

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 Tuesday, July 18, 2017 at 6:30 p.m. at the District's regular meeting place at the District Office, 443 24th Street, San Leon, Texas. Constituting a quorum, the following members of the Board were present, to-wit:

Joe Manchaca, President Tyson Kennedy, Vice President
Julie Hall, Secretary Kenneth Bishop, Treasurer
Kelly Neason, Asst. Secretary

Also present were Janice Hoffman, Office Manager, Ken Keller, Field Superintendent, Steve DonCarlos, District's Attorney, Hal Walker, District's Engineer and Perry Larvin, District's Security.

Call Meeting to Order:

Meeting called to order at 6:30 pm.

Comments from District Residents:

W. Jakubas commented on the commercial building that is being constructed at 9th and Bayshore; what are they doing to get the permits or taps. J. Manchaca stated this building is being constructed with a permit from the County of Galveston, but have not made application with the MUD. S. Gilmore said she is not sure if it is the MUD or the County of Galveston, but she said that there is a lot of mud on the roads at 23rd and FM 517. There were discussions only nothing to approve.

Ratify and Approve to put a Moratorium on Commercial and Multi Commercial Developments;

J. Manchaca this is a moratorium based on the fact that the District is reaching our limits on the sewer plant capacity. The RV parks and developments that are already permitted through the County and through MUD are going to put us right at the breaking point. The District is still battle the system issues with inflow and infiltration, we are under a mandate with TCEQ to reduce that to a certain level, within a certain time period. If the District exceeds the percentage of capacity, which we're almost there, the District might have to expand the treatment plant and the expense would be about five (5) to six (6) million. Ken Bishop made the motion to ratify and approve the moratorium on Commercial and Multi-commercial Developments, seconded by Kelly Neason. All in favor, motion carried.

Consider and Approve a Proposed Development at FM 517 and 23rd St. for M. Karim;

M. Karim discussed the development with the Board. J. Manchaca said if you want any consideration at this point, you need to bring before the Board a certified estimate of proposed water usage for this development and then the Board will determine what impact it would and would not have on the current system. There were discussions only nothing to approve at this meeting.

Consider and Approve a Proposed Development at 2249 Broadway for Wayne Winfield;

This agenda item has been taken care of during District office hours.

Consider and Approve a Proposed RV Park at 2630/2640 S. FM 517, Summer Breeze;

Summer Breeze developer stated that they came before the Board in March and they thought it was approved to go ahead with the RV Park and said that he remembers hearing about water issues, but never anything about sewer capacity issues. J. Manchaca said the District has bumped our limits with TCEQ; once the District reaches our limits for a certain period of time, then TCEQ will tell us that we need to expand the sewer plant. The District cannot guaranty the availability of water in the future. Summer Breeze's engineer presented to the Board another solution for the sewer capacity by using holding tanks until the moratorium is lifted. J. Manchaca said if you want to submit in writing what your intentions are to do; the District will get with our engineer, attorney, TCEQ and Galveston County to determine if that is something that would work. There were discussions only nothing to approve.

Discuss and Approve Action to Services on Buffalo Run;

J. Manchaca stated that this development was originally permitted to only have ten (10) connections based on the two (2) inch line in and TCEQ has regulations regarding lines sizes and how many connects can be tapped to the lines. It is currently over the amount of ten (10) connections. There is one (1) tap that was okay to be installed, but if any further taps are to be installed on Buffalo, the line would have to be expanded. There were discussions regarding a fire hydrant on Buffalo. R. Rodriguez said that his lots were a part of the original 10 allowed taps from the agreement of the letter and the other lots were granted the taps without consideration of what was established in the subdivision. S. DonCarlos said back in 2005 the District's policy stated that they would extend 300 feet and then the developer was responsible for the rest. Also, in the letter said the developer need to give the District easement. The developer never agreed to put the remainder line, they never gave the District easement and it is private property, so the District cannot go in and lay lines on private property. J. Manchaca said that District will give the developer 300 feet of six (6) inch line and the last tap that was approved will be installed. Tyson Kennedy made the motion to approve to not do any further taps on Buffalo until the six inch line is installed, seconded by Julie Hall. All in favor, motion carried unanimously.

Approve the Minutes of the Workshop/Regular Meeting, June 27, 2017;

Kelly Neason made the motion to approve the Minutes of the Workshop/Regular Meeting, June 27, 2017, seconded by Tyson Kennedy. All in favor, motion carried unanimously.

Consider and Approve the Engineer's Report;

Hal Walker presented the Engineer's Report to the Board. Manhole at 24th and Ave. L Replacement; conducted the final inspection the 26th of June to review the work as performed. Any deficiencies that were required were noted and corrected. AEI issued a Certificate of Completion to the Board and presented a Certificate of Acceptance to the Board this evening for signature. Series 2017 Bond; TCEQ received the report on the 15th of May. Additional information was sent to TCEQ the 1st of June. And TCEQ submitted a staff memo and draft order on the 29th of June. It was sent to all consultants for review and the attorney signed off on the document and sent it back to TCEQ before 5th of July deadline. TCEQ Agreed Order; reaffirming about the information about the agreed order, the deadline and if the District needs an extension that we need to request it by the 18th of September. Ken Bishop made the motion to approve of the Engineer's Report, seconded by Julie Hall. All in favor, motion carried unanimously.

Discuss and Approve of Pay Est. No. 1 from Reliance Construction;

Tyson Kennedy made the motion to approve of Pay Estimate No. 1 and final payment in the amount of \$113,700.00 for Reliance Construction, seconded by Ken Bishop. All in favor, motion carried unanimously.

Consider and Approve the Field Superintendent's Report;

Ken Keller presented the Field Superintendent's Report to the Board. There were 24 connects installed this month. The I & I is still in progress and doing well. This is the year for water leaks, there have been for major leaks that were found and fixed, so if you see a leak please report it. There were discussions regarding the Waste Water Treatment Plant and the plant needs to stay less than 712,000 per day. Ken Bishop made the motion to approve the Field Superintendent's Report, seconded by Julie Hall. All in favor, motion carried unanimously.

Consider and Approve the Office Manager's Report and Budget Comparison;

Janice Hoffman presented the Office Manager's Report and Budget Comparison to the Board. Ken Bishop made the motion to approve then Office Manager's Report, seconded by Julie Hall. All in favor, motion carried unanimously.

Consider and Approve Second Quarter Investment Report Ending June 30, 2017;

Julie Hall made the motion to approve the Second Quarter Investment Report Ending June 30, 2017, seconded by Kelly Neason. All in favor, motion carried unanimously.

Consider and Approve Reimbursement Resolution from the Bond Funds for I & I Expense;

There was discussions regarding the I and I expense. Tyson Kennedy made the motion to approve the Reimbursement Resolution for the I and I invoices from the Bond Funds to the Operating Funds in the amount of \$1,822.30, seconded by Ken Bishop. All in favor, motion carried unanimously.

Review and Approve Changes to the Plumbing Policy;

Tyson Kennedy made the motion to approve changes made to the plumbing policy, seconded by Ken Bishop. All in favor, motion carried unanimously.

Resend: Approve to not raise the Residential Rates until after the District Reviews the Certified Tax Roll from County of Galveston;

There were discussions in the workshop last meeting to resend the raising of the residential and commercial rates until the District receives the certified tax roll. Tyson Kennedy made the motion to resend the raising the District's residential and commercial rates until the Board receives the certified tax roll, seconded by Kelly Neason. All in favor, motion carried unanimously.

Discuss and Follow up on Outstanding Issues;

There were no outstanding issues to follow up on.

Director's Report;

J. Manchaca updated the Board regarding Clean Harbors; it still feel optimistic. There were discussions only, nothing to approve.

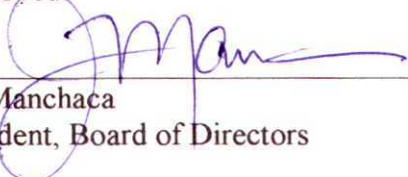
Executive Session Pursuant to Section 551.071/551.072 and 551.074 of the Texas Government Code;

There was no Executive Session.

Adjourn Meeting;

Kelly Neason made the motion to adjourn the meeting at 8:04 pm, seconded by Julie Hall. All in favor, motion carried unanimously.

Approved:



Joe Manchaca
President, Board of Directors

Attest:



Julie Hall
Secretary, Board of Directors