

**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 10, 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.

Also present were: Chris Richardson of Strawn & Richardson, P.C.; Ed Holdgraf of Municipal District Services, LLC; Kandy Pfeffer of ETI Bookkeeping Services; and Wallace Trochesset of LJA Engineering.

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.** There were no public comments.
2. **BOARD MEMBER ANNOUNCEMENTS.** Director Lumpkin noted Police Chief Greg Rikard for the City of Kemah is leaving and would be missed. Director Gale

noted the Brazos River Authority Water Master spoke at the recent GCWA meeting. She also noted the legislative update coming at the October 27<sup>th</sup> AWBD event.

3. **MEETING MINUTES.** The Board considered the minutes for the meeting of September 12, 2016. Following discussion, it was moved by Director Meisinger and seconded by Director Merryman that the minutes be approved, which motion passed unanimously, 5-0.

4. **BOOKKEEPER'S REPORT / BUDGET.** Kandy Pfeffer presented the bookkeeper's report, a copy of which is attached as Exhibit "A". She reviewed the use of bond proceeds and the budget. The Board reviewed the checks, investments, budget, and energy usage for the past month. Director Gale asked about the LCRA fee; Mr. Holdgraf stated that is a lab testing fee for water samples. Director McDonald asked about the general operating revenues being low; Mr. Holdgraf noted there has been wet weather, driving water usage down, and there have been maintenance items which are over budget.

Ms. Pfeffer discussed the budget for fiscal year ending December 31, 2017 and noted the first draft is a negative budget, showing more expenses than revenues. She noted the Board should take the draft budget under advisement and adopt the budget prior to the end of the current fiscal year.

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

5. **OPERATOR'S REPORT.** Ed Holdgraf presented the operator's report, a copy of which is attached as Exhibit "B". There were 1,695 customer connections. He stated the wastewater treatment plant experienced no permit excursions and operated at 57.4% of capacity. Water accountability was at 92.5%, and bacteriological samples were negative. He reviewed the preventative maintenance schedule.

Mr. Holdgraf reviewed repairs in the District, including a main line leak and Lift Station repairs. He also reviewed the fire hydrant report and noted there have been a lot of maintenance expenses at the lift stations and pumps at the wastewater treatment plant. He noted the rags deposited into the system are causing high expenses.

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

6. **ENGINEER'S REPORT.** Wallace Trochesset presented the engineer's report, a copy of which is attached as Exhibit "C". He presented Pay Estimate No. 6 and Final for the Lazy Bend Waterline Rehabilitation Project in the amount of \$38,829.21. He presented the Certificate of Acceptance for the State Highway 2094 Lift Station Rehabilitation Project. He also presented the 12" Waterline Loop contracts for signature.

Mr. Trochesset presented several requests for capacity. Jim Flanagan requested two connections for a duplex at the corner of Lawrence Road and Esther St.; Bill Yates requested one connection for a house at 543 E. Shore Drive. Kemah Palms Recovery Center at 1013 Delasandri is requesting capacity for an expansion in the amount of six connections. Mark Caldwell of Starfleet Marina noted that his capacity commitment of 120 connections is expiring and he asked for a renewal. He noted there would be a hotel on the property; timing would be about 6-9 months out. Director Gale noted this would tie up 120 connections of capacity for a long time; Mr. Caldwell stated there is no project for him to market without such a commitment. Director Gale noted there is likely some increase in capacity coming from GCWA. The Board approved the renewal and the commitment requests.

Following further discussion by the Board it was moved by Director Merryman and seconded by Director McDonald that the engineer's report be approved along with the items presented; the motion passed unanimously, 5-0.

7. **SALE OF DISTRICT PROPERTY.** Director Gale reviewed the information related to the acquisition by TxDOT of a small amount of property at the corner of the KVFD Fire Station property, for about \$9,000. She stated that is consistent with the appraised value for the property.

Following further discussion by the Board it was moved by Director Meisinger and seconded by Director McDonald that the agreement for sale of the corner property and deed be approved and executed; the motion passed unanimously, 5-0.

8. **OPTIONS FOR ADDITIONAL WATER SUPPLY.** Director Gale updated the Board. She stated the GCWA engineer has confirmed installation of booster pumps would increase pressure in the water supply line and achieve an additional 2 MGD through the existing GCWA supply line. She stated this can be done for \$1 Million, and in a 6 month time frame. She stated it can be financed through the GCWA, so no bonds will be necessary. Director Gale also discussed the GCWA treatment plant. She stated three projects are in the works to re-rate the plan, and if TCEQ approves in May, there could be additional capacity available. She noted the District would seek the reservation of an additional 2 MGD; she stated the GCWA would like a commitment at the November meeting. She further stated she and Wallace Trocheset were planning to meet with League City soon to discuss rebuilding the interconnect with League City and a possible shared treatment facility.

9. **KVFD REPORT.** Director Lumpkin reviewed the report for the KVFD from May. There were 65 total calls, with 41 being for EMS. He reviewed the Fire Marshall issues in

Clear Lake Shores (5) and Kemah (2). Kandy Pfeffer noted the Fire Chief has been working hard to acquire grants for training.

10. **TAX COLLECTIONS REPORT.** The Board reviewed the July and August reports for tax collections by Galveston County Tax Assessor/Collector Cheryl Johnson. The reports demonstrated tax collections in excess of 97% for 2015 taxes.

11. **ADJOURNMENT/ MUD 51 NEGOTIATION.** The Board entered executive session at 8:07 p.m. and reconvened in open session at 8:36 p.m. Following a discussion by the Board it was moved by Director Lumpkin and seconded by Director McDonald to authorize President Gale to continue negotiations with MUD No. 51 for possible annexation/consolidation and supply of water to the area; the motion passed unanimously, 5-0.

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

*PASSED, ADOPTED and APPROVED* this 7th day of November, 2016.

(DISTRICT SEAL)

  
Secretary