

PRESS RELEASE

In early June, it came to our attention that a complaint was filed against the San Leon MUD with the Galveston County Sheriff's office. As the investigation has recently concluded, we wanted to inform the community of the allegations and the facts surrounding them.

On May 26th, Phillip Haskett and David Jetelina filed a complaint alleging the District was complicit with manipulating a government record and using public funds for personal advertisement. We fully cooperated with the GCSO, providing all relevant documents to them and meeting with the Criminal Investigation Division detective several times throughout the course of the investigation.

After extensive investigation, the CID detective met with the Assistant District Attorney to review the details of the case on July 16th. The ADA advised there was no evidence of a criminal offense or any evidence to suggest a criminal offense was committed. The ADA then advised that, as there were no charges to file, the case should be closed.

In the interest of transparency, we wanted to provide the public with some additional disclosure and discussion of the facts surrounding the allegations.

Public meetings are required to have their agenda posted in the public at least 72 hours in advance. The District initially posted the agenda for our May 20th regular meeting on May 13th. We amended the agenda to include "Discuss Pending or Threatened Litigation" under Executive Session and reposted it on May 15th at our regular locations in the community as well as with Galveston County. The county confirmed the amendment via email and maintained the original certification date in their files, a common practice per the Galveston County Deputy Clerk.

The second charge pertained to a Letter to the Editor authored by Joe Manchaca as well as one of the Community Updates the District publishes monthly. Both publications addressed factually some concerns that had been brought up by the community. While the District did pay for the Community Update, no political sway was leveraged, and by the very nature of Letters to the Editor no funds were expended in the publication of the letter.

The District remains committed to open and fair governance. We have compiled the public documents from this investigation into one document for the benefit of the community; it can be viewed on our website, <https://slmud.org/>, under "Agenda, Documents & Info". Any concerns or questions can be brought to the District Manager or voiced during the Public Comments portion of our monthly meeting.

INCIDENT REPORT PUBLIC COPY

INCIDENT DATA	Agency Name <i>Galveston County Sheriff's Office</i>		Case# <i>20-00002067</i>		
	ORI <i>TX 0840000</i>		Date / Time Reported <i>05/26/2020 14:11 Tue</i>		
	Location of Incident <i>443 24TH ST, San Leon TX 77539-</i>		Premise Type <i>Government/public</i>	Agency/Beat <i>GCSO, BAYS</i>	Last Known Secure <i>05/26/2020 14:11 Tue</i>
			At Found <i>05/26/2020 14:11 Tue</i>		Activity <i>D</i>
#1	Crime Incident(s) <i>Forgery/counterfeiting</i> FORGERY/COUNTERFEITING	(Com)	Weapon / Tools		Activity
			Entry <i>Other</i>	Exit <i>Other</i>	Security <i>None</i>
#2	Crime Incident	()	Weapon / Tools		Activity
			Entry	Exit	Security
#3	Crime Incident	()	Weapon / Tools		Activity
			Entry	Exit	Security

MO	<i>Appearance/Other</i>
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VICTIM	# of Victims <i>1</i>	Type: BUSINESS	Injury:							
	V1	Victim/Business Name (Last, First, Middle) <i>SAN LEON MUD DISTRICT</i>	Victim of Crime # <i>1,</i>	DOB Age	Race	Sex	Relationship To Offender	Resident Status	Military Branch/Status	
	Home Address <i>443 24TH ST, San Leon, TX 77539-</i>							Home Phone		
	Employer Name/Address					Business Phone <i>281-339-1586</i>		Mobile Phone		
	VYR	Make	Model	Style	Color	Lic/Lis	VIN			

OTHERS	CODES: V- Victim (Denote V2, V3) O = Owner (if other than victim) R = Reporting Person (if other than victim)										
	Type: INDIVIDUAL					Injury: Possible Internal Injury					
	Code <i>RP</i>	Name (Last, First, Middle) <i>HASKETT, PHILLIP DAVID</i>			Victim of Crime #	DOB Age <i>63</i>	Race <i>W</i>	Sex <i>M</i>	Relationship To Offender	Resident Status <i>Resident</i>	Military Branch/Status
	Home Address <i>327 10TH ST SANLEON, TX 77518</i>								Home Phone <i>719-502-1077</i>		
	Employer Name/Address						Business Phone		Mobile Phone		
VOLVED	Type: INDIVIDUAL					Injury:					
	Code <i>IO</i>	Name (Last, First, Middle) <i>JETELINA, DAVID DONALD</i>			Victim of Crime #	DOB Age <i>60</i>	Race <i>W</i>	Sex <i>M</i>	Relationship To Offender	Resident Status <i>Resident</i>	Military Branch/Status
	Home Address <i>18118 LAKESIDE LN HOUSTON, TX 770580000</i>								Home Phone		
	Employer Name/Address <i>Flagship Technologies</i>						Business Phone <i>713-825-2372</i>		Mobile Phone		

1 = None 2 = Burned 3 = Counterfeit / Forged 4 = Damaged / Vandalized 5 = Recovered 6 = Seized 7 = Stolen 8 = Unknown ("OJ" = Recovered for Other Jurisdiction)										
VI #	Code	Status Frm/Tc	Value	OJ	QTY	Property Description	Make/Model	Serial Number		
<i>1</i>	<i>48</i>	<i>3</i>	<i>\$0.00</i>		<i>1</i>	<i>DOCUMENTS PERSONAL/BUSINESS</i>				

Officer/ID#	<i>VILLARREAL, M. M. (CID) (6723)</i>		Supervisor	<i>ROY, J. A. (CID) (6685)</i>	
Invest ID#	<i>VILLARREAL, M. M. (CID) (6723)</i>				
Status	Complainant Signature	Case Status <i>Suspended/inactive</i>	<i>07/16/2020</i>	Case Disposition: <i>Not Applicable</i>	<i>07/16/2020</i>

Incident Report Additional Name List

Galveston County Sheriff's Office

OCA: 20-00002067

Additional Name List

Name Code/#	Name (Last, First, Middle)	Victim of Crime #	DOB	Age	Race	Sex
1) IO 2	MENCHACA, JOSEPH LYNN			67	W	M
Address	947 17TH ST , SANLEON, TX 77539-		H:	281-802-4640		
Empl/Addr	Satellite Logistics		B:	- -		
			Mobile #:	- -		

Incident Report Related Property List

Galveston County Sheriff's Office

OCA: 20-00002067

1	Property Description DOCUMENTS PERSONAL/BUSINESS	Make	Model	Caliber
	Color	Serial No.	Value \$0.00	Qty 1.000
			Unit	Jurisdiction Locally
	Status Counterfeited/forg	Date 05/26/2020	NIC #	State #
			Local #	OAN
	Name (Last, First, Middle) San Leon Mud District,		DOB	Age
			Race	Sex

Notes

San Leon MUD

From: PublicMeeting.CC <CCPublicMeetingNotices@co.galveston.tx.us>
Sent: Wednesday, May 13, 2020 2:49 PM
To: San Leon MUD
Subject: RE: post agenda
Attachments: 2020000558.pdf; Receipts 2020000558.pdf

Ms. Janice,

Please find attached your meeting posting and your receipts. Have a great day! 😊

Thank you,

Betsaida Lopez

Deputy Clerk

Galveston County Clerk's Office

600 59th Street, Suite 2001

Galveston, Texas 77551

409-770-6051



"We provide knowledgeable, professional customer service with integrity!"

From: San Leon MUD <slmud1@slmud.org>
Sent: Wednesday, May 13, 2020 1:41 PM
To: PublicMeeting.CC <CCPublicMeetingNotices@co.galveston.tx.us>
Subject: post agenda

I need to have the attached agenda posted, please. See attached.

Thank you

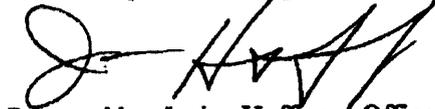
Janice Hoffman
San Leon MUD

SAN LEON MUNICIPAL UTILITY DISTRICT
443 24TH STREET
SAN LEON, TEXAS 77539

Regular Meeting

Notice is hereby given of the Regular Meeting of the Board of Directors of the San Leon Municipal Utility District at 6:30 p.m., Wednesday, May 20, 2020 via Teleconference (to join please call 346-248-7799 Meeting ID#88557237022 PIN: 44324) for the purpose of Discuss/Consideration and Act/Approval upon the following matters:

- * Call Meeting to Order;
- * Public Comments;
- * Consider and Approve Insurance with Gallagher for the District;
- * Discuss and Approve Mitigation efforts for 1211 11th Billing issue for Andy Upchurch;
- * Consider and Approve Commercial Development at 421 12th St. Eduardo Nunez;
- * Approve the Minutes of the Regular Meeting for April 15, 2020;
- * Consider and Approve the Engineer's Report;
- * Consider and Approve the Field Superintendent's Report;
- * Consider and Approve the Office Manager's Report and Budget Comparison;
- * Approve to close the District's Amoco Account and transfer to a Texas First CD;
- * District Manager's Report;
- * Discuss and Follow up on Outstanding Issues;
- * Director's Report;
- * Recess into Executive Session pursuant to Section 551.071/551.072 and 551.074 of the Texas Government Code regarding;
 - a. Consultation with the District's Attorney;
 - b. Personnel Matters;
- * Return to Regular Session and Act on Matters Discussed in Executive Session;
- * Adjourn Meeting;



Prepared by: Janice Hoffman, Office Manager

FILED

Instrument Number: *FILED2020000558*

Filing Fee: 22.00

Number Of Pages:2

Filing Date: 05/13/2020 2:46PM

I hereby certify that this instrument was FILED on the date and time stamped hereon and RECORDED in the OFFICIAL PUBLIC RECORDS of Galveston County, Texas.



Dwight D. Sullivan

Dwight D. Sullivan, County Clerk
Galveston County, Texas

DO NOT DESTROY - *Warning, this document is part of the Official Public Record.*

San Leon MUD

From: PublicMeeting.CC <CCPublicMeetingNotices@co.galveston.tx.us>
Sent: Friday, May 15, 2020 10:09 AM
To: San Leon MUD
Subject: RE: post agenda
Attachments: 2020000558.pdf

Ms. Janice,

I've replaced the meeting posting for you. Attached you will find the updated meeting with the same proof of filing as before. Have a great day! 😊

Thank you,

Betsaida Lopez
Deputy Clerk
Galveston County Clerk's Office
600 59th Street, Suite 2001
Galveston, Texas 77551
409-770-6051



"We provide knowledgeable, professional customer service with integrity!"

From: San Leon MUD <slmud1@slmud.org>
Sent: Friday, May 15, 2020 9:38 AM
To: PublicMeeting.CC <CCPublicMeetingNotices@co.galveston.tx.us>
Subject: FW: post agenda

I need for you to replace the agenda that I had you post on Wednesday with this one I have attached.

Thank you

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Sent: Wednesday, May 13, 2020 1:41 PM
To: PublicMeeting.CC <CCPublicMeetingNotices@co.galveston.tx.us>
Subject: post agenda

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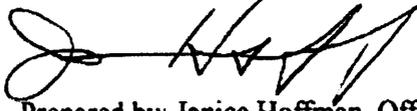
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Dwight D. Sullivan

Dwight D. Sullivan, County Clerk
Galveston County, Texas

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A Letter To The People of San Leon From Joe Manchaca

I think this is my first letter to the editor but I feel that it is time I said something about the comments and statements that have been made against my wife Marlene and myself. I was elected to the MUD board in 2006 with one goal in mind: To make San Leon better wherever I could. We all got put to the test with Hurricane Ike and it has been an uphill fight since then dealing with an aging system and rising cost to supply water and sewer services while trying to accommodate growth in our community. Social media started out to be a great place to post items that needed attention and share community news but it has certainly turned into a great place to attack and slander people while the attacker hides behind a keyboard. My wife Marlene has been called NOT VERY AMERICAN, I have been called a crook, not planning for the future growth of San Leon, and other names we just don't need to repeat.

So let's look at the individuals making these statements against Marlene and I. None of them know Marlene and I, they don't live in San Leon, and I would expect they only come down to San Leon to pick up rent money since they own several small rental properties where RVs are parked on some of them. Some of the properties have outstanding taxes due, and to my knowledge the individuals have never had any interest in San Leon's long term future. One of the guys does not own property or live in San Leon and seems to just follow his buddy around and put unfounded statements out on social media. There have been face-to-face meetings with the lead guy to answer all his questions, explain how a MUD works, the bond process and all he concluded is that we should do more advertising when a board election is going to be held. The statement they made is that they want to bring more transparency to the activities of the MUD, but is that the real reason? Could it be that a business opportunity with the MUD didn't work out or maybe a request was denied in the past and they thought 'let's create some extra work for the guys down at the MUD'? Is creating confusion and division in San Leon their real goal, hoping for an outcome that would benefit them in the future? If they are really concerned with efficiency and cost savings for the residents of San Leon, why would they make Request for Open Records for items that have been discussed at open meetings and answers that could have been achieved by just asking? I am not talking about just one or two but multiple different requests with one asking for 63 different items – some going back to the year 2000. I have been accused of being a crook and ripping off the tax payer's money. I guess they don't understand that we are monitored by the following: State of Texas, Government Accounting Standards Board (GASB), TCEQ, a bond council, a financial advisor, an attorney and an independent State Approved Audit Firm that performs annual audits. The MUD has a high bond rating and we are financially sound with all reserves fully funded. It has been said that I and two other directors were part of a scheme in which we were elected in a self-serving maneuver to be re-elected without an election. The State approved election process has not changed since the board was established in 1965: If no one signs up to run and the incumbents choose to apply and serve another term the election is cancelled. This is an approved process that saves the residents of San Leon around \$6,000 - \$8,000 in election costs. The result is the same as if the election was held, you just don't have to spend the money. Concerning the upcoming vote on the Bond Authorization, please make your own decision for the future of San Leon after you ask questions and hear the true facts, not by listening to outsiders with questionable motives. Growth comes at a cost and the previous bond money spent is not enough to support that growth. Marlene and I are easy to find in San Leon, where we work with many local groups in support of our community. We always try to do the right thing and yes, some people may not like us but that's OK – we try to help them anyway. We have always had San Leon's best interest at heart and always will.

Yours Truly,
Joe Manchaca

San Leon MUD Community Update

San Leon and the nation is being impacted by COVID-19. The San Leon MUD is here to offer assistance to those in the community in this time of need. There will be no cut offs for non-payment in March & April, but please contact the office to arrange payment when conditions improve. This is addressing some of the rumors and questions about the MUD staff, its directors, and operations.

- From 2017 until 2020, your Water Bill has not doubled but only increased \$7.00 for basic Water and Sewer services. Per the wishes of the residents of San Leon, residential trash services was added in 2017 at a cost of \$19.00 per month for twice a week service and recycling every other week. Heavy trash service was provide every Saturday and a 95 gallon trash can was included in the monthly charge.

- The San Leon MUD does not determine what your property taxable evaluation or what your rate will be; that is done by the Galveston County Central Appraisal District and Galveston County. We would encourage everyone to go down and protest your increases and claim all exemptions that you are entitled to. While most MUDs do not offer exemptions, San Leon MUD actually has several opportunities to reduce residents' taxes: a homestead exemption for San Leon property owners of 10% of the property evaluation or \$5,000 (whichever is greater) as well as a \$10,000 exemption for property owners over the age of 65. These exemptions are in addition to any others you are entitled to. The MUD tax rate was increased from \$0.45 to \$0.63 (an increase of \$0.18 per \$100.00 of taxable value) after a public vote in 2019 to sell bonds. The vote passed 64.69% for and 35.31% against, enabling the MUD district to expand the Sanitary Sewer Plant in compliance with State of Texas requirements, paving the way for a lift of the development moratorium and promoting growth in San Leon. Prior to that increase, the MUD tax rate had not changed since 2007.

- Your San Leon Volunteer Fire Department fee has gone up \$2.00 a month for residential properties to keep pace with additional cost required for updates to insurances, safety gear, and required maintenance to fire engines and pumps. The volunteer firemen and women at the San Leon VFD have an excellent response time of 6 minutes which is less than half the national average.

- Unfortunately, some time ago an officer of the San Leon VFD took advantage of the chaos after Hurricane Ike and he embezzled a large sum of money before it was discovered. He was prosecuted and is serving jail time; details of his plea deal are sealed so restitution is uncertain. Strong controls have been implemented to prevent this sort of thing from happening again.

- A rumor that repair and maintenance expense increased exponentially during the period of July, 2017 through June, 2018 and the period of July, 2018 through June, 2019 is incorrect. The totals for all categories of repairs, maintenance and I & I rehab is \$1,648,005.82 for July, 2017 through June, 2018 and \$1,284,649.47 for July 2018 through June 2019 representing a reduction of \$363,356.35 or 22%. These totals consist not only of contract labor but valves and materials required to complete the repairs and perform needed maintenance. Our system has sections that are over 50 years old and years of shifting soil and salt exposure is taking its toll. With over 100 miles of water and sewer lines one thing is for certain: lines will continue to break, bolts on valves will continue to rust through and these outages will occur at the most inopportune times.

- There have been allegations of a lack of transparency from the MUD. All activities and documents of the MUD with few exceptions are available to the public per the Texas Public Information Act. We are required to respond to any request within 10 days of receiving the request but the delivery of requested information could be delayed due to normal workloads, number of requests filed, and time required to gather information. The MUD does not charge fees for the request unless the time to combine the documents and cost of reproducing them is excessive. The MUD does not employ a staff whose sole responsibility is responding to these request, so when they are doing the research to gather information for these request they are not doing their regular job.

- The San Leon MUD follows state code (Texas Water Code Section 49.273) for selection of contractors and the creation of contracts. When there is a need to contract for the construction, repair, or purchase of district facilities, a district must seek bids as follows, based on the value of the contract:

- \$75,000 or more—advertise the proposed contract and seek competitive bids
- \$25,000 to \$75,000—seek written competitive bids from at least three bidders
- Less than \$25,000—no need to advertise or seek competitive bids

One thing that everyone will agree on is that when your water does not run or your toilet does not flush you need it fixed now. Service outages are time sensitive in nature, requiring an immediate response in order to restore water and sewer services as soon as possible as many inevitably occur on holidays, weekends, and at night. The MUD does not have deep trench shoring, large capacity vacuum trucks, and a variety of other specialized equipment to address many of these outages so we turn to outsourcing to handle it in the most immediate way. The two most important elements to the response are flexibility in meeting man power demands and a quick response time. The advantage we have with a local contractor is a response time of minutes (not hours), no mobilization cost, and the ability to have all equipment needed within a mile or two. These advantages are worth more than one can imagine when you don't have water coming out of your faucet. We have used other contractors in the past but response time delays and no substantial cost savings has pushed us to a better solution. The majority of our single repair and work invoices are for less than \$25,000 where no bids are required. Since the actual time and cost of some repairs is not always known when the repair is started, cost can exceed the limits shown above; this has happened in only 4% of the single jobs since 2016.

- During the District's 2019 annual audit, it was recommended that we write off \$130,000 of bad debt determined to be uncollectable. This debt consisted of terminated account balances that exceeding their deposits for the time period on 2012 -2018.

The dedicated staff of the San Leon MUD are here to provide excellent customer service, by providing reliable Water and Sewer Services to San Leon Residents.

Thank You,

The San Leon MUD Board of Directors