

**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 14, 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 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; and Wallace Trochesset of LJA Engineering; David Smalling, financial advisor; Mena McLaughlin of the Bay Area Alliance for Youth and Families; and Kyle Burks of Kemah City Council.

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.** Mena McLaughlin of the Bay Area Alliance for Youth and Families discussed a “take back” program designed to help reduce the abuse of prescription drugs by collecting unused bottles. She asked for a flier to be added to the District’s

water bills announcing the program. Ed Holdgraf stated he would get back to Director Meisinger with the costs of adding the flier. Following a discussion, it was motioned by Director Gale and seconded by Director Lumpkin to authorize the addition of flier to the District's water bills if the total cost was less than \$500, which motion passed unanimously, 4-0.

2. **BOARD MEMBER ANNOUNCEMENTS.** Director Lumpkin discussed the odor control at the wastewater treatment plant and stated it seems to be working. Director Gale noted the recent high amount of rainfall which means there is no drought, but the District is experiencing lower than expected revenues.

3. **MINUTES.** The Board considered the minutes for the meeting of July 10, 2017. Following discussion, it was moved by Director Meisinger and seconded by Director Lumpkin that the minutes be approved, which motion passed unanimously, 4-0.

4. **DISCUSS 2017 TAX RATE.** David Smalling addressed the Board and recommended advertising a debt service tax rate of \$0.26, and a hearing date of September 11, 2017, at the Board's next regular meeting. Following a discussion, it was motioned by Director Lumpkin and seconded by Director Meisinger to authorize publication of the \$0.26 debt service tax rate and a hearing date of September 11, 2017, which motion passed unanimously, 4-0.

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. Ms. Pfeffer noted the fire truck lease must stay as a line item in the budget, according to the auditors. She noted the District is currently \$200,000 over budget.

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, 4-0.

6. **OPERATOR'S REPORT.** Ed Holdgraf presented the operator's report, a copy of which is attached as Exhibit "B". There were 1,726 customer connections. Water accountability was at 85.2%. The wastewater treatment plant was 50.7% utilized and reported no permit excursions for the month. Mr. Holdgraf noted the subsidence permit was recently renewed. He reviewed the preventative maintenance summary and repairs made in the District. Director Gale discussed the fence and tree issue at the Lift Station in Kemah Oaks. The Board decided to authorize the expense of \$3,400 to remove the fence around the interior fence, but decided to leave the tree in place. The commercial meter survey resulted in the recommendation for certain meters to be replaced. Mr. Holdgraf noted 7 meters should be replaced, and will cost \$650 each. The Board decided to replace 2 meters each month and to leave the meters in Kemah Village to be replaced last. Mr. Holdgraf discussed a letter from a customer complaining of a high water bill. He noted the meter had been calibrated and seems to be functioning properly; also the usage has since dropped. The indication is that the water did go through the meter, so the Board decided to adjust the sewer portion of the bill for the months of June and July.

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, 4-0.

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 stated the "ponding" which Mr. Dror is complaining about is minor, and he will ask the landowner to agree to have fill dirt placed by the contractor. He discussed the CDBG Waterline and Force Main project, and noted the District owes \$34,308 for the waterline and \$50,857.30 for the force main, both in Estimate No. 1. He stated the 2017 Bond Application has been declared administratively complete, and he expects a staff memo from the TCEQ in October. Mr. Trochesset presented the

TPDES wastewater treatment plant permit application for the President's signature. He stated the Vivian St. Ground Storage Tank is leaking and needs \$17,500 in repairs.

Mr. Trochesset discussed requests for capacity. Mac Ruffeno requested 1 connection for a warehouse at 1903 Lawrence. Eddie Franz with Lancaster Homes requested 5 connections for the last townhomes in Kemah Village. The Board approved the requests and noted there would be capacity committed on the condition that the properties be annexed into the District, if they are not already inside the District.

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

**8. INSURANCE RENEWAL WITH TML.** The Board considered approval of renewal of the District's insurance coverage through the TML Intergovernmental Risk Pool, for 2017/2018. Following further discussion by the Board it was moved by Director Meisinger and seconded by Director McDonald that the insurance renewal with TML be approved; the motion passed unanimously, 4-0.

**9. LONG TERM WATER PLAN.** Director Gale updated the Board on the status of discussions with GCWA to extend additional water capacity to the District. She stated the Booster Pump Land will be titled in the District's name, with an easement held back from the conveyance, in favor of GCWA. She stated the GCWA is asking for engineering and land expenses, in the amount of \$100,000 and to begin the process for purchase of the pump equipment, for \$150,000. The idea is to have the booster pump operational in May; the GCWA will reimburse the District during calendar year 2017. Director Gale recommended the Board to go ahead and pay for these items. Kyle Burks noted the GCWA is in the process of re-rating the Thomas Mackey Plant for about 7 MGD of additional water rights.

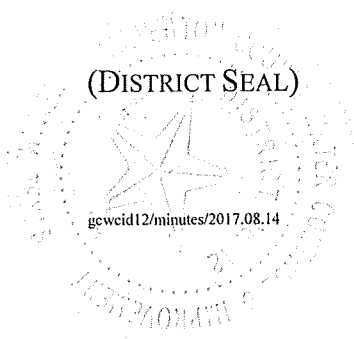
Following a discussion, it as motioned by Director Gale and seconded by Director Meisinger to approve the \$100,000 expenditure for the engineering and land expenses, and the \$150,000 for the purchase of the pump equipment, contingent upon GCWA's approval of its reimbursement resolution, which will reimburse the District during calendar year 2017, which motion passed unanimously, 4-0.

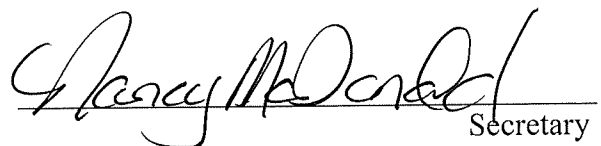
**10. KVFD REPORT.** Director Lumpkin reviewed the KVFD report. There were 104 total calls in the District, with 81 of those calls being EMS-related, and 3 marine calls. He discussed the 2 Texas Forestry Service grants for training. He noted several fire marshal issues in the City of Kemah and 2 in Clear Lake Shores.

**11. TAX COLLECTIONS REPORT.** The Board discussed the issues with the Galveston County Tax Assessor/ Collector. Director McDonald noted the Board is doing a lot of things which cost money, and she stated she would stay with the Galveston County Tax Assessor to save money. Director Lumpkin agreed; Director Meisinger stated the price difference for a private company is simply too great. Director Gale noted the Galveston County office has not been providing the services promised at the time the contract was executed, but she understood the optics would be negative for changing to a more expensive, private provider. Following a discussion, it was motioned by Director Gale and seconded by Director Meisinger to keep the Galveston County Tax Assessor, which motion passed 4-0.

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

*PASSED, ADOPTED and APPROVED* this 11th day of September, 2017.



  
Secretary