

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, September 19, 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;

There were no comments from the District residents.

Review bids and award sale of Series 2017 Bonds; Approve and adopt Bond Order for Series 2017 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, Paving Agent and Transfer Agency Agreement; Authorize attorneys to finalize the transcript of proceedings for the Series 2017 Bonds and obtain approval of the Attorney General and registration by Comptroller of Series 2017 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 2017 Bonds and confirm receipt and acknowledgement of form 1295 from Paying Agent, purchaser and special tax counsel and Execute all documents and take all actions necessary for the issuance of the Series 2017 Bonds;

Tabled until next meeting.

Conduct a Public Hearing concerning Adoption of the District Tax Rate;

Public hearing open, J. Manchaca asked if there were any questions or comments regarding the tax rate. There were no other questions or comments regarding the Tax Rate.

Close Public Hearing;

Closed Public Hearing.

Adopt a District Tax Rate;

Tyson Kennedy made the motion to adopt the tax rate to at \$0.45, same as last year, seconded by Ken Bishop. All in favor, motion carried unanimously.

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

J. Manchaca said that the proposed expected usage is accepted, but the Board is not approving any commercial applications at this point until there is a confirmation from TCEQ about what the District is allowed to do or not do. Mr. Marim ask about putting in an aerobic system in until the moratorium has been lifted. J. Manchaca said to bring some plans regarding this aerobic system and we will consider it, but you must go through the steps. There was discussions only, nothing to approve.

Discuss and Approve Action to Services on Buffalo Run;

Robert Daugherty presented a letter with the signatures of the residents on Buffalo Run stating that they did not want the main water lines upgraded at this time. There was discussions only, nothing to approve.

Approve the Minutes of the Regular Meeting, August 15, 2017;

Ken Bishop made the motion to approve the Minutes of the Regular Meeting, August 15, 2017, seconded by Julie Hall. All in favor, motion carried unanimously.

Consider and Approve the Engineer's Report;

Hal Walker presented the Engineer's Report to the Board. H. Walker said he had to update his report and distributed it to the Board. TCEQ Agreed Order; requested an extension to the compliance date with TCEQ and waiting for a response. Preliminary Engineering Report; the Preliminary Report is not ready due to hurricane Harvey and found a few other things going on at the plant that is taking a bit longer. The average daily flow for the previous 12 months at the plant is running about 77% of its capacity of the permit, but for the last eight (8) months it has been 86% and part of this has to do with areas that have a lot of I&I coming in. The permitted capacity of the plant can serve up to 3393 equivalent single family connections (ESFCs) and the current connection count as of June 2017 is 3168 ESFCs or 93% of connection capacity. The average rate of growth of active connections that is reported every month is approximately 3% per year. I & I is still a problem; the ratio of wastewater to water is upwards of 140% and should be closer to 90% to 95%. In July 2017, the average flow per active connection 175 gallons per day and in August it went up to 405 gallons per connect, but that was due to hurricane Harvey. This reflects how much infiltration is still getting into the system. H. Walker discussed what the wastewater treatment plant would need in order to be expanded, but a realistic cost cannot be provided at this time. WWTP Permit; is going to expire on November 1, 2018 and we usually begin the process a year in advance because TCEQ wants us to prepare the documents and to turn them in six (6) months before the expiration. The current permit does not have any provisions in it regarding expansion. H. Walker recommends that the Board incorporates that change in the renewal so you don't have to do it twice. AEI will ask for authorization to proceed with the renewal in November. The condition on the digester was added to the report, because there are issues that need to be addressed. Julie Hall made the motion to approve of the Engineer's Report, seconded by Kelly Neason. 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. The accountability is at 6%. There were three (3) main breaks repaired after hurricane Harvey. GCWA estimated the meter at Hwy. 146 because they could get to it due to high water. Tyson Kennedy 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. Kelly Neason made the motion to approve then Office Manager's Report, seconded by Ken Bishop. All in favor, motion carried unanimously.

Approve the Changes to the Amended 2nd Qtr. Investment Report Ending June 30, 2017;

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

Consider and Approve of a Financial Module for Tyler;

J. Hoffman discussed the financial module that was presented to the Board. There was much discussion regarding the cost of this financial module from Tyler. Tabled until next month.

Review and Possible Amendment to Rate Order;

Tabled

Discuss and Consider Hurricane Preparedness and the Backup Generators at the Lift Stations;

There were discussions regarding the Hurricane Preparedness and the Backup generators at the lift stations. Nothing to approve.

Discuss and Follow up on Outstanding Issues;

There were no outstanding issues to follow up on.

Director's Report;

There was nothing to approve.

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

Recess into Executive Session at 7:32 pm.

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

Returned to Regular Session at 8:14 pm and acted on matters discussed in Executive Session. There was nothing to approve, discussions only.

Adjourn Meeting;


Ken Bishop made the motion to adjourn the meeting at 8:14 pm, seconded by Kelly Neason. All in favor, motion carried unanimously.

Approved:



Joe Manchaca
President, Board of Directors

Attest:



Julie Hall
Secretary, Board of Directors