

**MINUTES OF MEETING
OF THE
BOARD OF DIRECTORS**

THE STATE OF TEXAS §
COUNTY OF GALVESTON §
GALVESTON COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 12 §

The Board of Directors of Galveston County Water Control & Improvement District No. 12 (the “District”) met in regular session, open to the public, at its regular meeting place inside the boundaries of the District, on January 13, 2014; whereupon, the roll was called of the members of the Board of Directors, to-wit:

Linda Merryman	President
Ed Linck	Vice President
Nancy McDonald	Secretary
Terri Gale	Assistant Secretary
Bill Kerber	Director

All members of the Board of Directors were present.

Also present were Chris Richardson of Strawn & Richardson, P.C.; Ed Holdgraf of Municipal District Services, LLC; Pat Hall of ETI Bookkeeping Services; Wallace Trochesset of LJA Engineering; and Brent Hahn of the KVFD.

Whereupon, the President called the meeting to order and evidence was presented that public notice of the meeting was given in compliance with the law.

1. **PUBLIC COMMENTS.** There were no public comments.
2. **DIRECTOR ANNOUNCEMENTS.** Director Gale discussed the Galveston County Daily News article on the ongoing drought conditions in the area, despite the recent rains.

3. **MINUTES OF MEETINGS.** The minutes of the meeting of December 2, 2013 were presented for the Board's review and approval. Following further discussion, it was moved by Director Kerber and seconded by Director Gale that the minutes be approved, which motion carried unanimously, 5-0.

4. **KEMAH VOLUNTEER FIRE DEPARTMENT REPORT.** Chief Brent Hahn presented the report. He described 37 total calls in the District during the last month, with an average response time of 4:13 minutes; 24 were EMS calls, with an average response time of 4:01 minutes. Following discussion by the Board, it was moved by Director Gale and seconded by Director McDonald to approve the KVFD report, which motion carried unanimously, 5-0.

5. **TAX ASSESSOR'S REPORT.** Chris Richardson presented the Galveston County Tax Assessor's report for November and December, copies of which are attached as Exhibits "A" and "B", respectively.

6. **RESOLUTION AUTHORIZING DELINQUENT TAX PENALTY.** Mr. Richardson presented to the Board a Resolution Authorizing Delinquent Tax Penalty, a copy of which is attached as Exhibit "C". Mr. Richardson explained the Resolution allows the District to attach the 20% collection penalty on delinquent personal property accounts and delinquent real property accounts beginning July 1. Following further discussion, it was moved by Director Gale and seconded by Director Linck that the Resolution Authorizing Delinquent Tax Penalty be approved, which motion carried unanimously, 5-0.

7. **RENEWAL OF TWIA WINDSTORM INSURANCE.** Mr. Richardson presented to the Board the renewal documents for the District's TWIA Windstorm Insurance. Following further discussion, it was moved by Director Gale and seconded by Director McDonald that the renewal documents for the District's TWIA Windstorm Insurance be approved, which motion carried unanimously, 5-0.

8. **BOOKKEEPER'S REPORT.** Pat Hall presented the bookkeeper's report, a copy of which is attached as Exhibit "D". The Board reviewed the checks, investments, budget, and energy usage. Following further discussion, it was moved by Director Gale and seconded by Director McDonald that the bookkeeper's report, and those checks as listed thereon be approved, which motion passed unanimously, 5-0.

9. **OPERATOR'S REPORT.** Ed Holdgraf presented the operator's report, a copy of which is attached as Exhibit "E". He stated there were 1,644 connections in December with water accountability at 91.4%. He discussed the accounts recommended as write-offs, and the accounts scheduled for termination. Mr. Holdgraf discussed the recent meeting of the GCWA and the fact that drought conditions still exist; he noted the reservoirs are at 65%. He stated the GCWA will likely be asking all participants to standardize their Drought Contingency Plans at the upcoming meeting on February 19th. Mr. Holdgraf described a customer on West Shore Drive whose manhole is very low; the lot will need to be raised in order to build, at a likely cost of \$5,500.00. He discussed the leak in front of Kemah City Hall, and repairs, including the placement of an insertion valve on the 12" line on the opposite side of SH 146, at a cost of \$14,500.00; this will then allow further repairs in front of Kemah City Hall.

Following further discussion, it was moved by Director Linck and seconded by Director Kerber that the operator's report be approved, which motion carried unanimously, 5-0.

10. **DIRECTORS ELECTION.** Mr. Richardson informed the Board the biannual Directors Election is scheduled for the uniform election date of Saturday, May 10, 2014. The Order Calling Directors Election and Notice of Election were presented for the Board's review and approval, copies of which are attached as Exhibits "F" and "G", respectively. Following further discussion, it was moved by Director Linck, seconded by Director Gale and unanimously carried that the Order Calling Directors Election be approved; that the Notice of Election be

approved; to authorize entering into an agreement with Galveston County for election services; and that the attorneys be authorized to post notice of the election as required by law, which motion carried unanimously, 5-0.

11. **DROUGHT CONTINGENCY PLAN / AMEND RATE ORDER.** Mr. Richardson presented recommended changes to the District's Rate Order, which would impose a \$200.00 fine for violations of the Drought Contingency Plan, identical to the existing fine for violations of the Rate Order itself. He explained the current Drought Contingency Plan calls for misdemeanor charges to be filed in court before fines can be collected, and for three violations to occur before water service can be terminated. Under the proposed changes to the Rate Order, violations of the Drought Contingency Plan (i.e., unauthorized water use during periods mandatory rationing) would be noted by the Operator, and a fine would be added to the customer's account. Nonpayment would be cause for termination, in the same manner as for nonpayment of any other District charge or fine. These remedies would be in addition to the power to file charges in court.

Director Merryman distributed a list of other MUDs which fine their customers for mandatory rationing violations; she stated these other MUDs do not go to court, and the ones that do are in San Leon, Dickinson and Baycliff, where the police department and the court are located in the same building as the MUD office. Mr. Holdgraf stated no other district that MDS works with files charges and goes to court over mandatory rationing violations, and that all of them place fines on the water bills; he added the GCWA is discussing fines for districts which fail to enforce mandatory rationing. Jalene Palmer stated some districts have drought rates for water, which go into effect during times of drought. Director Linck asked if the other MUDs include grace for the first violation and Director Merryman confirmed that is the case.


Following a discussion, it was moved by Director Gale and seconded by Director McDonald to approve and execute the amendment to the Rate Order regarding the Drought Contingency Plan, which motion passed unanimously, 5-0. A copy of the Rate Order is attached as Exhibit "H".

12. ENGINEER'S REPORT. Wallace Trochesset presented the engineer's report, a copy of which is attached as Exhibit "I". He discussed several capacity requests. Jim Walker is seeking capacity for a single dwelling outside the District; Mr. Richardson stated the location will require consent from League City, by Resolution. Tyra Morgan is seeking capacity for two buildings on Delasandri, inside the District boundaries. Ed Figueroa is seeking capacity for 3.6 acres on Winfield, outside the District. Regarding all three, Mr. Trochesset stated he needs to receive a written request for capacity before he makes a determination as to availability.

Following further discussion by the Board it was moved by Director Kerber and seconded by Director McDonald that the engineer's report be approved, which motion passed unanimously, 5-0.

13. ADJOURNMENT. There being no further business, it was moved by Director Kerber, seconded by Director McDonald and unanimously carried that the meeting be adjourned.

PASSED, ADOPTED and APPROVED this 10th day of February, 2014.


Secretary

(DISTRICT SEAL)

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