

Note: Resolution mentions \$11,530,000.00 in outstanding Bond Debt, does not mention approved but unissued \$5,000,000.00 of Bond Debt.
\$11,530,000.00 + \$5,000,000.00 + 39,840,000.00 is \$56,370,000.00 principal PLUS interest that would have to be repaid by Public Taxpayers if Vote passes.

**ORDER APPROVING ENGINEERING REPORT
AND
CALLING BOND ELECTION**

COPY

THE STATE OF TEXAS

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COUNTY OF GALVESTON

SAN LEON MUNICIPAL UTILITY DISTRICT

The Board of Directors of San Leon Municipal Utility District (the "District") met in special session at 443 24th Street, San Leon, Texas within the District, open to the public, on Tuesday, February 12, 2019, whereupon, the roll was called of the members of the Board of Directors; to-wit:

- | | |
|----------------|-------------------|
| Joe Manchaca | President |
| Tyson Kennedy | Vice President |
| Keith Gossett | Secretary |
| Kelly Neason | Assist. Secretary |
| Kenneth Bishop | Treasurer |

All members of the Board were present except None.

A discussion was conducted relative to the calling of a bond election to finance facilities and improvements necessary to provide the District with necessary expansions and improvements to its water and wastewater system and related facilities. Hal Walker of AEI Engineering, the District's consulting engineers, presented to the Board an Engineering Report covering the works, land, improvements, facilities, plants, equipment, and appliances to be purchased and constructed, together with maps, plats, profiles and data fully showing and explaining the same. The Engineering Report contained a detailed estimate of the cost of such expansions and improvements and an estimate of additional costs and expenses which will be incurred by the District incidental to its operation and the financing of such works, improvements, facilities, plants, equipment and appliances. The Engineering Report and each item thereof and the maps, plats, profiles and data were fully considered by the Board and were discussed in detail by all present, and by unanimous vote of those members of the Board present, the Engineering Report and all accompanying items were approved and ordered filed in the office of the District, for inspection by the general public.

Director Neason then introduced the Order set out below and moved its adoption, which motion was seconded by Director Bishop and, after full discussion and the question being put to the Board, said motion was carried by the following vote:

"Aye" 5; "No" 0.

The Order thus adopted is as follows:

WHEREAS, there has been filed with the District, open to inspection by the public, an Engineering Report covering the additional works, land, improvements, facilities, plants, equipment, and appliances to be purchased, acquired and constructed by the District, together with maps, plats, profiles and data showing and explaining such report, and such report has been carefully considered by the Board and has been fully approved by the Board; and

WHEREAS, said works, improvements, facilities, plants, equipment and appliances are designed and intended to furnish an improved and expanded sanitary sewer and water system for the District; and

WHEREAS, the Engineering Report heretofore filed and approved contains an estimate of the cost of the purchase, acquisition and construction of the proposed works, land, improvements, facilities, plants, equipment and appliances, and an estimate of additional costs and expenses which will be incurred by the District incidental to its operation and the financing of such works, improvements, facilities, plants, equipment and appliances, to be as follows:

SEE FOLLOWING PAGE

SUMMARY OF COSTS
ALL CURRENT CAPITAL IMPROVEMENT PROJECTS

Construction Costs - Future Projects

Wastewater Treatment Plant	
Expansion to 1.90 MGD	\$ 16,625,000
New 48" Outfall Line for Expanded WTP	\$ 462,500
Building Modifications	
Sanitary Sewer	
Phase III Sanitary Sewer Rehabilitation	\$ 1,950,000
Phase IV Sanitary Sewer Rehabilitation	\$ 1,950,000
Phase V Sanitary Sewer Rehabilitation	
Phase VI Sanitary Sewer Rehabilitation	
Lift Stations	
Lift Station "D" Conversion to Submersible Type	\$ 430,000
Lift Station "A" Conversion to Submersible Type	\$ 500,000
Lift Station "B" Conversion to Submersible Type	
Lift Station "C" Conversion to Submersible Type	
Lift Station "E" Conversion to Submersible Type	
Proposed Submersible Lift Station	\$ 550,000
Lift Station "F" Conversion to Submersible Type	\$ 500,000
Water	
WP Generator Replacement	\$ 225,000
Water Line Upsizing and Fire Hydrant Additions	\$ 4,000,000
Subtotal Construction Costs	\$ 27,192,500
Contingency (15%)	\$ 4,079,000
Engineering Fees/Technical Services (10%)	\$ 3,128,000
TOTAL CONSTRUCTION COSTS	\$ 34,399,500

Nonconstruction Costs

A. Legal Fees (2.5%)	\$996,000
B. Fiscal Agent Fees (2%)	\$797,000
C. Capitalized Interest (1 Year @ 5%)	\$1,992,000
D. Bond Discount (3.0%)	\$1,196,000
E. TCEQ Bond Issuance Fee (0.25%)	\$100,000
F. Bond Application Reports (4)	\$200,000
G. Bond Issuance Expenses (4)	\$119,500
H. Attorney General (0.10%)	\$40,000

Total Nonconstruction Costs **\$5,440,500**

Total Bond Issue Requirement **\$39,840,000**

**SAN LEON MUNICIPAL UTILITY DISTRICT
2019 BOND ISSUE SUMMARY OF COSTS**

Construction Costs:

TOTAL CONSTRUCTION COSTS	

Non-Construction Costs:

TOTAL NON-CONSTRUCTION COSTS	

TOTAL BOND ISSUE REQUIREMENT	
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NOW, THEREFORE, BE IT ORDERED BY THE BOARD OF DIRECTORS OF SAN LEON MUNICIPAL UTILITY DISTRICT THAT:

Section 1: The matters and facts set out in the preamble of this Order are hereby found and declared to be true and complete and are hereby adopted. This Order shall not be deemed a contact with the voters or taxpayers and the estimate provided in Section 8 regarding maximum interest rate is only an estimate, based on market conditions on the date hereof.

Section 2: The Engineering Report and the estimates of costs herein set forth are hereby approved and adopted by this Board as the sums representing the amount of bonds which this Board should be empowered to issue and sell upon approval at the election herein ordered.

Section 3: A bond election shall be held at _____, within the District on May 4, 2019, between the hours of 7:00 a.m. and 7:00 p.m. at which the following proposition shall be submitted:

SAN LEON MUD PROPOSITION A

SHALL THE BOARD OF DIRECTORS OF SAN LEON MUNICIPAL UTILITY DISTRICT, BE AUTHORIZED TO ISSUE THE BONDS OF SAID DISTRICT IN ONE OR MORE ISSUES OR SERIES IN THE MAXIMUM AMOUNT OF \$ 39,840,000 MATURING SERIALLY OR OTHERWISE IN SUCH INSTALLMENTS AS ARE FIXED BY SAID BOARD OVER A PERIOD OR PERIODS NOT EXCEEDING FORTY (40) YEARS FROM THEIR DATE OR DATES, BEARING INTEREST AT ANY RATE OR RATES, AND TO SELL SAID BONDS AT ANY PRICE OR PRICES, PROVIDED THAT THE MAXIMUM NET EFFECTIVE INTEREST RATE, AS DEFINED IN CHAPTER 1204 OF THE GOVERNMENT CODE, AS AMENDED, ON ANY ISSUE OR SERIES OF SAID BONDS SHALL NOT EXCEED THE MAXIMUM LEGAL LIMIT IN EFFECT AT THE TIME OF ISSUANCE OF EACH SUCH ISSUE OR SERIES, ALL AS MAY BE DETERMINED BY THE BOARD OF DIRECTORS OF SAID DISTRICT, FOR THE PURPOSE OF THE PURCHASE, ACQUISITION AND CONSTRUCTION OF WORKS, IMPROVEMENTS, FACILITIES, PLANTS, EQUIPMENT AND APPLIANCES FOR THE DISTRICT'S WATERWORKS AND SANITARY SEWER SYSTEM AND ADDITIONS, EXTENSIONS AND IMPROVEMENTS THERETO AND THE PURCHASE OR ACQUISITION OF ANY AND ALL PROPERTY, CONTRACT RIGHTS, RIGHTS OF USE, AND INTERESTS IN PROPERTY NECESSARY, APPROPRIATE OR INCIDENT TO THE PURCHASE, CONSTRUCTION, OR OTHER ACQUISITION OF SUCH WATERWORKS AND SANITARY SEWER SYSTEM AND ADDITIONS, EXTENSIONS AND IMPROVEMENTS THERETO AND THE PAYMENT OF ALL EXPENSES IN ANY MANNER INCIDENTAL THERETO, IN ACCORDANCE WITH THE ENGINEERING REPORT, AND SUCH EXPENSES AS ARE INCIDENTAL TO THE ADMINISTRATION AND FINANCING OF THE DISTRICT WHICH UNDER APPLICABLE LAW MAY PROPERLY BE PAID FROM THE PROCEEDS OF SUCH BONDS,

AND TO PROVIDE FOR THE PAYMENT OF PRINCIPAL OF AND INTEREST ON SUCH BONDS BY THE LEVY AND COLLECTION OF A SUFFICIENT TAX UPON ALL TAXABLE PROPERTY WITHIN SAID DISTRICT FOR SUCH PERIOD OF TIME AS THE BOARD OF DIRECTORS DETERMINES, AS MAY BE PROVIDED IN THE ORDERS OR RESOLUTIONS AUTHORIZING THE ISSUANCE OF SUCH BONDS, ALL AS AUTHORIZED BY THE CONSTITUTION AND LAWS OF THE STATE OF TEXAS?

Section 4: Voting in said election on election day shall be by the use of electronic voting machines. The ballot shall be printed in English and Spanish languages and shall conform to the requirements of the Texas Election Code. The ballots used in the election shall have printed thereon the following:

OFFICIAL BALLOT

SAN LEON MUD PROPOSITION A

- [] FOR THE ISSUANCE OF BONDS AND THE LEVY OF AD VALOREM TAXES ADEQUATE TO PROVIDE FOR THE PAYMENT OF THE BONDS IN THE MAXIMUM AMOUNT OF \$ 39,840,000.
- [] AGAINST THE ISSUANCE OF BONDS AND THE LEVY OF AD VALOREM TAXES ADEQUATE TO PROVIDE FOR THE PAYMENT OF THE BONDS IN THE MAXIMUM AMOUNT OF \$ 39,840,000.

Section 5: The boundaries of the District as currently established are hereby designated as and shall constitute one election precinct.

Section 6: Early voting in the election by personal appearance shall begin on Monday, April 22, 2019 and shall continue through Tuesday, April 30, 2019. The clerk for early voting shall be Galveston County Clerk. The place at which such early voting shall be conducted is at _____. The early voting clerk shall keep the early voting places open the following days during the following times:

From April 22, 2019 through to April 26, 2019 from 7:00 am to 7:00 pm
On April 27, 2019 from 7:00 am to 7:00 pm
On April 28, 2019 from 1:00 pm to 6:00 pm
From April 29, 2019 to April 30, 2019 from 7:00 am to 7:00 pm

The early voting clerk's mailing address to which ballot applications and ballots to be voted by mail may be sent is P.O. Box 17253, Galveston, Texas 77552-7253 and the email is cindy.eddy@co.galveston.tx.us.

Section 7: The election shall be held and conducted and returns made to this Board of Directors in accordance with the provisions of the Texas Election Code and Chapter 49, Texas Water Code.

Section 8: In further compliance with Chapter 3, §3.009 Texas Election Code, the District states:

- (i) The District calls this election to authorize the issuance of the District's \$ 39,840,000 Unlimited Tax Bonds (the "Bonds") in one or more series or issues to mature within forty (40) years from the date of the Bonds and to authorize levy of adequate ad valorem taxes to pay for said Bonds;
- (ii) If the Bonds are approved by the voters, the Board of Directors of the District will be authorized to impose an annual ad valorem tax sufficient to pay the annual principal of and interest on the Bonds;
- (iii) Based upon the bond market conditions at the date of adoption of this Order, the maximum interest rate for any series of the Bonds is estimated to be ____%. Such estimated maximum rate is provided as a matter of information, but is not a limitation on the interest rate at which the Bonds, or any series thereof, may be sold;
- (iv) The ad valorem debt service tax rate for the District as of the date of ordering the election is \$ 0.18 per \$100 valuation on taxable property;
- (v) The aggregate amount of outstanding principal of all District bond obligations as of the beginning of the District's current fiscal year is \$ 11,065,000 and
- (vi) The aggregate amount of outstanding interest of all District bond obligations as of the beginning of the District's current fiscal year is \$ 3,412,118.96.

Section 9: Only duly qualified resident electors of the District shall be entitled to vote in the election.

Section 10: The presiding judge and election clerks are hereby appointed as a special canvassing board for canvassing the early voting returns.

Section 11: The President and Secretary of the Board are hereby authorized and directed to cause notice of said election to be posted in English and Spanish at least 21 days prior to the election in each election precinct in which the election is to be held and on the bulletin board used for posting notices of District meetings. A record of posting notice of election will be completed at the time of posting. In addition, the President and the Secretary are hereby authorized and directed to cause the order of said elections to be posted in English and Spanish on Election Day and during early voting by personal appearance, in a prominent location at each polling place, as well as in three public places within the boundaries of the District at least 21 days prior to the elections. Finally, if the District maintains a website, both the notice and the order, and their corresponding translations, must be uploaded onto the District's Internet website and shown prominently during the 21 days before the election.

Section 12: The Board of Directors has appointed Baker Williams Matthiesen LLP as the District's agent for the election. The offices of the District's agent are located at 5005

Woodway Drive, Suite 201, Houston, Texas 77056 and are open from 8:30 a.m. to 5:00 p.m. each weekday.

Section 13: If, for any reason, one or more of the sections, provisions, clauses or words of this Order or the election conducted in accordance with this Order, or the application of those sections, provisions, clauses or words to any situation or circumstance shall for any reason be held to be invalid or unconstitutional, the invalidity or unconstitutionality shall not affect any of the other sections, provisions, clauses or words of this Order or the election conducted in accordance with this Order, or the application of those sections, provisions, clauses or words to any other situation or circumstances, and it is intended that this Order shall be severable and shall be construed and applied as if the invalid or unconstitutional section, provision, clause or word had not been included in this Order.

PASSED, APPROVED and ADOPTED the 12th day of February 2019.



Joe Manchaca, *President*
Board of Directors

ATTEST:



Keith Gossett, *Secretary*
Board of Directors



THE STATE OF TEXAS

COUNTY OF GALVESTON

SAN LEON MUNICIPAL UTILITY DISTRICT

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I, the undersigned Secretary of the Board of Directors of San Leon Municipal Utility District, certify that the attached and foregoing is a true and correct copy of an Order Approving Engineering Report and Calling Bond Election dated February 12, 2019 and an excerpt of the meeting of the Board of Directors showing adoption and passage thereof; and the original of said Order and minute entry is on file in the District's office.

WITNESS MY HAND AND OFFICIAL SEAL OF THE DISTRICT this 12th day of February 2019.


Keith Gossett, Secretary

