

**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 February 10, 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 except Director Gale.

Also present were Chris Richardson of Strawn & Richardson, P.C.; Ed Holdgraf and Jalene Palmer of Municipal District Services, LLC; Michelle Lofton of ETI Bookkeeping Services; and Wallace Trochesset of LJA Engineering.

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.** Cheryl Gonzalez introduced herself to the Board and discussed the Brazos River as the source of water for the District.

2. **DIRECTOR ANNOUNCEMENTS.** Director Merryman discussed an upcoming seminar for the Water Efficiency Network, which will take place at the Houston-Galveston Area Council in Houston.

3. **MINUTES OF MEETINGS.** The minutes of the meeting of January 13, 2014 were presented for the Board's review and approval. Following further discussion, it was moved by Director Linck and seconded by Director McDonald that the minutes be approved, which motion carried unanimously, 4-0.

4. **ORDER SETTING 2014 TAX EXEMPTIONS.** Chris Richardson explained the District set a homestead exemption of 20% last year; this is the highest allowed by law. The District also set an exemption of \$45,000.00 for over 65 and/or disabled individuals last year. Following further discussion, it was moved by Director Kerber and seconded by Director Linck that the Order Setting 2014 Tax Exemptions be approved, setting a 20% homestead exemption, and an exemption of \$45,000.00 for over 65 and/or disabled individuals, which motion carried unanimously. A copy of said Order is attached as Exhibit "A".

5. **BOOKKEEPER'S REPORT.** Michelle Lofton presented the bookkeeper's report, a copy of which is attached as Exhibit "B". The Board reviewed the checks, investments, budget, and energy usage. Ms. Lofton discussed the use of debt service funds to pay for tax account expenses in the annual budget, as suggested by the auditor. The Board elected to amend the annual budget to reflect such use of debt service funds.

Following further discussion, it was moved by Director Kerber and seconded by Director Linck that the bookkeeper's report, and those checks as listed thereon be approved, and the budget be amended as discussed, which motion passed unanimously, 4-0.

6. **OPERATOR'S REPORT.** Ed Holdgraf presented the operator's report, a copy of which is attached as Exhibit "C". Water accountability fell to 78.7%. Mr. Holdgraf reviewed

the repairs at the wastewater treatment plant. He presented the list of accounts scheduled for termination, and for write-offs; he stated the new wastewater treatment permit was received, and is valid until 2019.

Mr. Holdgraf discussed the repaired line in front of Kemah City Hall, and the placement of a new isolation valve to enable the repair. He discussed the upcoming GCWA meeting, and the information available on the Brazos River Authority website.

Mr. Holdgraf discussed the inadequacy of deposits left by customers when they move out; the District is often left without enough money to provide for the final bill. Mr. Richardson suggested a Rate Order change to address this issue and stated he would report back to the Board.

Jalene Palmer passed out the breakdown of the types of payment methods utilized by District customers. The Board decided to notify the customers that the District will no longer accept cash at the District office, for security reasons; the Board noted that several local businesses supply money orders.

Following further discussion, it was moved by Director Kerber and seconded by Director McDonald that the operator's report be approved, which motion carried unanimously, 4-0.

7. **ENGINEER'S REPORT.** Wallace Trochesset presented the engineer's report, a copy of which is attached as Exhibit "D". He discussed four capacity requests; he stated he had received written capacity requests and recommended the Board grant the requests. He discussed the water tank on Vivian Street, and stated he would seek proposals for coating the interior.

Following further discussion by the Board it was moved by Director Linck and seconded by Director Kerber that the engineer's report be approved; the motion passed unanimously, 4-0.

8. **SMART METERS.** Wallace Trochesset discussed the contact with a company to supply smart meters; he stated he could begin the process of receiving a proposal for 500

meters, to evaluate the costs and applicability to the whole system. Director McDonald stated it is good to look at the possibility of the smart meters, but a decision of the Board would be made only after all the information is presented.

9. **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 March, 2014.



(DISTRICT SEAL)

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Secretary