



May, 2020
RG-178

Galveston County M.U.D. No. 45 Eighth Bond Application Report \$10,250,000

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Water Supply Division

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Galveston County M.U.D. No. 45
Eighth Bond Application Report
\$10,250,000

Prepared by
Dannenbaum Engineering Corp

May, 2020

4341-86

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
\$10,250,000
EIGHTH 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 the proceeds of this bond issue will reimburse the cost of construction of : Coastal Point, Sections 1 and 2 Water, Sewer and Drainage; Coastal Point, Section 3 Water, Sewer and Drainage; Clearing and Grubbing – Phase 1 Serving The Lakes of Quail Pointe (a.k.a. Coastal Point) ; Rough Cut Detention Serving The Lakes of Quail Pointe (a.k.a. Coastal Point); Drainage Facilities Serving The Lakes of Quail Pointe (a.k.a. Coastal Point); Lift Station to Serve Coastal Point; Force Main to Serve Coastal Point and City of League City Water and Sewer Impact Fees. Proceeds of these bonds will also pay for a portion of Developer Interest, 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 \$31,700,000 in water, sewer and drainage bonds have been issued to date in four series of bonds leaving a balance of \$62,300,000 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
4	\$ 6,275,000	4-Apr-2018	\$ 6,275,000
5	\$ 6,450,000	4-June-2019	\$ 6,450,000
8	\$10,250,000		<u>\$10,250,000</u>
Total Bonds Sold (including proposed):			<u>\$41,950,000</u>
<i>Remaining Authorized Bonds:</i>			<i>\$52,050,000</i>

After the sale of the proposed \$10,250,000 eighth bond issue, \$52,050,000 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>
3	n/a	n/a	\$2,975,000
6	n/a	n/a	<u>\$1,775,000</u>
Total Bonds Sold (including proposed):			<u>\$4,750,000</u>
<i>Remaining Authorized Bonds:</i>			<i>0</i>

After the two road bond issues in the amount of \$2,975,000 and \$1,775,000, the District has \$0.00 in remaining authorized but unissued road bonds.

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>
7	\$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 \$2,940,000 park bond issue, the District has \$3,560,000 in remaining but unissued park bonds.

(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 4.25% 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	FOOT NOTE
Coastal Point, Sections 1 & 2 Water, Sewer and Drainage	Clearwater Utilities, Inc.	100% 12/12/18	\$1,576,788	\$1,576,788	(1)
Coastal Point, Section 3 Water, Sewer and Drainage	Jaho, Inc.	100% 08/21/19	\$853,745	\$853,745	(2)
Clearing and Grubbing – Phase 1 The Lakes of Quail Pointe (a.k.a. Coastal Point)	K & K Earthworks, LLC	100% 10/06/17	\$216,652	\$216,652	(3)
Rough Cut Detention at The Lakes of Quail Pointe (a.k.a. Coastal Point)	Beyer Construction, LLC	100% 09/19/17	\$72,200	\$72,200	(4)
Drainage Facilities at The Lakes of Quail Pointe (a.k.a. Coastal Point)	Sonora Construction	100% 05/20/19	\$859,803	\$682,863	(5)
Lift Station to Serve Coastal Point	5J Services, LLC	100% 02/20/20	\$485,712	\$485,712	(6)
Force Main to Serve Coastal Point	AR Turnkee Construction Co, Inc.	100%	\$699,603	\$699,603	(7)

NOTES:

- (1) Coastal Point, Sections 1 & 2 Water, Sewer and Drainage was awarded to Clearwater Utilities with a low bid of \$1,663,931.69. There were no change orders. The final project cost was \$1,576,787.69. The cost reduction is based on final contract units and not needing an allowance for well points or wet sand bedding.
- (2) Coastal Point, Section 3 Water, Sewer and Drainage was awarded to Jaho, Inc. with a low bid of \$811,447.10. There were no change orders. The final project cost was \$853,744.95. The cost increase was based on final contract units needing to allow for well points and wet sand bedding. All of this was part of the contract.
- (3) Clearing and Grubbing, Phase 1 Serving The Lakes of Quail Pointe (a.k.a. Coastal Point) was awarded to K & K Earthworks, LLC. They were the second low bidder by \$1,067.00 with a bid of \$188,479.00. Because of project time, their bid was deemed by the Board to be the most advantageous bid. At the start of the project, League City issued a burn ban. Thus, the cleared materials could not be burned. Instead, this required Change Order No. 1 to chip and haul the cleared material away. This change order amount was for a total increase of \$67,559.00. However, not all of Change Order No. 1 was required. The final project cost was \$216,652.00.
- (4) The Rough Cut Detention Serving The Lakes of Quail Pointe (a.k.a. Coastal Point) project was issued to Beyer Paving for a cost of \$72,200.00. This project was contracted to allow for some site drainage so wet conditions would not affect future projects.
- (5) The Drainage Facilities Serving The Lakes of Quail Pointe (a.k.a. Coastal Point) to provide detention for Coastal Point, Phases 1 – 3 and to construct the drainage outfall. Sonora Construction was the low bidder and the contract was awarded to them for \$990,728.50. The final payment was approved for \$859,803.25. This large variance was the result of some value engineering with the City which allowed for the removal of backslope swales, backslope structures and elimination of SWPPP items since the site was surrounded with heavy vegetation. Additionally, of the \$859,803.00, \$176,940.00 was for excavation to make an amenity lake out of the detention basin. Thus, that amount will be reimbursed by a Future Park Bond reimbursement. This reduction results in a final amount of \$682,863.00 to be reimbursed for drainage purposes by this bond issue.
- (6) The Lift Station to Serve Coastal Point project was awarded to 5J Services. Their low bid was for \$472,545.00. League City requested field changes on the scada control system for \$3,988.20 and we used temporary generators while awaiting permanent power (total cost of \$10,000.00). The final cost was \$485,712.00.
- (7) The Force Main to Serve Coastal Point project was awarded to AR Turnkee Construction with the low bid (including the all-weather access road as required by League City) of \$697,526.50. After construction started, League City modified the installation detail for the air release valves and required AR Turnkee to use the new procedure. A change order in the amount of \$32,164.00 was approved for the modification to the installation of the four air release valves. With quantity adjustments of -\$30,087.50 the net increase to the final contract was \$2,076.50. This increased the total project cost to \$699,603.00, which was the final pay amount.

Facilities to be Constructed or Facilities Under Construction:

None

SECTION 4 — SUMMARY OF COSTS

ITEM	TOTAL AMOUNT	W, S & D SHARE
<u>CONSTRUCTION COSTS</u>		
A. <u>DEVELOPER CONTRIBUTION ITEMS</u>		
1. Coastal Point, Sections 1 & 2 Water, Sewer and Drainage	\$1,576,788	\$1,576,788
2. Coastal Point, Section 3 Water, Sewer and Drainage	853,745	853,745
3. Clearing and Grubbing – Phase 1 Serving The Lakes of Quail Pointe (a.k.a. Coastal Point)	216,652	216,652
4. Rough Cut Detention Serving The Lakes of Quail Pointe (a.k.a. Coastal Point)	72,200	72,200
5. Drainage Facilities Serving The Lakes of Quail Pointe (a.k.a. Coastal Point)	859,803	682,863
6. Lift Station to Serve Coastal Point	485,712	485,712
7. Force Main to Serve Coastal Point	699,603	699,603
8. Engineering and Surveying (Items 1 – 7)	<u>870,963</u>	<u>848,052</u> ⁽¹⁾
SUBTOTAL DEVELOPER ITEMS	\$5,635,466	\$5,435,615
B. <u>DISTRICT ITEMS</u>		
1. Water and Sewer Impact Fees – Hidden Lakes	1,519,062	1,519,062 ⁽²⁾
2. Water and Sewer Impact Fees – Coastal Point Sections 1, 2 & 3	<u>1,492,500</u>	<u>1,492,500</u> ⁽³⁾
SUBTOTAL DISTRICT ITEMS	\$3,011,562	\$3,011,562
TOTAL CONSTRUCTION COSTS 82.1% BIR	\$8,647,028	\$8,447,117
B. NONCONSTRUCTION COSTS		
1. Legal Fees		\$245,000 ⁽⁴⁾
2. Fiscal Agent Fees		205,000 ⁽⁵⁾
3. Bond Discount		307,500
4. Developer Interest		856,105 ⁽⁶⁾
5. AG/TCEQ Fee		35,875 ⁽⁷⁾
6. Bond Application Costs		77,086
7. Issuance Expenses		<u>76,257</u>
SUBTOTAL NON CONSTRUCTION COST 17.9% BIR		\$1,802,823
TOTAL BOND ISSUE REQUIREMENT		\$10,250,000

NOTES:

- (1) See Attachment 8.
- (2) Cost of Hidden Lakes single family equivalent League City Water and Sewer Impact Fees – 243 homes @ \$5,634.00; and 20 homes @ \$7,500.00.
- (3) Cost of Coastal Point single family equivalent League City Water and Sewer Impact Fees – 199 homes @ \$7,500.00.
- (4) See Attachment 11.
- (5) See Attachment 11.
- (6) See Attachment 13 (for developer interest for more than two years).
- (7) 0.35% of BIR.

SECTION 5 — DEVELOPMENT STATUS AND LAND USE

(A) Land-Use Table:

The following information represents development as of February 1, 2020.

LAND USES	ACREAGE	EQUIVALENT CONNECTIONS	
		EXISTING	PROJECTED
Developable Acreage:			
Developed from prior bond issues	315.85	862	930
To be developed from the bonds	72.48	58	199
Currently developed with facilities to be funded in future bonds:	0	0	0
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	1,120	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	1,120	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		116	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		69	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)	57	57	
Hidden Lakes, Section 8	Single Family	43	19.75		43	43	
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	Road	N/A	10.01	(4)	0		0	
Clear Creek ISD	School	0	135		200		200	
Hidden Lakes, Section 4B	Single Family	42	11.72		39		39	
Hidden Lakes, Section 5B	Single Family	62	14.60	(6)	62		62	
Hidden Lakes, Section 7B	Single Family	30	20.87	(5)	22		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		17		24	
Hidden Lakes, Section 9	Single Family	46	13.51		32		46	
Hidden Lakes, Section 10	Single Family	<u>59</u>	<u>29.79</u>	(7)	<u>43</u>		<u>59</u>	
TOTALS		869	557.19	(8)	1,062	(9)	1,130	(9)

(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.

(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)**

SECTION	TYPE OF DEVELOPMENT	NO. OF LOTS	ACREAGE	EQUIVALENT CONNECTIONS	
				EXISTING	AT FULL DEVELOPMENT
Coastal Point, Section 1*	Single Family	68	33.91	20	68
Coastal Point, Section 2*	Single Family	28	13.06	8	28
Coastal Point, Section 3*	Single Family	103	<u>25.51</u>	<u>30</u>	<u>103</u>
TOTAL		199	72.48	58	199

*(A.K.A. The Lakes of Quail Pointe)

(D) Development from Future Bonds (projects under design)

SECTION	TYPE OF DEVELOPMENT	NUMBER OF LOTS	ACREAGE	EQUIVALENT CONNECTIONS	
				EXISTING	AT FULL DEVELOPMENT
Coastal Point, Section 4	Single Family	59	16.3	0	59
Coastal Point, Section 5	Single Family	83	15.4	0	83
Madrid Lane, Phase 2	Road	0	10.2	0	0
TOTAL		142	41.9	0	142

(E) Historical Build-Out:

YEAR	TYPE OF DEVELOPMENT	NO. OF UNITS	ACREAGE/ RESERVES	SQUARE FOOTAGE	EQUIV. CONNECTIONS EXISTING	ULTIMATE
<u>2016</u>	Single Family	642			339	642
	Multi-Family	0	-	-	0	0
	Commercial	0	-	120,000	35	75
	Office/Schools	0	-	500,000	200	200
	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	0	-	500,000	200	200
	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	0	-	500,000	200	200
	TOTAL 2018	687		700,000	937	1,144
<u>2019</u>	Single Family	550			800	930
	Multi-Family	0	-	-	0	0
	Commercial	0	-	200,000	50	75
	Office/Schools	0	-	500,000	200	200
	TOTAL 2019	550		700,000	1,050	1,205
<u>2020</u>	Single Family	687			920	1,129
	Multi-Family	0	-	-	0	0
	Commercial	0	-	200,000	50	75
	Office/Schools	0	-	500,000	200	200
	TOTAL 2020	687		700,000	1,170	1,404

(E) Floodplain Information:

A reproduction of the current Flood Insurance Rate Maps (Panel Nos. 48167 C00 43G, 48167 C00 44G, and 48167 C00 235G) dated August 15, 2019 relevant to the District as published by the Federal Emergency Management Agency are 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 outside of the 100-year 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 17)

(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 17)

(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 X

(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 \$366,957,803 (see Attachment 33(b)).

(B) Latest Certified Assessed Valuation: \$315,146,728 as of January 1, 2019.

See Attachment 34 (a) for the Certificate of Latest Certified Assessed Valuation.

(C) Latest Certified Estimate of Assessed Valuation: \$366,957,803 as of January 1, 2020.

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

(D) Historical Tax Data:

The following information is as of April 30, 2020.

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	99.96%
2018	\$276,298,771	0.71*	0.22	\$2,567,300	99.92%
2019	\$315,160,543	0.70***	0.20	\$2,782,927	98.12%

* 0.61 Water, sewer and drainage; 0.10 roads

** 0.69 Water, sewer and drainage; 0.07 roads

*** 0.63 Water, sewer and drainage; 0.07 roads

(E) Cash and Investment:

CASH AND INVESTMENT BALANCES	
As of May 5, 2020	
General Operating	\$1,416,247
Debt Service Fund – Water, Sewer & Drainage	\$2,419,883
Capital Projects Fund	\$ 361,693
Debt Service Fund – Roads	\$ 411,606
Road Bond Funds	\$ 681,302
Park Bond Funds	\$ 76,212

(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	\$38,145,000	\$10,250,000	\$48,395,000	13.19%

Bond Anticipation Notes: NOT APPLICABLE

(ii) **Tax-Anticipation Notes:** NOT APPLICABLE

(iii) **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	\$ 0.75
2. Road Debt Service Tax	\$ 0.08
b. Maintenance Tax ⁽¹⁾	\$ 0.08
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	0
1. Entity No. 1: (N/A)	\$ 0
2. Entity No. 2: (N/A)	\$ 0
b. Maintenance Tax	0
1. Entity No. 1: (N/A)	\$ 0
2. Entity No. 2: (N/A)	\$ 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	\$ 0.97

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

- (ix) **Total Taxable Value of Area to be Taxed: \$366,957,803 as of January 1, 2020.** See Attachment 35 for Certificate of Latest Certified Estimate of Assessed Valuation.
- (x) **Waiver of Special Appraisal:** See Attachment 34(b).
- (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)	2019	0.516137	0.516137
City of League City	2019	0.548581	0.548581
Clear Creek ISD	2019	1.310000	1.310000
Galveston County MUD No. 45	2019	<u>0.900000</u>	<u>0.910000</u>
TOTAL		3.274718	3.284718

(1) \$0.83 debt service; \$0.08 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: X Yes No. It is being reimbursed at 100% (see 11(E)ii below.
- (ii) Spreading and Compacting of Fill: X Yes No. The detention basin was awarded to the low bidder whose bid to excavate and spread material onsite was \$2.75/cubic yard. Their price to haul the material away instead of spreading onsite was \$17.00/cubic yard. Thus, the material was spread onsite which saved the District \$1,386,288 for hauling it away. This more than offsets the 100% reimbursement for the clearing and grubbing contract.
- (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:
 - (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? X Yes 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 from the Board is in Attachment 14 and the letter from the Financial Advisor is in Attachment 13. If any Developer Interest cannot be reimbursed, then such 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? X Yes ___ No. In a future bond issue.**
- (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. In a future bond issue.**

(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 and Financial Advisor 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
David Smalling
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. Brittini Silva
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

League City 210
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: