

**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 8, 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; Michelle Lofton of ETI Bookkeeping Services; Wallace Trochesset of LJA Engineering; Paolo Sheaffer, Scott Gale, Paul Merryman, Barbara Walker.

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 2014 TAX RATE PUBLIC HEARING.** The Board President called to order the Public Hearing on the 2014 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 2014 DEBT TAX RATE.** The Board considered setting the 2014 Debt Service Tax Rate, and reviewed the recommendation from the financial advisor. The Board agreed to set a debt service tax rate of \$0.30, for a total tax rate of \$0.30. A copy of the Order Setting 2013 Debt Service Tax Rate is attached as Exhibit "A". Following discussion it was moved by Director Kerber and seconded by Director Gale to set the 2014 Debt Tax Rate at \$0.30, for a total rate of \$0.30, and to approve the related Order, which motion carried unanimously, 5-0.

3. **PUBLIC COMMENTS.** Paolo Sheaffer addressed the Board and asked for a reduction of his sewer bill due to a leak in the automatic sprinkler system. Ed Holdgraf stated the Board would need to see some sort of repair bill.

Barbara Walker discussed her irrigation system and stated her system has one meter, but she would like to have an adjustment for watering the lawn, as the runoff does not enter the sewer system and the bill could be adjusted accordingly. The Board discussed the matter and stated no bills are adjusted for watering the lawn without a separate irrigation meter and system, built for that purpose.

The Board tabled discussion of both matters.

4. **ELECTION OF OFFICERS AND EX-OFFICIO MEMBER OF ESB.** It was moved by Director Kerber and seconded by Director Linck to nominate Director Gale as the ex-officio member of the Emergency Services Board, which motion carried unanimously.

It was then moved by Director Gale and seconded by Director Kerber to nominate Director Linck to serve as President of the Board, which motion carried 3-2 with Directors Merryman and McDonald voting against.

Next it was moved by Director Gale and seconded by Director Linck to nominate Director Kerber to serve as Vice President, which motion carried 3-2 with Directors Merryman and McDonald voting against.

It was then moved by Director Merryman and seconded by Director Kerber to nominate Director McDonald to serve as Secretary, which motion passed unanimously.

Finally, it was moved by Director Gale and seconded by Director Linck to nominate Director Merryman to serve as Assistant Secretary, which motion passed unanimously.

5. **DIRECTOR ANNOUNCEMENTS.** Director Merryman discussed National Night Out on October 7<sup>th</sup>, and coordination with the city governments and the fire department.

6. **MINUTES OF MEETINGS.** The minutes of the meeting of August 11, 2014 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.

7. **KEMAH VOLUNTEER FIRE DEPARTMENT REPORT.** No representative attended; the Board reviewed the written report. Following further discussion, it was moved by Director Kerber and seconded by Director Gale that the KVFD report be approved, which motion passed unanimously, 5-0.

8. **TAX ASSESSOR'S REPORT.** Chris Richardson presented the Galveston County Tax Assessor's report, a copy of which is attached as Exhibit "B". The District has collected 97.75% of its 2013 taxes.

9. **BOOKKEEPER'S REPORT.** Michelle Lofton presented the bookkeeper's report, along with the investment report, a copy of which is attached as Exhibit "C". The Board reviewed the checks presented for approval, investment report and pledged collateral, the debt service principal and interest payment coming due, the budget, and energy usage.

Following further discussion, it was moved by Director Gale and seconded by Director Kerber that the bookkeeper's report, and those checks as listed thereon be approved, which motion passed unanimously, 5-0.

10. **OPERATOR'S REPORT.** Ed Holdgraf presented the operator's report, a copy of which is attached as Exhibit "D". There were 1661 connections and no excursions at the wastewater treatment plant, which utilized 46.4% of its capacity. Water accountability was 92.8%. The Board discussed accountability numbers and noted the leak near the waterfront in a 2 inch copper line was repaired; since that time the accountability has risen notably. Mr. Holdgraf discussed the GCWA meeting and stated the Authority has asked member districts to engage in voluntary rationing. He stated the Authority is looking at the City of Houston as a potential source of reused water to be placed in the Authority's canals; this would require further water treatment modifications. He reviewed the preventative maintenance schedule and described repairs made to the pump and the valve at the Vivian Street water plant. He noted the customer on Miller (Virginia Looten) now has water service in her own name.

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

11. **ENGINEER'S REPORT.** Wallace Trochesset presented the engineer's report, a copy of which is attached as Exhibit "E". He reviewed the list of bond projects and the plans to begin work. He described a request from Wyoff Development for one additional connection's worth of capacity, for irrigation purposes. He reviewed the total capacity available, which is now down to 306 remaining connections.

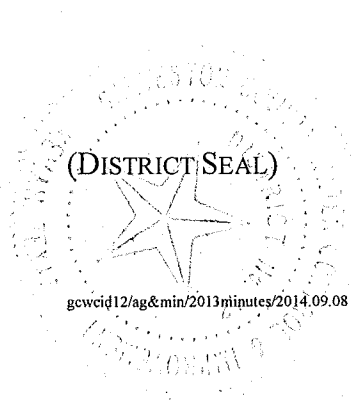
Following further discussion by the Board it was moved by Director Gale and seconded by Director Linck that the engineer's report be approved; the motion passed unanimously, 5-0.

12. **AMENDMENT TO NOTICE TO SELLERS AND PURCHASERS.** Mr. Richardson presented the Amendment to Notice to Sellers and Purchasers of Real Estate Within the District, a copy of which is attached as Exhibit "F". Mr. Richardson explained the Amendment reflects the total amount of bonds issued at \$26,620,000 and will be filed in the Real Property Records of Galveston County, Texas. It was moved by Director Kerber and seconded by Director Gale that the Amendment to Notice to Sellers and Purchasers of Real Estate Within the District be approved, which motion carried unanimously, 5-0.

13. **APPROVE ENGAGEMENT LETTER FOR ACS FOR 2014 BONDS.** Mr. Richardson explained the requirement for self-reporting of any potential arbitrage on each issue of bonds, and presented an engagement letter for Arbitrage Compliance Specialists to monitor and report on arbitrage for the 2014 Bonds, a copy of which is attached as Exhibit "G". It was moved by Director Linck and seconded by Director McDonald that the engagement of ACS be approved, which motion carried unanimously, 5-0.

14. **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 13th day of October, 2014.



*Nancy McDonald*  
Secretary