

David Jetelina
18118 Lakeside Lane
Nassau Bay, Texas 77058
713-825-2372 dj@flagshiptec.com

March 2, 2019

San Leon Municipal Utility District
443 24th St.
San Leon, TX 77539
Attn: Ms. Janice Hoffman, Office Manager via email: slmud1@slmud.org

Re: Freedom of Information Request for documents from San Leon MUD

Dear Ms. Hoffman,

Thank you for your all of your assistance to date which has been greatly appreciated & helpful. I am working with a number of San Leon Citizens who have asked that I make the following request.

This request is made under the Freedom of Information Act. I hereby request copies of the following records:

- 1) Balance Sheets to go along with the financial documents I received from the San Leon in conjunction with my FOIA request dated February 15, 2019. Those being dated Feb-2018 thru Dec-2018.
- 2) List of Current San Leon MUD Directors with Titles and Election Dates
- 3) Minutes from the San Leon MUD Board meetings, conducted in December 2018 and January 2019.
- 4) The Bond Resolution and Bond Report for the Bonds being voted on in the May 4, 2019 election.
- 5) Please provide a listing of the assets being used as collateral for the presently existing bonds, which I believe total approximately 11 million dollars.
- 6) Please provide a listing of the assets that will be used for collateral for those Bonds being voted on in the May 4, 2019 election.

The request for records is made to better understand decision making used by the San Leon MUD (SL MUD) in consideration of the proposed Bond Election in May of 2019. This request is submitted in good faith for the benefit of the land owners within the SL MUD district.

I am a property owner and water service customer of the SL MUD.

I request a waiver of all fees for this request. Disclosure of the requested information to me is in the public interest because it is likely to contribute significantly to public understanding of the operations or activities of the government. I am willing to pay fees for this request up to a maximum of \$30. If you have any questions regarding this request please contact me immediately at 713-825-2372 or email dj@flagshiptec.com . Paper or electronic records are acceptable. Please email electronic records. Alternately I will pickup paper copies of records at the SL MUD office.

Time is of the essence in consideration that the SL MUD is proposing a Bond Election which is scheduled for May 4, 2019.

I look forward to your prompt response.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'David Jetelina', with a stylized, cursive script.

David Jetelina

RE: FOIA Request dated Mar-3-2019

Date 3/14/2019 8:59 AM
From amiller@slmud.org on behalf of Andrew Miller
Actionable/To manchaca@gmail.com; slmud1@slmud.org; sdoncarlos@rsg-llp.com

Good morning! See below for responses to your information request.

Balance Sheets to go along with the financial documents I received from the San Leon in conjunction with my FOIA request dated February 15, 2019. Those being dated Feb-2018 thru Dec-2018.

- Separate balance sheets are not prepared and printed on a monthly basis, but rather are developed annually in conjunction with our audit; as such, there are currently no balance sheets available for your review. MUD bookkeeping is done in accordance with GASB standards, not standard business practices; if you have any questions regarding those standards, please contact our auditor.

List of Current San Leon MUD Directors with Titles and Election Dates

- A list of current directors with titles and election dates is available on our website, though I've included it below for your convenience.
 - Joe Manchaca, President (May 2022)
 - Tyson Kennedy, Vice President (May 2022)
 - Kenneth Bishop, Treasurer (May 2020)
 - Kelly Neason, Assistant Secretary (May 2022)
 - Keith Gossett, Secretary (May 2020)

Minutes from the San Leon MUD Board meetings, conducted in December 2018 and January 2019.

- See attached.

The Bond Resolution and Bond Report for the Bonds being voted on in the May 4, 2019 election.

- The bond resolution is attached; this covers the next 10-15 years of capital improvement projects the board has developed with the engineer's analysis on our system's needs. The bond report is currently a work in progress as the district is still in discussion with the financial advisor and engineer on a timeline for how much of the proposed authorization is required at what point. As debt is only incurred as the bonds are sold, the district is working to stagger the issuance of the authorized amount in order to mitigate the impact on resident's taxes.

Please provide a listing of the assets being used as collateral for the presently existing bonds, which I believe total approximately 11 million dollars.

- Bonds do not work in the same manner as a loan, so no collateral is used. The district is rated by a third party agency, Moody's, who recently upheld our rating as an A3 Long-term investment.

Please provide a listing of the assets that will be used for collateral for those Bonds being voted on in the May 4, 2019 election.

- Bonds do not work in the same manner as a loan, so no collateral is used. The district is rated by a third party agency, Moody's, who recently upheld our rating as an A3 Long-term investment.

--

Andrew Miller
District Manager
San Leon MUD



On 2019-03-04 07:40:34-06:00 Janice Hoffman wrote:

Here is another request from Jetelina.

From: David Jetelina [mailto:djetelina@flagshiptec.com]

Sent: Sunday, March 03, 2019 3:13 PM

To: Janice Hoffman <slmud1@slmud.org>

Subject: FOIA Request dated Mar-3-2019

Hello Janice,

As mentioned, I am working with some other folks. Attached please find one last FOIA request for some information pertaining to the upcoming Bond election.

Hopefully this is the last FOIA from me for awhile, if they want some more I will ask them to type them up.

All the best,

David J.

David Jetelina

Flagship Technologies, Inc.

713.825.2372 tel

206.350.4894 fax

 Virus-free. www.avast.com

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, December 19, 2018, 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 Keith Gossett, Director

Not Present: Kelly Neason, Asst. Secretary

Also present were Janice Hoffman, Office Manager, Andrew Miller, District Manager, Steve DonCarlos, District's Attorney, Hal Walker, District's Engineer, Perry Larvin, District's Security, Oscar Gutierrez and Reagan Gaspar with Commercial Benefits.

Not Present: Ken Keller, Field Superintendent

Call Meeting to Order;

Meeting called to order at 6:30 pm.

Comments from District Residents;

W. Jakubas had comments regarding the moratorium and the process to come before the Board for approvals on any developments. No other comments from District residents.

Approve Election of Officers;

Tabled.

Consider and Approve Aerobic System at 1999 Broadway for Lita Dishongh;

There were discussions regarding the aerobic system for Lita Dishongh wants to install at 1999 Broadway. J. Manchaca said that if the county and state give you approval, there would be no issues with the District. There were discussions regarding the future lift station at 23rd and Broadway.

Discuss, Consider and Approve Proposed Development at Bayshore and 26th St. for Lori Lieb;

Lori Lieb discussed her development at Bayshore and 26th to be commercial retail strip center and there will be three (3) spaces for small businesses, no washateria. J. Manchaca stated that the Board approves a tentative approval at this time.

Discuss, Consider and Approve Proposed Development at 824 24th for Robert Saldierna;

Robert Saldierna discussed his development at 824 24th to be 85' wide x 350' deep with the intention of putting in eleven (11) homes that are 480 square feet. J. Manchaca said there will not be an approval at tonight's meeting, this will take further discussions.

Approve the Minutes of the Regular Meetings for November 14, 2018 and November 19, 2018;

Keith Gossett made the motion to approve the Minutes of the Regular Meetings for November 14, 2018 and November 19, 2018, seconded by Ken Bishop. All in favor, motion carried unanimously.

Consider and Approve the Engineer's Report;

Hal Walker presented the Engineer's Report to the Board. Reimbursement to the General Account; had several conversations with Andrew Painter, TCEQ and he said that it is looking good to reimburse the account with the bond funds. The District has written a notice to do so, as long as we stay in the scope of what was in the bond application. There were discussions regarding the expansion of the WWTP and calling a bond election. WWTP Expansion; design continues, 25% done with the structural drawings and about to authorize the electrical. WWTP Emergency Generator; will need a new pad. Tyson Kennedy inquired whether the pad could be elevated higher to ensure flood water would not reach the generator. H. Walker responded that he would look into it. The bids will be advertised at the beginning of 2019. WWTP Discharge Permit; there was a resident, Emmitt Brandon, made some comments to TCEQ, we should hear something within the next 30 to 45 days. There was discussion regarding the manholes in the lower areas of the District. Tyson Kennedy made the motion to approve the Engineer's Report, seconded by Keith Gossett. All in favor, motion carried unanimously.

Consider and Approve the Field Superintendent's Report;

J. Manchaca said that Ken Keller was not present at this meeting that if anyone had questions regarding the Field Superintendent's Report to contact him another day. Ken Bishop made the motion to approve the Field Superintendent's Report, seconded by Tyson Kennedy. All in favor, motion carried unanimously.

District Manager's Report;

Emergency radios are not here yet, but are coming; 25 requests for service, 15 were available; 9th and J lift stations automatic switch was repaired; Elevated Storage Tank, pilings are up and starting to put up the framework for the foundation on the platform on the mezzanine. Completion date is set for May 2019; Completed the warranty work on the Elevated Storage Tank; The ITrackers are installed trial set to be completed January 2019; Received a call for a resident asking to purchase land near the lift station at 3rd & Ave G; had a meeting with H. Walker on the WWTP expansion; the water plant generator, K. Keller said that he has been keeping regular maintenance on it so there would be no need to replace it, so there will be the extra funds for that project available to reimburse the cost on the WWTP expansion design; Had conversation with Chris Lane regarding a Bond for the WWTP Expansion; Met with Kevin Ellis regarding the contract with Impact; Attached a sheet to the report regarding operational cost savings for the District; Communicated with customer, Frontier regarding a major leak at 2350 Broadway; There were communications with Dale Brown and sent it to the District's attorney; Outstanding receivables, we had six (6) more accounts that were collected; Still looking into GLO regarding recovery funds from hurricane Harvey that may become available for the District; There was discussions regarding the port a potty at the 6th Street ball park; There were discussions regarding the taps being done in house instead of having the contractors install;

Consider and Approve Sludge Haul Contract with Sprint;

There were discussions regarding the sludge haul contract, nothing was approved.

Consider and Approve the Office Manager's Report;

Janice Hoffman presented the Office Manager's Report to the Board. Ken Bishop made the motion to approve the Office Manager's Report; seconded by Tyson Kennedy. All in favor, motion carried unanimously.

Consider and Approve Reimbursement Resolution from the 2017 Bond Funds for Expenses;

Ken Bishop made the motion to approve the reimbursement resolution in the amount of \$9,181.89 from the 2017 Bond funds for expenses; seconded by Keith Gossett. All in favor, motion carried unanimously.

Discuss and Follow up on Outstanding Issues;

There were no outstanding issues.

Director's Report;

There were many discussions regarding calling for another Bond election for the WWTP expansion. Discussions only 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 8:19 p. m.

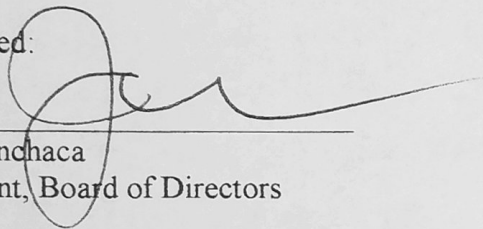
Return to Special Session and Act on Matters Discussed in Executive Session;

Returned to Special Session at 8:31 pm and acted on matters discussed in Executive Session. There was nothing to approve, discussions only.

Adjourn Meeting;

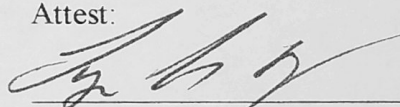
Ken Bishop made the motion to adjourn the meeting at 8:33 pm, seconded by Keith Gossett. All in favor, motion carried unanimously.

Approved:



Joe Manchaca
President, Board of Directors

Attest:



Tyson Kennedy
Vice President, Board of Directors

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, January 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 Kelly Neason, Asst. Secretary
Keith Gossett, Secretary

Also present were Janice Hoffman, Office Manager, Andrew Miller, District Manager, Steve DonCarlos, District's Attorney, Hal Walker, District's Engineer and Avery Aaderud, Security

Not present: Ken Keller, Field Superintendent

Call Meeting to Order:

Meeting called to order at 6:30 pm.

Comments from District Residents:

W. Jakubas said he attended last night's Town Hall meeting; A. Miller made it clear that there are no restrictions on the family dwellings here in the District and at the meeting last night there were discussions regarding the water but not the sewer. W. Jakubas discussed the subsidence in the District and he heard that there will be a charge of \$1,000 for anybody who has two trailers or more. W. Jakubas said that we as residents should be careful as to what we ask and restrictions we want to place on ourselves in regards to personal property. No other comments from District residents.

Approve to Appoint Officers:

Kelly Neason made the motion to appoint Keith Gossett as the Secretary, seconded by Ken Bishop. All in favor, motion carried unanimously.

Consider and Approve an Order to Call for Bond Election, May 4, 2019;

There were discussions regarding the cost of the Capital Improvements and Bond Election. There were discussions regarding the outfall line from the treatment plant will not carry the new flow; the line that is there needs to be replaced, from the plant to Salt Bayou. The line is about (1800) eighteen hundred feet and (24) twenty-four inches in size and will need to be replaced with a (48) forty-eight inch. Tyson Kennedy made the motion to approve to call for Bond Election for May 4, 2019, in the amount of \$19,000,000, seconded by Ken Bishop. All in favor, motion carried unanimously.

Approve the Minutes of the Regular Meeting for December 19, 2018;

Keith Gossett made the motion to approve the Minutes of the Regular Meeting for December 19, 2018, 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. WWTP Expansion Design and Emergency Generator; still working on the design and the emergency generator. WWTP Permit; have not heard anything from TCEQ regarding the permit. Once the comment came up from Mr. Brandon to TCEQ, AEI thought it would be better if Costello would handle it from now on, they agreed to transfer that responsibility. H. Walker said he talked with TCEQ permit writers about the modeling they do in order to determine what the perimeters should be for the effluent and the effluent perimeter has not changed, which is the good news since there is nobody else contributing to the bay where the District discharges from so the permit will stay the same. Kelly Neason made the motion to approve the Engineer's Report, seconded by Ken Bishop. All in favor, motion carried unanimously.

Consider and Approve the Field Superintendent's Report;

J. Manchaca said that Ken Keller was not present at this meeting that if anyone had questions regarding the Field Superintendent's Report to contact him another day. Keith Gossett made the motion to approve the Field Superintendent's Report, seconded by Tyson Kennedy. All in favor, motion carried unanimously.

District Manager's Report;

Galveston County permit office contacted the District and asked if we had approved an application for an eight (8) unit RV park, which we said no and they did not issue them a permit; Seventeen (17) requests for service, eight (8) were available, nine (9) were quoted for line improvements; The iTracker trial install in December 2018 and met last week to review the data, gave good insight as to what is going on with the pipes, there was one manhole that was backing up the other areas, so we will check this area and find out where the I & I are and make those repairs; GLO project, the platform is up on the inside and getting ready to pour the concrete for the mezzanine floor, had a follow up meeting today and they have 90% of the conduit installed, the control panel should be here in a month, estimating in twelve (12) weeks they should be done; Discussion regarding hydrants and insurance; Met with H. Walker at the WWTP and discussed the expansion as well as replacement of the generator; Still working on the reimbursement documents for the I & I work that's been done; Met with Kevin Ellis and he sent an update for the contract regarding the decrease in cost per haul, it is amended to the contract effective January 1, 2019, waste haul is decreasing by \$88.00 per dry haul; Talked to Impact about cost for the Port o Pot at the ball field on 6th, K. Ellis is getting a quote for us. Waste Management reversed the cost and is giving us a credit; Discussions regard the increase in cost for Decker for residential trash. Decker said he is waiting on the CPI for Harris/Galveston to know what that cost would be, he said if he was to estimate that it would be about \$0.50; Insurance has been handled and deducted from the employees checks; Two (2) account inquires; Met with R. Saldierna regarding his develop and will be at the meeting next month; Town Hall meeting was last night and discussions were upcoming Bond election, rates, RV's and RV parks; Discussion regarding outstanding receivables; Had a discussion with Ken Keller about getting dash cams for all of the District vehicles; Discussed the up coming AWBD conference;

Approve Filing of Application to TCEQ for Reallocation of Bond Proceeds;

Ken Bishop made the motion to approve Filing of Application to TCEQ for Reallocation of Bond Proceeds, seconded by Kelly Neason. All in favor, motion carried unanimously.

Consider and Approve Amended Waste Haul Contract with Impact;

There were discussions regarding the sludge haul contract with Impact. Ken Bishop made the motion to approve the amended sludge haul contract with Impact, seconded by Tyson Kennedy. All in favor, motion carried unanimously.

Consider and Approve the Office Manager's Report;

Janice Hoffman presented the Office Manager's Report to the Board. Tyson Kennedy made the motion to approve the Office Manager's Report; seconded by Ken Bishop. All in favor, motion carried unanimously.

Consider and Approve the 4th Quarter Investment Report Ending December 31, 2018;

Kelly Neason made the motion to approve the 4th Quarter Investment Report Ending December 31, 2018, seconded by Keith Gossett. All in favor, motion carried unanimously.

Consider and Approve the Resolution Regarding the Tax Assessment and Collection Services;

Ken Bishop made the motion to approve the Resolution Regarding the Tax Assessment Collections Services, seconded by Tyson Kennedy. All in favor, motion carried unanimously.

Discuss and Follow up on Outstanding Issues;

There were no outstanding issues.

Director's Report;

There were many discussions regarding calling for another Bond election for the WWTP expansion. Discussions only 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 7:39 p. m.

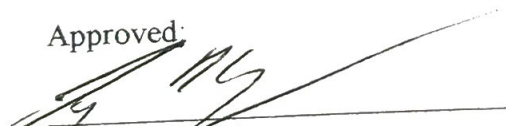
Return to Regular Session and Act on Matters Discussed in Executive Session;

Returned to Regular Session at 7:56 pm and acted on matters discussed in Executive Session. There was nothing to approve, discussions only.

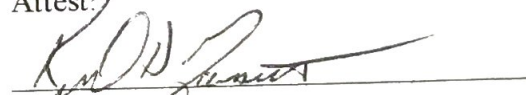
Adjourn Meeting;

Tyson Kennedy made the motion to adjourn the meeting at 7:56 pm, seconded by Kelly Neason. All in favor, motion carried unanimously.

Approved:


Tyson Kennedy
Vice President, Board of Directors

Attest:


Keith Gossett
Secretary, Board of Directors

COPY

ORDER APPROVING ENGINEERING REPORT
AND
CALLING BOND ELECTION

THE STATE OF TEXAS

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	
-------------------------------------	--

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



