

**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 August 10, 2015; whereupon, the roll was called of the members of the Board of Directors, to-wit:

Ed Linck	President
Linda Merryman	Vice President
Nancy McDonald	Secretary
Terri Gale	Assistant Secretary
Greg Collins	Assistant Secretary

All members of the Board of Directors were present except Director Merryman.

Also present were Chris Richardson of Strawn & Richardson, P.C.; Ed Holdgraf of Municipal District Services, LLC; Michelle Lofton of ETI Bookkeeping Services; Steven Eustis of Robert W. Baird & Co.; Scott Gale, and Lloyd Thornton, residents.

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.** Lloyd Thornton asked about possible annexation and utility capacity for his out-of-District property and SH 96 and Anders Lane. Mr. Thornton noted there are 130 business sites in the area, and asked if there was some way to "lock up" capacity for his out-of-District land, as water is becoming scarce. Director Linck stated he

would need to discuss with the District engineer.

2. **DIRECTOR ANNOUNCEMENTS.** Director Gale discussed the recent Water Committee meeting and described it as productive; she discussed the water and sewer capacities for 33 acre property as being Bayview MUD's responsibility, and the capacities for the 90 acre property as being MUD 51's responsibility, as both are outside WCID 12's boundaries, and in the boundaries of the other MUD's. She discussed the ongoing confusion regarding the availability of water supply in general.

3. **MEETING MINUTES.** The Board considered the minutes for the meeting of July 13, 2015. Following further discussion, it was moved by Director Collins and seconded by Director Gale that the minutes be approved, which motion passed unanimously, 4-0.

4. **DISCUSS 2015 TAX RATE, SET PUBLIC HEARING DATE AND AUTHORIZE PUBLICATION OF NOTICE.** Steven Eustis presented the 2015 Tax Rate Recommendation as prepared by the District's financial advisor (Robert W. Baird & Co.), a copy of which is attached as Exhibit "A". He recommended the Board reduce the tax rate from \$0.30 to \$0.28; he noted there is no maintenance tax and the entire rate is for debt service.

Following a full discussion, a motion was made by Director Gale, seconded by Director McDonald and unanimously carried to authorize the tax assessor-collector to publish the tax rate calculation as required by law with a debt tax rate of \$0.28 and to set a public hearing date of September 14, 2015.

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 for the month of June. She reviewed the use of bond proceeds and the budget; she noted the District is currently ahead of its projected budget.

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, 4-0.

6. **OPERATOR'S REPORT.** Ed Holdgraf presented the operator's report, a copy of which is attached as Exhibit "C". There were 1681 customer connections and no excursions at the wastewater treatment plant. He stated the wastewater treatment plant was compliant with its permit. Water accountability was at 99.7%. The wastewater treatment plant operated at 69.8% of capacity. He reviewed the preventative maintenance schedule.

Mr. Holdgraf discussed the GCWA and stated there is now plenty of water; the reservoirs are actually "above full", and even then, GCWA is asking for voluntary rationing, due to high summer usage demand, which has the regional plant at 80% of its capacity.

Director Gale discussed the confusion at the City of Kemah; people who apply for water service need to be directed to the water district office. She also noted the issue of the billings vs. the payments to the KVFD; Mr. Holdgraf stated he would follow up with Jalene Palmer as the issue is likely related to the "hierarchy of payments" applied to the individuals' bills.

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

7. **ENGINEER'S REPORT.** The Board reviewed the engineer's report, a copy of which is attached as Exhibit "D". Pay Estimate No. 1 for the Kipp St. project was presented, in the amount of \$14,250; the Board approved. The Board tabled a discussion of a request from Jim Walker for capacity for a 22 home subdivision outside the District.

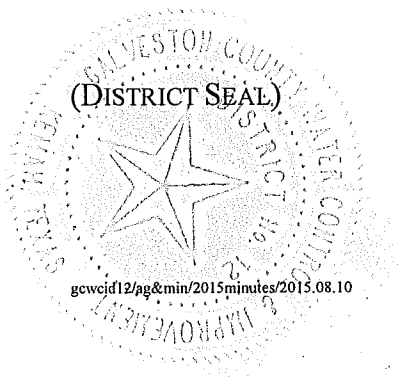
Following further discussion by the Board it was moved by Director Gale and seconded by Director Collins that the engineer's report be approved along with the items presented; the motion passed unanimously, 4-0.

8. **KVFD REPORT.** Director Gale described 74 calls in the District; 54 were EMS calls with an average response time of 4:30. Average response time for fire calls was 5:05. She noted calls were high, likely due to the heat. She discussed the options for a new fire station, and asked Mr. Richardson to describe the history of the relationship with the KVFD, which led to the District's ownership of the building and other fire department assets.

9. **TAX ASSESSOR'S REPORT.** Chris Richardson presented the Galveston County Tax Assessor's report for July, a copy of which is attached as Exhibit "E". The District has collected 98.36% of its 2014 taxes.

10. **ADJOURNMENT.** There being no further business, it was moved by Director Gale, seconded by Director Collins and unanimously carried that the meeting be adjourned.

*PASSED, ADOPTED and APPROVED* this 14th day of September, 2015.



*Nancy McDermott*  
Secretary