (\$3,395,000) is currently equivalent to 0.998% of the latest certified estimate of assessed valuation as of April 29, 2019 in the amount of \$420,173,357. At the time of issuance of the recreational bonds, the District's total and outstanding recreational bonds will be \$4,195,000 (\$800,000 plus \$3,395,000) and the District expects to achieve a minimum of \$420,173,357 in taxable value to comply with the 1.00% ratio of recreational bond debt to taxable value in accordance with 293.41(e)(4). See Attachment 34.

(ii) **Bond Anticipation Note: None Outstanding**

(iii) **Were the provisions of Commission Rule 293.54 followed in the issuance of all Bond-Anticipation Notes?** N/A

(iv) **Tax-Anticipation Notes:** None

Will all tax-anticipation notes be retired out of the proceeds of taxes currently in the process of collection? N/A.

(v) **Other Obligations:** There are no other obligations.

(F) **Financial Feasibility:**

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

(ii) **Debt-Service Schedule:** See Attachment 30.

(iii) **Revenue Projections:**

(a) Does the District intend to use net revenues from operations for debt service payments?

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?

No.

(iv) Operating Budget:

A table of revenues and expenses are included as Attachment 57.

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

Not Applicable

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

See Attachment 32

(vii) Cash-Flow Analysis for All Overlapping Taxing Entities Specifically Attributable to Water, Wastewater, Drainage, Firefighting, Recreation, or Roads:

N/A.

(viii) Combined Tax Rate:

	Projected Tax Rate	No-Growth Tax Rate
District tax rate		
a. Debt service as shown in cash-flow analysis	\$ 0.790	\$ 0.790
b. Maintenance Tax ⁽¹⁾	\$ 0.080	\$ 0.080
Tax rate for overlapping entities as defined in Commission Rules 293.59(f)(2) and (f)(6) and (e)(2) and (e)(6)		
a. Debt service as shown in cash-flow analysis		
1. League City:	\$ 0.5638 ⁽²⁾	\$ 0.5638 ⁽²⁾
b. Maintenance Tax		
1. League City:	\$ 0.00	\$ 0.00
Equivalent surcharge for water and wastewater, if any:	\$ N/A	\$ N/A
If District is within a city, then indicate the portion of the city's tax rate specifically attributable to water, wastewater, drainage, or recreation:	\$ 0.00	\$ 0.00
Less any equivalent tax rebate:	(\$ N/A)	(\$ N/A)
TOTAL COMBINED TAX RATE	\$ 1.4338	\$ 1.4338

Notes:

(1) The District's Fiscal year ending 2019 operating budget is included as Attachment 57
(b).

(2) Reflects the total 2018 tax rate levied by the City of League City. Since the total combined tax rate is less than \$1.50, no allocation of the portion of the City's tax rate attributable to water, wastewater, drainage or recreation has been provided.

(ix) **Total Taxable Value of Area to be Taxed: \$379,009,322 as of June 7, 2019. (See Attachment 34).**

(x) **Waiver of Special Appraisal:**

This was previously provided and is on file with TCEQ.

(xi) **Overlapping Tax Rates:** (This information is provided by the District's tax assessor collector)

<u>Taxing Jurisdictions</u>	<u>Current Tax Rate Per \$100 Valuation</u>	<u>Projected Tax Rate Per \$100 Valuation</u>
City of League City	\$ 0.563800	\$ 0.563800
Clear Creek Independent School District	\$ 1.400000	\$ 1.400000
Galveston County	\$ 0.529831	\$ 0.529831
Galveston County Road & Flood	\$ 0.002067	\$ 0.002067
GCMUD No. 46	<u>\$ 0.870000</u>	<u>\$ 0.870000</u>
Total Overlapping Tax Rate	\$ 3.365698	\$ 3.365698

(G) **Development Status:**

Does the District have a developer as defined by Water Code Section 49.052(d)?

Yes, the District has a developer as defined by Water Code Section 49.052(d).

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):** At the time of Commission approval, all underground water, wastewater, and drainage facilities to be financed with proceeds from the proposed bond issue or necessary to serve the projected build-out used to support the feasibility of the bond issue, shall be at least 95% complete as certified by the district's engineer. X Yes ___ No ___ Exempt.
- 2. Compliance with 293.59(k)(6)(B):** At the time of Commission approval, all permits for groundwater, surface water, waste discharge, or other permits needed to secure capacity to support the build-out shall have been obtained. X Yes ___ No ___ Exempt.
- 3. Compliance with 293.59(k)(6)(C):** At the time of Commission approval, sufficient lift station, water plant, and wastewater treatment plant capacity, as applicable depending on the type of district, to serve the connections projected for a period of not less than 18 months shall either be 95% complete as certified by the district's engineer or available in existing plants in

accordance with executed contracts for capacity in plant(s) owned by other entities (but in no event less than 50,000 gallons per day water plant and wastewater plant capacity) X Yes
 No Exempt.

4. Compliance with 293.59(k)(6)(D): At the time of Commission approval, water supply, lift station and wastewater treatment capacity needed to support the projected build-out used to support the feasibility of the subject bond application must be existing or funds for that capacity must be included in the bond issue or secured by a letter of credit or other acceptable guarantee approved by the executive director. X Yes No Exempt.

5. Compliance with 293.59(k)(6)(E): At the time of Commission approval, all street and road construction to provide access to the areas provided with utilities to be financed with proceeds from the proposed bond issue, or necessary to serve the projected build-out used to support the feasibility of the subject bond issue, must be 95% complete as certified by the district's engineer. All streets and roads shall be constructed in accordance with city or county standards, as appropriate. X Yes No Exempt.

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

Not Applicable. Previous bond issue based on no-growth.

(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? Yes No X N/A

(H) Market Information:

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

SECTION 9 — SHARED FACILITIES

(A) **Inventory:**

Not Applicable.

(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

(A) **Plans:**

(i) **Construction Plans:** The following is a list of plans which are submitted with the bond issue:

- a) Water, Sanitary Sewer and Drainage Facilities to Serve Mar Bella Section 14 A
- b) Water, Sanitary Sewer and Drainage Facilities to Serve Mar Bella Section 14 B
- c) Landscaping and Irrigation to Serve Mar Bella (Phase 1)

(ii) **Plat:** The following is a list of plats and recorded easements which are submitted with the bond issue:

- a) Mar Bella Section 14 A
- b) Mar Bella Section 14 B

(B) **Contract Documents:** The following is a list of contract documents which are submitted with the bond issue:

- a) Water, Sanitary Sewer and Drainage Facilities to Serve Mar Bella Section 14 A
- b) Water, Sanitary Sewer and Drainage Facilities to Serve Mar Bella Section 14 B
- c) Landscaping and Irrigation to Serve Mar Bella (Phase 1)

(C) **Construction Documents:** The following is a list of construction documents which are submitted with the bond issue.

- a) Water, Sanitary Sewer and Drainage Facilities to Serve Mar Bella Section 14 A
- b) Water, Sanitary Sewer and Drainage Facilities to Serve Mar Bella Section 14 B
- c) Landscaping and Irrigation to Serve Mar Bella (Phase 1)

(D) **Checklist:**

The construction checklists are submitted with the construction documents.

SECTION 11 — SPECIAL CONSIDERATIONS

(A) Developer Projects:

Are any of the projects in the proposed bond issue developer projects as defined in Commission Rule 293.44(a)(1)? Yes

- (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?** No
- (iv) **Railroad, Pipeline, or Underground-Utility Relocations:** Not Applicable.
- (v) **Joint-Use Engineering Studies:** Not Applicable
- (vi) **Bridges and Culverts:** Not applicable.
- (vii) **Proration of Dual Lake–Detention Pond: Does the project include funds for the purchase or construction of detention pond facilities which will hold water continuously for aesthetic or recreational purposes?** Not applicable.
- (viii) **Floodplain Mitigation: Does the project include funds for costs associated with the mitigation of floodplain areas?** No.

(B) All Projects:

- (i) **Appraisals:** None.
- (ii) **Contract Revenue bonds: Are the proposed bonds contract revenue bonds?** 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. See Footnote 9 in Section 4 for capital recovery fees proposed to be purchased in this bond issue. The Utility Agreement between League City and the District satisfies the requirements of 293.44 (b) (3) (A) – (C). See Attachment 44 for Ordinance regarding CRF and Attachment 13 for breakdown of CRF.

SECTION 12 — MISCELLANEOUS CONSIDERATIONS

(A) **Preconstruction Documents:**

Copies of the following preconstruction agreements have previously been provided to TCEQ:

- a) Mar Bella Section 14 A
- b) Mar Bella Section 14 B

- Not Applicable for the Recreation Bond projects

(B) **Bid Advertisement:**

Were the competitive bidding statutes complied with in each of the construction contracts executed?

Yes.

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

- (ii) **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 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 49(a).

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

None.

(E) **Developer Interest Reimbursement:**

See Attachment 13 for a tabular breakdown of developer interests. See Attachment 5 for the board resolution regarding interest. The District has requested approval for more than 2 years interest in the bond application resolution for water, sewer, and drainage facilities and 2 years interest in the bond application resolution for recreational facilities. A letter from the financial advisor stating no capitalized interest has been included in Attachment 49.

(F) **Land and Easement Acquisition:**

- (i) **Storm-Water Detention Facilities: Does the District intend to purchase easements or sites for storm-water detention facilities?**

No.

- (ii) **Easements Outside the District's Boundaries: Does the District intend to purchase easements outside the District's boundaries?**

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?**

No.

- (iv) **Recreational-Facility Sites: Does the District intend to purchase sites for recreational facilities?**

No.

(G) **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?

No.

SECTION 13 — MISCELLANEOUS INFORMATION

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

Executed copies of contracts with the following consultants are included as Attachment 54:

- a. The Attorney
- b. The District Engineer
- c. The Financial Advisor
- d. The District Bookkeeper
- e. The Tax Assessor-Collector
- f. The Stormwater Pollution Prevention Consultant

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

Not Applicable. The City of League City is responsible for all inspections of new water and wastewater connections.

(C) **Key Personnel:**

i) **President, Board of Directors:**

Mr. Rusty Vidrine
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, Texas 77027
Attention: Mr. Greer Pagan
Phone: (713) 860-6417
Email: gpagan@abhr.com

ii) **Attorney:**

Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, Texas 77027
Attention: Mr. Greer Pagan
Phone: (713) 860-6417
Email: gpagan@abhr.com

iii) **Financial Advisor:**

Masterson Advisors LLC
4400 Post Oak Parkway, Suite 2370
Houston, Texas 77027
Attention: Mr. Greg Lentz
Phone: (713) 814-0558
Email: greg.lentz@mastersonadvisors.com

v) Tax Assessor-Collector:

Assessments of the Southwest, Inc.
P.O. Box 1368
Friendswood, Texas 77549-1368
Attention: Ms. Delia Yanez
Phone: (281) 482-0216

vi) Bookkeeper:

Myrtle Cruz, Inc.
1621 Milam, 3rd Floor
Houston, Texas 77046
Attention: Ms. Dana Davis
Phone: (713) 759-1368

vii) Principal Developer:

Taylor Woodrow Communities – League City, Ltd.
5353 West Sam Houston Parkway N. Ste. 190
Houston, Texas 77041
Attention: Mr. Bobby Skinner
Phone: (281) 598-3000

viii) Engineer:

LJA Engineering, Inc.
1904 West Grand Parkway North, Suite 100
Katy, Texas 77449
Attention: Mr. Edmund D. Rucker, P.E.
Phone: (713) 953-5200
Email: erucker@lja.com

(D) Reporting Requirements:

Has the District submitted a current Directors' Registration Form?

Yes.

Has the District submitted a current District Information Form as required by Water Code Section 49.455?

Yes.

Has the District submitted a current Audit Report or Financial Dormancy Affidavit?

Yes.

(E) Name Signs:

Has the District posted at least two name signs, at two or more principal entrances to the District?

Both signs are posted on SH 96 near Mar Bella Parkway so that both east bound and west bound motorists can see them.

(F) Other Information:

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

A letter from the city of League City waiving requirements to inspect the facilities prior to purchase by the District in accordance with 293.69(h) is enclosed in the front folder of this report.