

**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 March 20, 2017; whereupon, the roll of the members of the Board of Directors was called, 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 Lumpkin.

Also present were: Chris Richardson of Strawn & Richardson, P.C.; Ed Holdgraf of Municipal District Services, LLC; Kandy Pfeffer of ETI Bookkeeping Services; Joseph Ellis, auditor and Wallace Trochesset of LJA Engineering; also, Mel Alison and Jennifer Johnson of Statewide Services.

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.** Teresa Case addressed the Board and discussed the capacity commitment for Playful Paws.

2. **BOARD MEMBER ANNOUNCEMENTS.** Director Gale stated she had attended the Clear Lake Shores EDC meeting and gave a short presentation about the upcoming bond and consolidation elections. She stated there is another upcoming meeting to discuss the CCISD bond election, which should be differentiated from the District's elections.

3. **MINUTES.** The Board considered the minutes for the meeting of February 13, 2017. Following discussion, it was moved by Director Meisinger and seconded by Director McDonald that the minutes be approved, which motion passed unanimously, 3-0.

4. **APPROVAL OF AUDIT FOR FISCAL YEAR ENDED DECEMBER 31, 2016.** Joseph Ellis presented and reviewed a draft of the audit for the fiscal year ended December 31, 2016. He stated the firm's opinion is unqualified, which means there are no material weaknesses identified.

Following a full discussion, it was moved by Director Meisinger and seconded by Director McDonald that the audit for the fiscal year ended December 31, 2016 be approved, which motion carried unanimously, 3-0.

5. **BOOKKEEPER'S REPORT.** 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 noted the KVFD has not yet agreed to take over the lease payments on the fire truck; she stated she would address the issue at the April meeting.

Following further discussion, it was moved by Director Meisinger 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, 3-0.

6. **OPERATOR'S REPORT.** Ed Holdgraf presented the operator's report, a copy of which is attached as Exhibit "B". There were 1,707 customer connections. He stated the

wastewater treatment plant experienced no permit excursions and operated at 53.35% of capacity. Water accountability was at 81.9%. He stated bacteriological samples were negative; he presented the quarterly BIO test results. He reviewed the preventative maintenance schedule. Mr. Holdgraf described the cleaning of the Boardwalk lines and lift stations, which they request every year. He presented the certificate of participation in the Water Smart program from the subsidence district. Mr. Holdgraf described a pipe break which occurred at 1000 Anders Ln.; the customer requested an adjustment to the sewer portion of the bill. There was another customer with a similar issue and request, at 1207 Fay.

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, 3-0.

7. **ENGINEER'S REPORT.** Wallace Trochesset presented the engineer's report, a copy of which is attached as Exhibit "C". He discussed the 12" Waterline Loop project and presented Pay Estimate No. 4 in the amount of \$428,434.80.

Mel Alison and Jennifer Johnson of Statewide Services addressed the issue of Mr. Dror's fence on FM 518, which was damaged by the contractor while work was being done on the waterline project. They offered to repair the fence and presented pictures of the fence at the time the work was done; they stated someone on the property offered them a key for the lock on the gate and allowed them access to the property, but they had nothing in writing and did not know the name of the person. Ms. Johnson stated she was willing to mend the fence and then repair it; she noted Mr. Dror is claiming repair is not an option and he is demanding a new fence. She stated she is asking for fairness and that the landowner may be taking undue advantage of the situation. Director Gale stated this has been a problem since December and we are now at the end of March. She stated this has gone on for too long and Mr. Alison had agreed to estimates for repair. Mr.

Alison disputed that he had agreed; he stated he had merely attended the meeting and had not talked. He stated he would take care of everything before they finish the job, which is still underway. Director Gale noted it is dangerous to have a broken fence; the cattle on the land could escape. Ms. Johnson noted the landowner is asking for a new fence for the length of the property, while the contractor only damaged the fence in a few spots. Director Gale stated her preference to hold back payment to the contractor according to the best estimate for repair of the fence, according to the opinion of the District's engineer. Ms. Johnson noted this discussion has changed from "repair" to "replace" and she stated Stateside should be allowed to choose the contractors for the repair. Director Gale stated her doubts about the qualifications of the contractors chosen by Stateside.

Following a discussion, it was moved by Director Gale and seconded by Director Meisinger to authorize the District engineer to move forward and choose a contractor, and to use funds held back from the retainage on the project to pay the chosen contractor, unless Mr. Dror approves of the contractor chosen by Stateside, "by tomorrow". The motion passed 3-0.

Mr. Trochesset discussed the Kemah Marketplace and stated he wanted to make sure there would be individual meters on the site, rather than a master meter, and the Board agreed.

Mr. Trochesset presented requests for capacity commitments:

1. Scott Whigman            1 connection
2. Phil Yates                1 connection
3. Darryl Krogman        1 connection

Mr. Trochesset asked for an extension of Teresa Case's capacity commitment.

Following further discussion by the Board it was moved by Director Gale and seconded by Director Meisinger that the engineer's report be approved along with the items presented and the approval of the noted capacity commitment requests; the motion passed 3-0.

8. **KVFD REPORT.** There was no KVFD report.

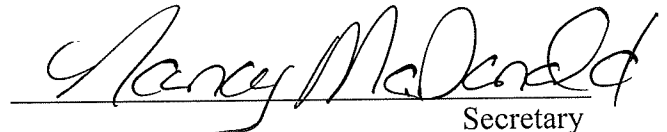
9. **TAX COLLECTIONS REPORT.** The Board reviewed the Tax Collections Report for January from Galveston County.

10. **RATIFY RESOLUTION FOR RELEASE OF ESCROWED FUNDS.** The Board discussed the recent Resolution Requesting Release of Escrowed Funds for the 12” Waterline Project on FM 518, to be filed with the TCEQ. Following further discussion, it was moved by Director Meisinger and seconded by Director McDonald that the resolution be ratified, which motion carried unanimously, 3-0.

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

*PASSED, ADOPTED and APPROVED* this 10th day of April, 2017.

(DISTRICT SEAL)

  
Secretary

gewcid12/minutes/2017.03.20