

**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 October 13, 2014; whereupon, the roll was called of the members of the Board of Directors, to-wit:

Ed Linck	President
Bill Kerber	Vice President
Nancy McDonald	Secretary
Terri Gale	Assistant Secretary
Linda Merryman	Assistant Secretary

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; Paul Merryman; Dave Caspar, Bob Webb of the GCWA; and Rick Beverlin of the City of Kemah.

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. **PRESENTATION OF GCWA.** Dave Caspar discussed methods for providing more water to the District, and to MUD 51 and other nearby areas. He explained the system line begins in Texas City and the District is at the end of the line. He noted the District has on average used 91% of its contract capacity. He proposed increasing pressure as a

modification to the District's tanks, along with those from Baycliff and San Leon. The second part of the proposal was a plan for an upsize for 27,000 linear feet of the 12" line, at a cost which may exceed \$9 Million. This might take the form of a second line in the same easement. Also, the best source for more water capacity at this time was presented as a purchase from NRG, at an unknown additional cost. The Board discussed the options and potential costs and issues with the representatives from the GCWA. Director Gale requested the District's attorney be present at any future meetings regarding water supply.

2. **DISCUSS GCWA DROUGHT PLAN LANGUAGE.** Ed Holdgraf distributed copies of the proposed language for the GCWA Drought Plan; the GCWA is asking for comments from all participants with the goal of having unified drought plan triggers, levels and responses. Director Kerber asked about enforcement methods; he noted his desire that anything adopted should be such that water customers can read it and understand it.

3. **MINUTES OF MEETINGS.** The minutes of the meeting of September 8, 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.

4. **KEMAH VOLUNTEER FIRE DEPARTMENT REPORT.** Chief Brent Hahn presented; the Board reviewed the written report. He discussed the recent National Night Out and the department's activities. He described 56 calls, 42 of which were EMS calls; there was an average response time of 5:28 and 4:29 for EMS calls. 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.

5. **TAX ASSESSOR'S REPORT.** Chris Richardson presented the Galveston County Tax Assessor's report, a copy of which is attached as Exhibit "A". Following a

discussion, it was moved by Director Kerber and seconded by Director Merryman that the KVFD report be approved, which motion passed unanimously, 5-0.

6. **BOOKKEEPER'S REPORT.** Michelle Lofton presented the bookkeeper's report, along with the investment report, a copy of which is attached as Exhibit "B". 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 McDonald that the bookkeeper's report, and those checks as listed thereon be approved, which motion passed unanimously, 5-0.

7. **OPERATOR'S REPORT.** Ed Holdgraf presented the operator's report, a copy of which is attached as Exhibit "C". There were 1666 connections and no excursions at the wastewater treatment plant. Water accountability was 96%. Mr. Holdgraf noted a payment of \$1,785.93 from the electric provider, received because the District's generators were powered up for a time. He described a plan for the GCWA to purchase 1 Million gallons per day of treated effluent from the City of Houston wastewater treatment plant, to be treated for potable water purposes at the GCWA treatment plant. Mr. Holdgraf described an issue from a customer on Elm Street who requested a new meter; he stated he would offer to test the meter and replace if it is malfunctioning, but if the meter tests properly, the customer will be required to pay the cost of the test.

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

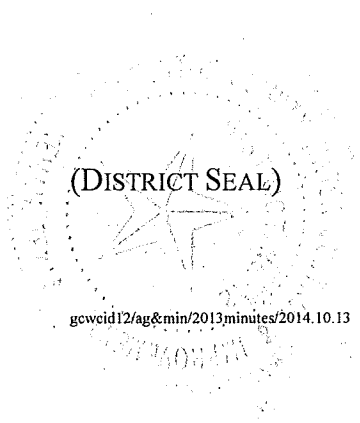
8. **ENGINEER'S REPORT.** Wallace Trochesset presented the engineer's report, a copy of which is attached as Exhibit "D". He reviewed the list of bond projects and the plans

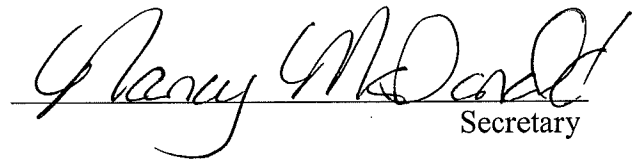
to begin work. He described a request from Clay Morrison for one additional connection's worth of capacity, for expansion of an existing development at 300 Anders Lane; the Board approved the request.

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

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

PASSED, ADOPTED and APPROVED this 10th day of November, 2014.




Secretary