



Greg Lentz
Director

November 6, 2018

Distribution List – Galveston County Municipal Utility District No. 56

Re: **\$7,985,000 Unlimited Tax Bonds, Series 2018**

Ladies and Gentlemen:

Enclosed is an amendment to the Official Statement for Galveston County Municipal Utility District No. 56's Unlimited Tax Bonds, Series 2018, dated October 10, 2018. The sections titled "SELECTED FINANCIAL INFORMATION (UNAUDITED)," "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)," and "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt" have been revised to correct the estimated overlapping debt and related ratio calculations. Please insert the amendment inside the front cover of all the Official Statements you received after the initial printing or distribute the amendment to any individual who may have received an Official Statement from you.

If you have any questions regarding the enclosed, please feel free to call me at 713.814.0558. Thank you for your assistance.

Sincerely,

/s/ Greg Lentz

Greg Lentz
Director

Enclosure

Please attach this Amendment dated November 6, 2018, to all copies of the OFFICIAL STATEMENT dated October 10, 2018 described below that are in your possession, and forward copies of this Amendment to each of the parties to whom you have previously delivered copies of such OFFICIAL STATEMENT.

AMENDMENT

to the

OFFICIAL STATEMENT DATED OCTOBER 10, 2018

Relating to the issuance of:

\$7,985,000

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 56

(a political subdivision of the State of Texas located within Galveston County)

UNLIMITED TAX BONDS, SERIES 2018

This Amendment dated November 6, 2018, (“Amendment”) amends the OFFICIAL STATEMENT dated October 10, 2018 (the “OFFICIAL STATEMENT”), relating to the captioned Bonds and constitutes an integral part of the OFFICIAL STATEMENT. Capitalized terms used in this Amendment but not defined herein have the meanings given to such terms in the OFFICIAL STATEMENT.

The OFFICIAL STATEMENT referenced above is hereby amended as follows:

The sections titled “SELECTED FINANCIAL INFORMATION (UNAUDITED),” “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED),” and “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt” have been revised to correct the estimated overlapping debt and related calculations as shown on the following pages.

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2018 Certified Taxable Assessed Valuation.....	\$ 96,353,684	(a)
Estimated Taxable Assessed Valuation as of June 1, 2018.....	\$121,266,562	(b)
Gross Direct Debt Outstanding	\$12,785,000	(c)
Estimated Overlapping Debt	<u>9,493,049</u>	(d)
Gross Direct Debt and Estimated Overlapping Debt.....	\$22,278,049	
Ratios of Gross Direct Debt to:		
2018 Certified Taxable Assessed Valuation	13.27%	
Estimated Taxable Assessed Valuation as of June 1, 2018.....	10.54%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2018 Certified Taxable Assessed Valuation	23.12%	
Estimated Taxable Assessed Valuation as of June 1, 2018.....	18.37%	
Debt Service Funds Available:		
Road Debt Service Fund Balance as of September 19, 2018	\$251,013	(e)
Water, Sewer & Drainage Capitalized Interest (Twenty-Four Months)	<u>661,450</u>	(f)
Total Debt Service Funds Available	\$912,463	
Operating Funds Available as of September 19, 2018.....	\$202,193	(g)
Capital Projects Funds Available as of September 19, 2018.....	\$21,454	
2018 Debt Service Tax Rate.....	\$0.26	
2018 Maintenance Tax Rate.....	<u>0.74</u>	
2018 Total Tax Rate.....	\$1.00	
Average Annual Debt Service Requirement (2019-2044)	\$799,022	(h)
Maximum Annual Debt Service Requirement (2042).....	\$832,225	(h)
Tax Rates Required to Pay Average Annual Debt Service (2019-2044) at a 95% Collection Rate		
Based upon 2018 Certified Taxable Assessed Valuation.....	\$0.88	(i)
Based upon Estimated Taxable Assessed Valuation as of June 1, 2018	\$0.70	(i)
Tax Rates Required to Pay Maximum Annual Debt Service (2042) at a 95% Collection Rate		
Based upon 2018 Certified Taxable Assessed Valuation	\$0.91	(i)
Based upon Estimated Taxable Assessed Valuation as of June 1, 2018	\$0.73	(i)
Status of Development as of July 31, 2018 (j):		
Total Developed Lots.....	822	
Completed Homes (257 occupied, 39 unoccupied and 9 model homes).....	305	
Homes Under Construction (46 under contract to homebuyer).....	132	
Lots Available for Construction	385	
Lots Under Construction	302	
Estimated Population	900	(k)

- (a) As certified by the Galveston Central Appraisal District (the "Appraisal District").
- (b) Provided by the Appraisal District for information purposes only. Such amount reflects the estimated value of land and improvements on June 1, 2018. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year and will be certified for the purpose of taxation on January 1, 2019 and certified in late summer of 2019. No taxes will be levied upon such amount until it is certified by the Appraisal District. See "TAXING PROCEDURES."
- (c) Includes the Bonds and the Outstanding Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."
- (d) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt."
- (e) Funds in the Road Debt Service Fund are available to pay debt service on the bonds issued for road facilities and are not available to pay debt service on the bonds for water, wastewater and drainage facilities (including the Bonds). Funds in the Water, Sewer and Drainage Debt Service Fund are available to pay debt service on the bonds issued for water, sewer and drainage facilities and are not available to pay debt service on bonds issued for road facilities.
- (f) The District will capitalize twenty-four (24) months of interest from Bond proceeds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."
- (g) Approximately \$72,171 have been expended from the Operating Fund for expenses related to engineering and miscellaneous expenses for preparation of the bond application. A portion of the bond proceeds will be expended to reimburse the Operating Fund.
- (h) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."
- (i) See "TAX DATA—Tax Adequacy for Debt Service" and "INVESTMENT CONSIDERATIONS—Possible Impact on District Tax Rates—Future Debt."
- (j) See "THE DISTRICT—Status of Development."
- (k) Based upon 3.5 persons per occupied single-family residence.

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2018 Certified Taxable Assessed Valuation.....	\$96,353,684	(a)
Estimated Taxable Assessed Valuation as of June 1, 2018.....	\$121,266,562	(b)
Gross Direct Debt Outstanding	\$12,785,000	(c)
Estimated Overlapping Debt	<u>9,493,049</u>	(d)
Gross Direct Debt and Estimated Overlapping Debt.....	\$22,278,049	
Ratios of Gross Direct Debt to:		
2018 Certified Taxable Assessed Valuation	13.27%	
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Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2018 Certified Taxable Assessed Valuation	23.12%	
Estimated Taxable Assessed Valuation as of June 1, 2018.....	18.37%	
Debt Service Funds Available:		
Road Debt Service Fund Balance as of September 19, 2018	\$251,013	(e)
Water, Sewer & Drainage Capitalized Interest (Twenty-Four Months)	<u>661,450</u>	(f)
Total Debt Service Funds Available	\$912,463	
Operating Funds Available as of September 19, 2018	\$202,193	(g)
Capital Projects Funds Available as of September 19, 2018.....	\$21,454	

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- (c) Includes the Bonds and the Outstanding Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."
- (d) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt" and "—Overlapping Taxes."
- (e) Funds in the Road Debt Service Fund are available to pay debt service on the bonds issued for road facilities and are not available to pay debt service on the bonds for water, wastewater and drainage facilities (including the Bonds). Funds in the Water, Sewer and Drainage Debt Service Fund are available to pay debt service on the bonds issued for water, sewer and drainage facilities and are not available to pay debt service on bonds issued for road facilities.
- (f) The District will capitalize twenty-four (24) months of interest from Bond proceeds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."
- (g) Approximately \$72,171 have been expended from the Operating Fund for expenses related to engineering and miscellaneous expenses for preparation of the bond application. A portion of the bond proceeds will be expended to reimburse the Operating Fund.

Estimated Overlapping Debt

The following table indicates the outstanding debt payable from ad valorem taxes, of governmental entities within which the District is located and the estimated percentages and amounts of such indebtedness attributable to property within the District. Debt figures equated herein to outstanding obligations payable from ad valorem taxes are based upon data obtained from individual jurisdictions or Texas Municipal Reports compiled and published by the Municipal Advisory Council of Texas. Furthermore, certain entities listed below may have issued additional obligations since the date listed and may have plans to incur significant amounts of additional debt. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for the purposes of operation, maintenance and/or general revenue purposes in addition to taxes for the payment of debt service and the tax burden for operation, maintenance and/or general revenue purposes is not included in these figures. The District has no control over the issuance of debt or tax levies of any such entities.

<u>Taxing Jurisdiction</u>	<u>Outstanding Bonds</u>	<u>As of</u>	<u>Percent</u>	<u>Overlapping Amount</u>
Galveston County	\$235,674,208	09/30/18	0.34%	\$ 801,292
City of Texas City	40,360,000	09/30/18	1.87%	754,732
College of the Mainland	14,500,000	08/31/18	0.87%	126,150
Dickinson Independent School District.....	312,435,000	08/31/18	2.50%	<u>7,810,875</u>
Total Estimated Overlapping Debt.....				\$ 9,493,049
The District's Total Direct Debt (a)				<u>12,785,000</u>
Total Direct and Estimated Overlapping Debt				\$22,278,049

Direct and Estimated Overlapping Debt as a Percentage of:
 2018 Certified Taxable Assessed Valuation of \$96,353,684..... 23.12%
 Estimated Taxable Assessed Valuation as of June 1, 2018 of \$121,266,562 18.37%

AMENDMENT DATED NOVEMBER 6, 2018