

**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 12, 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 Directors Merryman and McDonald.

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; and Scott Gale 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. **CONDUCT 2016 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 2016 DEBT TAX RATE.** The Board considered setting the 2016 Debt Service Tax Rate, and reviewed the recommendation from the financial advisor. The Board agreed to set a debt service tax rate of \$0.26, for a total tax rate of \$0.26 (the District does not have a maintenance tax). A copy of the Order Setting 2016 Debt Service Tax Rate is attached as Exhibit "A". Following discussion it was moved by Director Lumpkin and seconded by Director Meisinger to set the 2016 Debt Tax Rate at \$0.26, for a total rate of \$0.26, and to approve the related Order, which motion carried unanimously, 3-0.

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 Lumpkin and seconded by Director Meisinger that the Amendment to Notice to Sellers and Purchasers be approved, which motion passed unanimously, 3-0.

4. **BOARD MEMBER ANNOUNCEMENTS.** Director Lumpkin stated Mark Kane is moving away; he noted Mr. Kane is a former member of the KCDC and a well-respected member of the community. Director Meisinger discussed the water outage at the Kemah Boardwalk, which caused a disruption; Director Gale noted the recent anniversary of 9/11 and expressed gratitude for all the heroes who serve their communities.

5. **MEETING MINUTES.** The Board considered the minutes for the meeting of August 8, 2016. Following discussion, it was moved by Director Meisinger and seconded by Director Lumpkin that the minutes be approved, which motion passed unanimously, 3-0.

6. **BOOKKEEPER'S REPORT.** Kandy Pfeffer presented the bookkeeper's report, a copy of which is attached as Exhibit "C". She reviewed the use of bond proceeds and the

budget. The Board reviewed the checks, investments, budget, and energy usage for the past month. She stated Compass Bank required a signature authorization form, which allows the bookkeepers to act on behalf of the Board. She also presented a letter authorizing the bookkeeper to negotiate a lower electricity rate when the contract comes up for renewal.

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, along with the items discussed, which motion passed unanimously, 3-0.

7. **OPERATOR'S REPORT.** Ed Holdgraf presented the operator's report, a copy of which is attached as Exhibit "D". There were 1,693 customer connections. He stated the wastewater treatment plant experienced no permit excursions and operated at 47.7% of capacity. Water accountability was at 88.7%. He reviewed the preventative maintenance schedule.

Mr. Holdgraf stated the originals of the documents for the new electronic customer payment options were delivered to the attorney. He presented and discussed the fire hydrant report. He stated the lead/copper testing is now complete; he noted one resident was over the limit and a letter was sent. He stated the District water is fine; there is apparently an issue with one customer's private water line, and the letter provides instruction for what needs to be done.

Mr. Holdgraf discussed two leaks in the District. One was located at the Stonehenge Apartments, and the leak required shutting down the Boardwalk because the operators could not get the area valved off; the issue has since been addressed and service was restored. The operators have since begun locating every valve on Kipp Street.

Following further discussion, it was moved by Director Meisinger and seconded by Director Lumpkin that the operator's report be approved, along with the items presented, which motion carried unanimously, 3-0.

8. **ENGINEER'S REPORT.** Wallace Trochesset presented the engineer's report, a copy of which is attached as Exhibit "E". He presented Pay Estimates Nos. 4, 5 and 6 and Final, for the SH 2094 Lift Station Rehab, with costs of \$17,619; \$17,394; and \$20,430; respectively. He discussed the Vivian Water Plant project and presented Pay Estimate No. 4 in the amount of \$85,590; he noted there were \$5,000 in additional fees for construction material testing (CMT). He discussed the 12" Water Line Loop project and presented the bid tabulation; he recommended award of the contract to Statewide Services, Inc., in the amount of \$1,358,335.

Mr. Trochesset stated the District should perhaps acquire a 20' easement from Ms. Teresa Case, across her Playful Paws property, for placement of the 12" waterline. Ms. Case addressed the Board and stated the easement would push her project backward on her property, and thus reduce revenues. She proposed a swap of the inspection and water meter tap fees for the easement; the amount of lost revenue to the District would be about \$14,000. Mr. Trochesset noted he has a design without the easement, but it would be nice to have it; he stated he would contact the next landowner where a similar easement would be desirable.

Mr. Trochesset noted Mr. Kirk Laguarda is requesting 40 connections for the 2.56 acre tract at 1019 Marina Bay Drive, which is in the District. He presented a listing of the connections available, along with a listing of the capital projects in the District's 5 Year Plan.

Following further discussion by the Board it was moved by Director Gale and seconded by Director Lumpkin that the engineer's report be approved along with the items presented; the motion passed unanimously, 3-0.

9. **OPTIONS FOR ADDITIONAL WATER SUPPLY.** Kyle Burks addressed the Board. He stated he had toured the GCWA treatment plant. He listed the four issues related to acquiring additional water: (1) water, (2) river to plant, (3) plant, and (4) pipeline. He stated the systems operation permit from TCEQ will increase the available water for GCWA; he asked

the Board to consider the Resolution Requesting Additional BRA Stored Water from GCWA. He stated this may be a longshot but would be good for backup for the City of Bryan water source. Regarding the river to plant issue, he asked the Board to consider the Memorandum of Understanding which he had been negotiating with the GCWA, and he noted the District can request an agreement to divert water to the GCWA treatment plant. Regarding the plant issue, he stated the GCWA is now testing 3 filters at the treatment plant, and the current thinking is that GCWA can get another 5 Million Gallons per Day (MGD) through the plant. He asked the Board to consider the Resolution Requesting Additional Treatment Plant Capacity from the GCWA. Regarding the pipeline issue, Mr. Burks stated there is likely no more than 0.25 MGD of capacity in the existing line which reaches the District. He stated a new pipe would be need in the future if more water is to come from the GCWA.

The Board also discussed seeking water from League City; noting the 2.78 wholesale rate which may be possible. Director Gale stated there is a lot of growth near Kemah and Clear Lake Shores and League City is looking at a new water line along FM 518; she stated it might be a good idea to explore both options and potentially have 2 sources for water. Director Meisinger stated League City is looking into long-term planning and would likely want to work with the District as a potential capacity partner.

Following further discussion by the Board it was moved by Director Lumpkin and seconded by Director Meisinger that the Resolution Approving the Memorandum of Understanding with the GCWA, the Resolution for Formal Request to GCWA for Additional Treatment Plant Capacity, and the Resolution for Formal Request to GCWA for Additional Brazos River Authority Stored Water be executed; the motion passed unanimously, 3-0.

10. **KVFD REPORT.** Director Lumpkin reviewed the report for the KVFD from May. There were 68 total calls, with 41 being for EMS. He reviewed the Fire Marshall issues in Clear Lake Shores and Kemah.

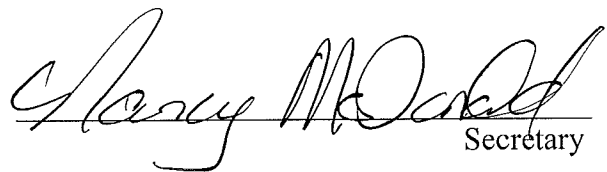
11. **RENEWAL OF DISTRICT INSURANCE.** Chris Richardson presented the renewal of insurance for the TML Risk Pool for 2016/2017. Following further discussion by the Board it was moved by Director Meisinger and seconded by Director Lumpkin that the renewal of insurance be approved; the motion passed unanimously, 3-0.

12. **INTERLOCAL AGREEMENT – WATER WISE.** The Board considered approval of an interlocal agreement with Harris Galveston Subsidence District for participation in the Water Wise program; the program entails sponsoring education materials for the local elementary school. Following further discussion by the Board it was moved by Director Meisinger and seconded by Director Lumpkin that the interlocal agreement with HGSD be approved; the motion passed unanimously, 3-0. A copy of the agreement is attached as Exhibit “F”.

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

PASSED, ADOPTED and APPROVED this 10th day of October, 2016.

(DISTRICT SEAL)


Secretary

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