

MINUTES OF REGULAR MEETING OF
SAN LEON MUNICIPAL UTILITY DISTRICT

THE STATE OF TEXAS §
 §
COUNTY OF GALVESTON §

The Board of Directors of the San Leon Municipal Utility District met in regular session, open to the public, on Wednesday, October 16, 2019, at 6:30 p.m. at the District's regular meeting place at the San Leon Volunteer Fire Department 337 12th Street, San Leon, Texas. Constituting a quorum, the following members of the Board were present, to-wit:

Joe Manchaca, President Tyson Kennedy, Vice President
Kenneth Bishop, Treasurer

Not Present: Kelly Neason, Asst. Secretary
 Keith Gossett, Secretary

Also present were Janice Hoffman, Office Manager, Ken Keller, Field Superintendent, Andrew Miller, District Manager, Steve Don Carlos District's Attorney, Hal Walker, District's Engineer, Chris Lane, District's Financial Advisor, JoAnn Matthiesen/Teresa Menacho, District's Bond Counsel, Oscar Gutierrez, Commercial Benefits and Perry Larvin, Security.

Call Meeting to Order;

Meeting called to order at 6:30 pm.

Comments from District Residents;

There were no comments from District residents.

Review bids and award sale of Series 2019 Bonds; Approve and adopt Bond Order for Series 2019 Bonds; Approve and execute Federal Tax Certificate and authorize attorneys and Attorney General to date same; Approve and execute Signature Identification and No-Litigation Certificate and authorize Attorney General and attorneys to date same; Adopt General Certificate and related certificates in regard to bond issue; Approve and execute Bond Registrar, Paying Agent and Transfer Agency Agreement; Authorize attorneys to finalize the transcript of proceedings for the Series 2019 Bonds and obtain approval of the Attorney General and registration by Comptroller of Series 2019 Bonds; Approve and authorize the use of CUSIP numbers; Authorize attorneys or paying agent for the District to receive the Bonds from the Comptroller of Public Accounts; Authorize District representative to sign and special tax counsel and financial advisor to complete, and file Form 8038-G; Approve agreement with DTC regarding book entry bonds; Approve agreement with special tax counsel related to sale of Series 2019 Bonds and confirm receipt and acknowledgment of form 1295 from Paying Agent, purchaser and special tax counsel (unless exempt) and Execute all documents and take all actions necessary for the issuance of the Series 2019 Bonds;

C. Lane started the discussion with the summary of bids. There were four (4) bids and C. Lane recommends that the Board accepts the lowest bid from BofA/Merrill at 2.95413. J. Matthiesen gave a summary of all of the items listed. Tyson Kennedy made the motion to approve all items regarding the Bond Sale, seconded by Ken Bishop. All in favor, motion carried unanimously.

Discuss and Consider Steve Berges with Summer Breeze RV Park for proposed extra spaces for cabins;

Tabled

Discuss and Consider Approval regarding Developments for Dale Brown;

Dale Brown started the discussion regarding his proposed development to build several homes w/septic systems and to get water service. D. Brown said that he is working with the county road department to make sure that the roads are put in right. Cindy Palmer road; the county has inspected and okayed the road. Start date on the development would be December 1st. J. Manchaca said to make sure the county approves the septic system and to make sure that the roads will be maintained. There were discussions regarding a lift station for this development instead of septic system. Nothing was formally approved.

Consider and Approve Health Insurance for the District Employees;

Oscar Gutierrez said that Aetna is not going to renew the District's contract, so we need to get a comparable to what the District has now, the employees had to fill out an application with the medical information to see if any level and/or self-funded companies will approve or disapprove the group and none will. O. Gutierrez said at this point the District should go with multiple plans with in the same company with a three (3) tier approach. There was several discussions regarding the employee's insurance. Tabled until next meeting.

Approve the Minutes of the Regular Meeting for September 18, 2019;

Ken Bishop made the motion to approve of the Minutes of the Regular Meeting for September 18, 2019, seconded by Tyson Kennedy. All in favor, motion carried unanimously.

Engineer's Report, the Pay Est. No. 4, from C. F. McDonald Electric Inc., the Field Superintendent's Report, the Office Manager's Report, and the Third Quarter Investment Report Ending September 30, 2019;

Hal Walker presented the Engineer's Report and Pay Est. No. 4, from C. F. McDonald Electric Inc.

WWTP Expansion; still working on the structural electrical and plan on having a set of plans for K. Keller and A. Miller for review by November 4th. If all goes well, we should be opening bids either before Christmas or first of January. WWTP Generator; is about 70% complete, still waiting on the arrival of the generator. McDonald Electric has submitted Pay Est. No. 4 in the amount of \$27,174.60 and Costello recommends payment to McDonald for the work provided. Bond Report; nothing to report other than everyone received copies of the order from TCEQ approving the project and the issuant of Bond. Utility Master Update; no progress.

Ken Keller presented the Field Superintendent's Report.

K. Keller said there was about 15 inches of rain. There was a lot of water wasted due to flushing the lines trying to bring up the residual, which is why the accountability is at 10%. There was a leak found and repair on the transmission line on FM 517.

Janice Hoffman presented the Office Manager's Report.

Ken Bishop, District's Investment Office present the Third Quarter Investment Report Ending September 30, 2019.

Tyson Kennedy made the motion to approve of the Engineer's Report, the Pay Est. No. 4, from C. F. McDonald Electric Inc., the Field Superintendent's Report and the Office Manager's Report, and the Third Quarter Investment Report Ending September 30, 2019, seconded by Ken Bishop. All in favor, motion carried unanimously.

District Manager's Report;

Went to Dallas for training by EPA; there are new requirements on risk and resiliency assessment. Continue working with the Attorney General and Public Utility Commission regarding several disgruntled residents. iTrackers; working on getting data. Looking into getting additional funds coming out of the Bond to be able to improve the 2 inch lines. Received a quote from a company to doing a valve survey to verify the integrity of the valves the District has in the ground and their location. Met with Hal Walker at the WWTP to walk through on what needs to be done, what has been done and how it was constructed. On-going conversations regarding the contracted services for sludge haul proposals. Received proposals for trash haul services. Taps for this month; there were twenty-two (22) taps requested, thirteen (13) were available and nine (9) were unavailable and quoted for line improvements. There were discussions regarding 1438 24th Street; only three (3) existing taps available, so more taps will be necessary for any additional development.

Discuss and Follow up on Outstanding Issues;

There were no outstanding issues.

Director's Report;

There were no Directors Reports.

Recess into Executive Session Pursuant to Section 551.0711551.072 and 551.074 of the Texas Government Code;

Recess into Executive Session at 7:43 p. m.

Return to Regular Session and Act on Matters Discussed in Executive Session;

Returned to Regular Session at 7:59 pm and acted on matters discussed in Executive Session. There were discussions regarding one (1) employee's annual appraisal in Executive Session and the Board agreed on what was discussed. There was nothing approved, discussions only.

Adjourn Meeting;

Ken Bishop made the motion to adjourn the meeting at 8:00 pm, seconded by Tyson Kennedy. All in favor, motion carried unanimously.

Approved:

Attest:

Joe Manchaca
President, Board of Directors

Tyson Kennedy
Vice President, Board of Directors