**Public Comments from October 20, 2020 Meeting   
for San Leon Municipal Utility District**

David Jetelina

* At the February regular meeting of the San Leon MUD board, Phillip David Haskett provided notice to the Board that it had failed for many years to adhere to Texas Statutes requiring competitive bids for water district projects. Now resigned board Vice-President Tyson Kennedy requested that water district manager Miller provide an objective study of using private contractors versus water district employees to complete said projects. Subsequent to Kennedy’s request and Miller’s acceptance to provide said report, Manager Miller embarked on a program to solicit contractor bids via a scheme which I believe was defective and adverse to the fiduciary interest of the water district rate payers. At the June regular meeting of the San Leon MUD board, I requested, and President Manchaca agreed, that I would be granted access to the opening of the contractor bids solicited by Miller. Subsequent to that oral agreement, Manchaca and Miller failed to provide me access to the Bid Opening event. Subsequent to that bid opening, the Board awarded certain contractors contracts which I feel was actually a sham and adverse to the fiduciary interest of the water district rate payers. Will the District please post the contractor study ordered by Vice President Kennedy to the water district website, this for the benefit of the public.
  + During an email conversation spanning June 29th and June 30th, you expressed to Andrew Miller that your company would be submitting a bid for the contracted work. In the competitive sealed bid packet you received, page 3 detailed the time and location for the response opening, namely July 15, 2020 at 6:30 PM at the San Leon MUD office. While the District’s general meeting was held virtually, there was no advertised change in the time or location for the public response opening; therefore, your absence at the opening was not due to Mr. Manchaca or Mr. Miller failing to provide you access.
  + The contractor study requested by Vice President Kennedy has been temporarily tabled due to other projects demanding the time and resources of the District.
* Please include active Zoom hyperlink on future District meeting notices.
  + Duly noted.

John Wade

* There are 3 candidates currently for the MUD Board. It has come to my attention that according to County records Candidate Haskett has approximately $17,000 dollars in property taxes owed. My questions are as follows: how much of that is owed to the MUD? And are there any other candidates who owe back property taxes who are basically living on the taxpayers’ dime that are paying their taxes?
  + After researching the properties owned by each candidate, there is currently $17,733.26 in past due taxes from Mr. Haskett, $3,021.11 of which is owed directly to the San Leon MUD. Neither Mr. Bishop nor Mr. Gossett have past due taxes on their properties.

Phillip Haskett

* Regarding the appointment of Ms. Sheryl, doesn’t it go without saying that if I’m running for the board that I would have wanted to take the remainder of Mr. Kennedy’s term if I fail to be elected? If that wasn’t self-evident, then I request that the board revisit the issue of appointing the woman who was just appointed after the election but before she is sworn in. I base that on my understanding from Mr. Sullivan of Sullivan’s Drug Store that during his administration or during his tenure as a board member, that a resolution was passed that stated that whenever there was a resignation the last person who had stood for election unsuccessfully would be the appointee to replace the person who had resigned. I would like you to verify that that resolution exists and then revisit that issue between now and the November meeting, after the election.
  + There was discussion during the August 13, 2002 regular board meeting regarding then-Director Sullivan’s desire to select board members from the list of most recent candidates; however, in the face of opposition from other board members, no action was taken to enact such a policy. Texas Water Code Section 49.105 assigns authority to the board to fill vacancies for the unexpired term and supports the board’s decision to have Sheryl Hayslip-Bahena serve the remainder of Mr. Kennedy’s term.
* Looking at the draft audit, I observe that on August 19th the District sold $6 million worth of bonds. I cannot find any reference to that bond sale in the minutes going back as far back as June, either in the special or the general meetings so I want to know if the board held a private meeting or a non-open, non-public meeting to approve that bond sale.
  + The district authorized a parameter sale for the $6 million refunding bonds during the April 15th meeting. The board appointed Tyson Kennedy as pricing agent to conclude the sale upon notification from the financial advisor of a favorable interest rate. A parameter sale allows the financial advisor to proceed with researching and preparing the required documents for the sale under the expectation that a certain percentage of savings may be attained by going through with the sale. The information is then presented to the pricing agent, who can endorse or disallow the sale based on the data.
* I want to know what the interest rate was on the $6 million bond issue and what the terms are. I would like that to be posted ASAP so that I can compare the interest rate that we obtained on the $6 million bond against the 2.95413% interest we’re paying on the $22.75 million that you borrowed nearly a year ago, the first use of which is just going to be occurring at this meeting. That money has essentially been sitting still for a year, costing us 56K per month, more than 600K has been wasted.
  + The interest rate on the $6 million bond issue is 1.7521242% with maturity in 2033.
* I noticed that the assets of the district has decreased, the net assets has decreased by $1,154,000. I would like the board to acknowledge that in large part that net decrease is due to the $600,000 that was wasted in interest on the aforementioned bond.
  + When you review the assets line on page 5 of the audit, the assets have actually increased $21,247,209. The referenced decrease of $1,154,659 is a product of governmental accounting and represents a reconciliation of the revenues, expenditures, and changes in fund balances with the statement of activities that can be found on page 15 of the audit.
* I noticed that Mr. Todd & Associates has submitted to the fire department a letter certifying that he conducted some sort of an audit and I want to know if the board intends to accept that letter as substantial compliance with the provision of the contract for fire services that requires a certified audit be conducted once a year. That letter is page 108 of the current board meeting packet, so even though it wasn’t mentioned on the agenda it certainly was put into the board meeting packet as something to be considered tonight.
  + Todd & Associates was provided the fire department’s records for 2017 and 2018 to conduct an audit and ensure the records are being kept in an appropriate manner. As evidenced by his letter, the fire department’s financial activities have been properly recorded and the documentation is consistent with what should be done. Going forward, the audit will be regularly scheduled and presented to the board pursuant to the contract.