



S. David Smalling, Jr.  
Director  
Public Finance

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September 1, 2020

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  
\$10,250,000 Unlimited Tax Bonds, Series 2020

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 September 1, 2020, to authorize its consultants to proceed with the issuance of its Unlimited Tax Bonds, Series 2020 (the "Bonds"). The Bonds are the fifth installment of utility bonds and eight overall installment of 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. 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. Letter from the Board President;
2. Debt Service Schedules;
3. Cash flow showing economic feasibility;
4. Tentative Schedule of Events;
5. Bond Application to TCEQ for the Utility Bonds.

Proceeds of the sale of the Bonds will be used by the District to finance (i) Water, wastewater, and drainage for Coastal Point, Sections 1-3; (ii) Clearing and grubbing for Phase 1 of The Lakes of Quail Pointe; (iii) Rough cut detention and drainage facilities for The Lakes of Quail Pointe; (iv) Lift station and force main to serve Coastal Pointe; (v) Engineering and surveying costs; (vi) Water and sewer impact fees for Coastal Pointe, Sections 1-3, and Hidden lakes; and (vii) 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 \$0.85/\$100.A.V.

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