

**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 June 9, 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 of Municipal District Services, LLC; Michelle Lofton of ETI Bookkeeping Services; Wallace Trochesset of LJA Engineering; and Mark Zuteck of the KVFD; David Smalling, financial advisor.

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.** Arthur Smalley of 1423 Bayshore Drive addressed the Board about his water bill. His usage had been 6,000-8,000 gallons/month, then spiked to 75,000. He acknowledged his sprinkler was set improperly. Mr. Holdgraf noted the meter was

checked twice and is functioning normally; he offered to re-read the meter and check it again. Mr. Smalley asked for the sewer charge to be written down; the Board stated it would consider the request.

Tyra Morgan of Meecham Development addressed the Board about his \$18,000 cost for connecting a "commercial" building, as designated by the City of Kemah. He explained the building is really a boat storage/work facility with a condo above it, and should perhaps be considered as residential. Director Merryman asked Mr. Morgan to seek re-classification of the building from the City of Kemah.

2. **DIRECTOR ANNOUNCEMENTS.** Director Merryman discussed the upcoming AWBD conference in Ft. Worth.

3. **MINUTES OF MEETINGS.** The minutes of the meetings of May 12, 2014 and May 20, 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. **KEMAH VOLUNTEER FIRE DEPARTMENT REPORT.** Mark Zuteck presented the report. He described the 63 calls in the District during the last month, with an average response time of 3:52 minutes; there were 48 EMS calls with an average response time of 3:42. He also described mutual aid calls and ongoing training efforts, as well as activities in the District. Following further discussion, it was moved by Director Kerber and seconded by Director Linck that the KVFD report be approved, which motion carried unanimously, 4-0.

5. **SERIES 2014 BONDS: APPROVE PRELIMINARY OFFICIAL STATEMENT AND NOTICE OF SALE.** The Board discussed the approval of the Preliminary Official Statement and related documents. Mr. Smalling presented the Preliminary Official Statement for review and approval. He stated it has been reviewed by the District's

consultants; Standard & Poor's will be the rating agency and he will seek bond insurance. Mr. Smalling discussed the fiduciary duty of a "municipal advisor", and presented a disclosure document for the Board's execution. The Board discussed setting the Bond Sale for Monday, July 14, 2014 at 7:00 p.m. Mr. Richardson presented the Rule 15c2-12 Certificate for Board approval. Following further discussion, it was moved by Director Linck and seconded by Director Kerber to approve the Preliminary Official Statement, Rule 15c2-12 Certificate, and to authorize publication of the Notice of Sale, which motion carried unanimously, 4-0.

6. **TAX ASSESSOR'S REPORT.** The Board tabled this item.

7. **BOOKKEEPER'S REPORT.** Michelle Lofton presented the bookkeeper's report, along with the investment report, a copy of which is attached as Exhibit "A". The Board reviewed the checks presented for approval, investment report, budget, and energy usage.

Following further discussion, it was moved by Director McDonald and seconded by Director Kerber 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 "B". There were 1649 connections and no excursions at the wastewater treatment plant. Water accountability was 86.6%. Mr. Holdgraf discussed his attendance at the GCWA meeting and the proposed budget; he also discussed the proposed GCWA drought contingency plan, which would include penalties to districts which exceed their allotted water usage. He presented a list of 10 meters and recommended replacement, all of which were 2" meters. Mr. Holdgraf noted the rivers in Texas are currently swollen with rainwater; he hoped this would continue to alleviate the drought. Director Kerber suggested

correspondence with the cities, to address landscaping regulations, as that represents the single largest use of water in the District.

Following further discussion, it was moved by Director Kerber and seconded by Director McDonald 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 "C". He discussed the Water Plant Ground Storage Tank rehabilitation and noted the holes in the tank were repaired. He presented a request for out of District service at 3600 Delasandri, for one connection; and a request for 20,000 gallons per day of capacity for Kemah Marketplace, west of WalMart, from CEI Engineers.

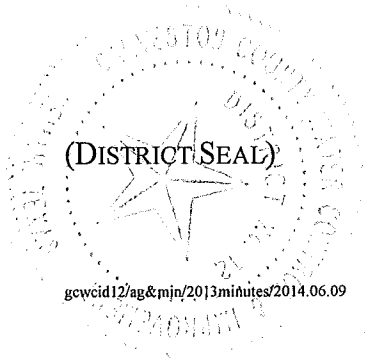
Following further discussion by the Board it was moved by Director Kerber and seconded by Director McDonald that the engineer's report and the items presented be approved; the motion passed unanimously, 4-0.

10. **AMENDMENT TO COST SHARING AGREEMENT.** Mr. Richardson presented an Amendment to Agreement for Cost Sharing of Utility Improvements between the District and CWS Retail in Kemah, Ltd., a copy of which is attached as Exhibit "D". Following a discussion, a motion was made by Director Linck, seconded by Director Kerber that the Amendment be approved; the motion passed unanimously, 4-0.

11. **SMART METERS.** Mr. Trochesset stated another district is replacing its meters with smart meters and he will have access to information regarding the change-over to discuss with the Board.

12. **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 14th day of July, 2014.



Nancy McDonald
Secretary