

**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 8, 2016; whereupon, the roll was called of the members of the Board of Directors, to-wit:

Terri Gale	President
Linda Merryman	Vice President
Nancy McDonald	Secretary
Doug Meisinger	Assistant Secretary
Peyton Lumpkin	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; Kandy Pfeffer of ETI Bookkeeping Services; Wallace Trochesset of LJA Engineering; Ryan Nesmith and Oscar Ortiz of Robert W Baird & Co.; and Shelia Thorne and Kyle Burks, 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.** Shelia Thorne asked about the possible sale of District assets and stated a market survey, in addition to an appraisal, would be advised.

Kyle Burks stated the MUD Board is doing great.

2. **BOARD MEMBER ANNOUNCEMENTS.** Director McDonald stated she had gone to Stewart Elementary School and the representatives are working well together. Director Meisinger stated he has been working on updating the website, which is now up to date on minutes and agendas and is more user-friendly; Director Gale thanked him. Director Lumpkin stated he had toured the District facilities.

3. **MEETING MINUTES.** The Board considered the minutes for the meeting of July 11, 2016. Following discussion, it was moved by Director Meisinger and seconded by Director McDonald that the minutes be approved, which motion passed unanimously, 4-0.

4. **DISCUSS 2016 TAX RATE, SET PUBLIC HEARING DATE AND AUTHORIZE PUBLICATION OF NOTICE.** Ryan Nesmith presented the 2016 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 \$0.28 to \$0.26; 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 Lumpkin, seconded by Director McDonald and unanimously carried (4-0) to authorize the tax assessor-collector to publish the tax rate calculation as required by law with a debt tax rate of \$0.26 and to set a public hearing date of September 12, 2016.

5. **BOOKKEEPER'S REPORT.** Kandy Pfeffer presented the bookkeeper's report, a copy of which is attached as Exhibit "B". She reviewed the use of bond proceeds and the budget. The Board reviewed the checks, investments, budget, and energy usage for the past month.

Following further discussion, it was moved by Director Meisinger and seconded by Director Lumpkin 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 1,694 customer connections (217 vacant). He stated the wastewater treatment plant experienced no permit excursions and operated at 75.1% of capacity; he stated the usage was unusually high due to the infiltration during recent rain events. Water accountability was at 97.4%. He reviewed the preventative maintenance schedule.

Mr. Holdgraf stated he has mailed out the Consumer Confidence Reports. He stated the Brazos River Authority has 85-95% of full capacity in two lakes; the River is still flowing. He stated Troy Construction struck a 12" District line and repairs were needed. Mr. Holdgraf reported a customer experienced a leak on his property and outside his home, and he recommended adjusting the sewer portion of the bill.

Following further discussion, it was moved by Director Lumpkin 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.** Wallace Trochesset presented the engineer's report, a copy of which is attached as Exhibit "D". He presented Pay Estimate No. 5 for the Lazy Bend Waterline Rehabilitation project, in the amount of \$73,212.70. He discussed the Vivian Street Water Plant and presented Pay Estimate No. 3 in the amount of \$64,770.30; he also presented Change Order No. 2 for a 30 day extension of time.

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

8. **APPRAISAL/ POSSIBLE SALE OF DISTRICT PROPERTY.** The Board discussed the appraisal of certain District property, and the possible sale of certain District property. Director Gale noted no offer has been received from a prospective buyer. Director

Lumpkin asked about TxDOT and Director Gale stated TxDOT is not taking part of the driveway, but the offer seemed to be low for the portion to be taken near the corner of the property.

9. **OPTIONS FOR ADDITIONAL WATER SUPPLY.** Director Gale noted much progress had been made in the last few weeks and multiple options for purchase of additional water supplies exist for the District. She discussed the option agreement with a small city upstream, which is willing to sell the rights to its treated effluent flow, released into the Brazos River. She requested authority to sign the contract at the appropriate time, along with a \$10,000 check to the city, in exchange for the option to purchase the diverted flows.


Following further discussion by the Board it was moved by Director Lumpkin and seconded by Director McDonald that the \$10,000 check to the city be executed and the execution of the option agreement should be authorized; the motion passed unanimously, 4-0.

10. **KVFD REPORT.** Director Lumpkin reviewed the report for the KVFD from May. There were 94 total calls, with 76 being for EMS. He reviewed the Fire Marshall issues in Clear Lake Shores and Kemah.

11. **ADJOURNMENT.** There being no further business, it was moved and seconded and unanimously carried that the meeting be adjourned.

*PASSED, ADOPTED and APPROVED* this 12th day of September, 2016.

(DISTRICT SEAL)

  
Secretary