

**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 special session, open to the public, at its regular meeting place inside the boundaries of the District, on December 1, 2014; whereupon, the roll was called of the members of the Board of Directors, to-wit:

Ed Linck	President
Bill Kerber	Vice President
Nancy McDonald	Secretary
Terri Gale	Assistant Secretary
Linda Merryman	Assistant Secretary

All members of the Board of Directors were present. Also present were several representatives of the GCWA and Paul Merryman, resident.

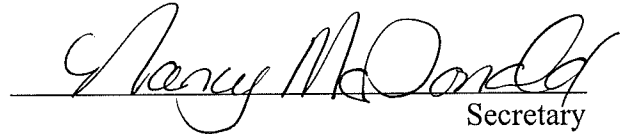
Whereupon, the President called the meeting to order and evidence was presented that public notice of the meeting was given in compliance with the law.

1. **GCWA WATER LINES AND WATER SOURCES WORKSHOP**. The Board of Directors reviewed and discussed various materials prepared in connection with the District's water supply from the GCWA, the possible purchase of water capacity from NRG, and the possible requirement of additional water supply pipelines.

2. **ADJOURNMENT.** There being no further business, the meeting was adjourned.

PASSED, ADOPTED and APPROVED this 12th day of January, 2015.

(DISTRICT SEAL)


Secretary

gcwcid12/ag&min/2014minutes/2014.12.01

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THE STATE OF TEXAS §
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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 December 8, 2014; whereupon, the roll was called of the members of the Board of Directors, to-wit:

Ed Linck	President
Bill Kerber	Vice President
Nancy McDonald	Secretary
Terri Gale	Assistant Secretary
Linda Merryman	Assistant Secretary

All members of the Board of Directors were present except Director Gale.

Also present were: Chris Richardson of Strawn & Richardson, P.C.; Ed Holdgraf of Municipal District Services, LLC; Michelle Lofton of ETI Bookkeeping Services; Wallace Trochesset of LJA Engineering; Chief Brent Hahn of the KVFD; Mark Caldwell and Vic Harvey of Starfleet Yachts; and Jim Evans of Kemah Marketplace.

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. **DIRECTOR ANNOUNCEMENTS.** Director McDonald stated she was glad to have held the recent workshop on water supply issues.

2. **MINUTES OF MEETINGS.** The minutes of the meeting of November 10, 2014 were presented for the Board's review and approval. Following further discussion, it was moved by Director Merryman and seconded by Director Kerber that the minutes be approved with revisions, which motion carried unanimously, 4-0.

3. **KEMAH VOLUNTEER FIRE DEPARTMENT REPORT.** Chief Brent Hahn presented; the Board reviewed the written report. He described 26 calls, 17 of which were EMS calls; there was an average response time of 4:58 and 4:09 for EMS calls. Following further discussion, it was moved by Director Kerber and seconded by Director McDonald that the KVFD report be approved, which motion passed unanimously, 4-0.

4. **TAX ASSESSOR'S REPORT.** Chris Richardson presented the Galveston County Tax Assessor's reports for October and November, copies of which are attached as Exhibits "A" and "B", respectively. Following a discussion, it was moved by Director McDonald and seconded by Director Kerber that the reports be approved; the motion passed unanimously, 4-0.

5. **BOOKKEEPER'S REPORT/BUDGET FOR FISCAL YEAR ENDING DECEMBER 31, 2015.** Michelle Lofton presented the bookkeeper's report, a copy of which is attached as Exhibit "C". The Board reviewed the checks, investments, budget, and energy usage for the month of November. She presented the final draft of the budget for the fiscal year ending December 31, 2015, a copy of which is attached as Exhibit "D".

Following further discussion, it was moved by Director Kerber and seconded by Director Merryman that the bookkeeper's report, and those checks as listed thereon be approved, which motion passed unanimously, 4-0. It was moved by Director Merryman and seconded by Director Kerber that the budget for the fiscal year ending December 31, 2015 be approved, which motion passed unanimously, 4-0.

6. **REVIEW OF INVESTMENT POLICY.** Mr. Richardson explained an annual review of the Investment Policy is required by the Public Funds Investment Act. He stated the only change recommended is to update the brokers list. Following a discussion, it was moved by Director Kerber and seconded by Director McDonald to approve the Order Reviewing and Confirming Investment Policy with the updated brokers list, which motion carried unanimously. A copy of said Order is attached as Exhibit "E".

7. **OPERATOR'S REPORT.** Ed Holdgraf presented the operator's report, a copy of which is attached as Exhibit "F". There were 1667 connections and no excursions at the wastewater treatment plant. Water accountability was 89.3%. Mr. Holdgraf discussed the completed valve survey and stated two main line leaks were repaired on Texas Ave., which were accomplished without losing water service to the Boardwalk. He discussed the most recent GCWA meeting and stated the reservoirs are at 69%; the Brazos River Authority will probably not have excess water to sell as it has in years past.

Following further discussion, it was moved by Director Kerber and seconded by Director McDonald that the operator's report be approved, along with the items presented, which motion carried unanimously, 4-0.

8. **ENGINEER'S REPORT.** Wallace Trochesset presented the engineer's report, a copy of which is attached as Exhibit "G". Jim Evans addressed the Board regarding Kemah Marketplace, and asked for approval of the plans with individual meters for the tenants, as previously approved by the Board. He presented detailed plans with each unit having its own meter; this configuration was in his tenant agreements. He stated the master water line would be in the right of way. Mr. Holdgraf stated the developers would need to maintain the sewer line; the main line belongs to WalMart. Mr. Trochesset stated the District would maintain the line in the ROW.

Mr. Trochesset discussed the water supply issues with the GCWA. He reviewed the response from Ivan Langford. Mr. Holdgraf stated the GCWA had been discussing the need for a new line in the easement Mr. Langford discussed, anyway. Mr. Trochesset stated he would confirm from Mr. Langford whether a new line in parallel to the old line, and possibly paid for by the District, would be in addition to, or used instead of, the old line. He stated he would coordinate the response from Mr. Langford, and correspondence to NRG, regarding the purchase of additional water Capacity from NRG by the District.

Mr. Trochesset asked for authority to advertise the sanitary sewer rehabilitation project, and the Board agreed. The Board discussed a capacity request from 1120 Winfield Lane, which would have been a re-commitment of capacity for 25,000 gallons/month, or about one ESFC. The Board refused, and stated there should be more information provided about whether the storage units at the site were commercial or not.

Mark Caldwell addressed the Board regarding Starfleet Yachts' potential development of 5 acres near the waterfront in Clear Lake Shores near Lazy Bend. He stated there would be small commercial and a hotel, and condominiums. He stated he would continue to research traffic and wanted to learn more about water and sewer capacity.

Following further discussion by the Board it was moved by Director Kerber and seconded by Director Merryman that the engineer's report be approved; motion passed unanimously, 4-0.

9. **ADJOURNMENT.** There being no further business, it was moved by Director Kerber, seconded by Director Merryman and unanimously carried that the meeting be adjourned.

PASSED, ADOPTED and APPROVED this 12th day of January, 2015.

(DISTRICT SEAL)

gcwcid12/ag&min/2014minutes/2014.12.08


Secretary

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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 special session, open to the public, at its regular meeting place inside the boundaries of the District, on December 16, 2014; whereupon, the roll was called of the members of the Board of Directors, to-wit:

Ed Linck	President
Bill Kerber	Vice President
Nancy McDonald	Secretary
Terri Gale	Assistant Secretary
Linda Merryman	Assistant Secretary

All members of the Board of Directors were present except Director McDonald.

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

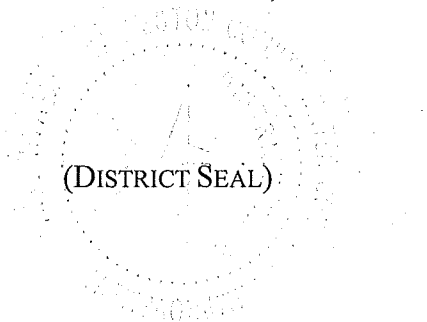
Whereupon, the President called the meeting to order and evidence was presented that public notice of the meeting was given in compliance with the law.

1. **PURCHASE OF GCWA WATER CAPACITY FROM NRG.** The Board of Directors reviewed and discussed the letter from Wallace Trochesset to Gene Fisseler at NRG, regarding the purchase of either 130,000 or 150,000 gallons per day of water capacity, attached hereto as Exhibit “A”. The Board expressed the desire to receive the 150,000 gallons if possible; Mr. Trochesset explained the other parties in the area which include Texas City, League City and

Bayview MUD, each of which is looking for additional water capacity as well. He explained that, by the letter of the GCWA contract, the District would only be able to receive a pro-rated share of just over 130,000 gallons; he presented a breakdown of the pro-rata shares of the available water for sale, for each of the interested parties, attached hereto as Exhibit "B". He explained Texas City had wanted to follow the contract to the letter, which would reduce the District's share to 130,000, and Bayview MUD's share to 35,000 gallons; he stated the parties seem to be willing to allow for slightly more water to each of those parties, at 150,000 gallons per day, each. Following further discussion, it was moved by Director Gale and seconded by Director Kerber to sign the 10% good faith check to NRG in the amount of \$38,779.72, and to authorize delivery of the same when appropriate, by Mr. Trochesset, in order to procure the purchase of the 130,000 or preferably, the 150,000 gallons per day, of capacity from NRG.

2. **ADJOURNMENT.** There being no further business, the meeting was adjourned.

PASSED, ADOPTED and APPROVED this 12th day of January, 2015.




Secretary