

**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 September 14, 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; Wallace Trochesset, of LJA Engineering; City of Kemah Mayor Carl Joiner.

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. **CONDUCT 2015 TAX RATE PUBLIC HEARING.** The Board President called to order the Public Hearing on the 2015 Tax Rate. The Board noted that no taxpayer appeared to take part in the Public Hearing, as published by law. The Board President then closed the Public Hearing.

2. **APPROVE 2015 DEBT TAX RATE.** The Board considered setting the 2015 Debt Service Tax Rate, and reviewed the recommendation from the financial advisor. The Board agreed to set a debt service tax rate of \$0.28, for a total tax rate of \$0.28. A copy of the Order Setting 2015 Debt Service Tax Rate is attached as Exhibit "A". Following discussion it was moved by Director Gale and seconded by Director McDonald to set the 2015 Debt Tax Rate at \$0.28, for a total rate of \$0.28, and to approve the related Order, which motion carried unanimously, 4-0.

3. **APPROVE AMENDMENT TO NOTICE TO SELLERS AND PURCHASERS.** Chris Richardson presented the Amendment to Notice to Sellers and Purchasers, a copy of which is attached as Exhibit "B" and explained the document must be amended and filed in the property records when the tax rate is changed; all Directors present are required to sign the document. Following further discussion, it was moved by Director Gale and seconded by Director Collins that the Amendment to Notice to Sellers and Purchasers be approved, which motion passed unanimously, 4-0.

4. **PUBLIC COMMENTS.** Sheila Thorne discussed the possibility of land being donated for the KVFD's proposed new fire station; she asked for any information relating to the "contract" to build and buy land, and the Board informed her there is no such contract, yet.

5. **DIRECTOR ANNOUNCEMENTS.** Director Gale discussed the Water Committee meeting. Director McDonald stated she contributed greatly to the District's General Fund by direct payment: her sprinkler system "went wild". Director Linck discussed future plans for Jarboe Bayou.

6. **MEETING MINUTES.** The Board considered the minutes for the meeting of August 10, 2015. Following further discussion, it was moved by Director Gale and seconded by Director Linck that the minutes be approved, which motion passed unanimously, 4-0.

7. **BOOKKEEPER'S REPORT.** Michelle Lofton presented the bookkeeper's report, a copy of which is attached as Exhibit "C". 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 Linck that the bookkeeper's report, and those checks as listed thereon be approved, which motion passed unanimously, 4-0.

8. **OPERATOR'S REPORT.** Ed Holdgraf presented the operator's report, a copy of which is attached as Exhibit "D". There were 1682 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 91.3%. He reviewed the preventative maintenance schedule. Mr. Holdgraf described a TCEQ inspection at the wastewater treatment plant. He discussed a proposed "phasing out" of chlorine gas and the potential for using chlorine liquid, instead, which would eliminate the requirements for OSHA and the EPA regarding use of chlorine gas at the plant. He reviewed the available prices for chlorine liquid and for de-chlorination expenses, and the Board agreed.

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

9. **ENGINEER'S REPORT.** Wallace Trochesset presented the engineer's report, a copy of which is attached as Exhibit "E". He discussed the Kipp Lift Station and authorization for Pay Estimate No. 2 in the amount of \$160,531.95. He discussed the League City Interconnect and the comments he has received from League City; they will require a "backflow preventer" which will cost \$20,000; Mr. Trochesset asked for a check valve instead, and noted

there is no need for a dedicated pump at the interconnect point. He discussed the Texas Department of Agriculture, which has approved the grant; design will begin in 2016. He also discussed possible annexation of an out-of-District development for 22 home sites, and stated he would follow up with the developer.

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.

10. **RENEWAL OF DISTRICT INSURANCE.** Chris Richardson presented the renewal of insurance for the TML Risk Pool for 2015/2016. Following further discussion by the Board it was moved by Director Gale and seconded by Director Collins that the renewal of insurance be approved; the motion passed unanimously, 4-0.

11. **KVFD REPORT.** Director Gale described 89 calls in the District; 57 were EMS calls. She noted October is fire prevention month and school activities will be held to promote safety and education. Director Gale also noted the Department has applied for a grant from Forestry Services.

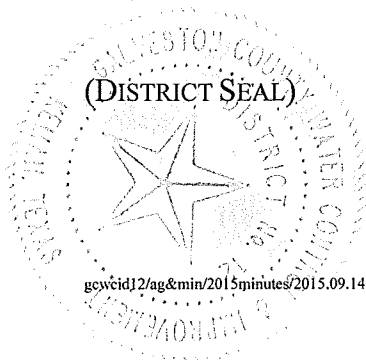
12. **TAX ASSESSOR'S REPORT.** Chris Richardson presented the Galveston County Tax Assessor's report for August, a copy of which is attached as Exhibit "F".

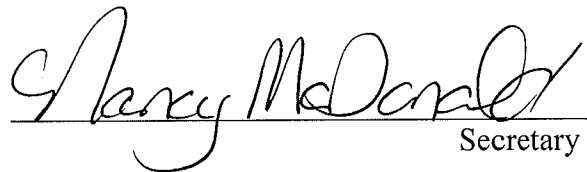
13. **DEVELOPMENT ON SH 146 and SH 96.** Mayor Joiner of the City of Kemah addressed the Board. He introduced Jimmy Thompson, who will be working as the City's engineer. His Honor discussed the 90 acre tract at SH 146 and SH 96 and the 30 acre tract on the bay. He stated he has been working with the developer for more than a year; the developer is "willing to pay for the sewer part of the project". Mr. Thompson discussed the retail commercial aspect of the proposed development, and stated there would be 165 total taps; the rest of the site might be offices and residential apartments. He stated he would work with LJA to study this in

detail. Mr. Thompson further stated the developer would pay for an “upfront feasibility” study. The developer’s idea is for the existing MUD 51 to receive “water from League City” and “sewer from WCID 12”. The Board and Mr. Trochesset and Mr. Richardson discussed the issues with service from one municipal utility district to another, and noted the Board has in the past refused to sell its capacity to MUD 51 on a “wholesale” basis. They noted the existing MUD 51 can build its own facilities, and seek its own water supply from the GCWA directly; it seems the developer is approaching WCID 12 as if the land is not already located in an adjoining MUD. Mr. Richardson stated MUD 51 could be dissolved and then the developer could make these requests for annexation; the District cannot annex land in another MUD. Neither can the two MUDs be consolidated without an election and vote by the constituents of WCID 12. The easiest path would be for the developer to seek dissolution of the “paper MUD”, followed by annexation by WCID 12, which will not require an election by the constituents. The same analysis can be made for the property on the bay, which is partly in Bayview MUD.

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

PASSED, ADOPTED and APPROVED this 12th day of October, 2015.




Secretary