

**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 January 12, 2015; 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: 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; Ronnie Richards of Clear Lake Shores EDC.

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.** Ronnie Richards of the Clear Lake Shores EDC stated his community's desire to bring more businesses to the area, such as the Beer Refinery and the Star Fleet Marina, which entails an increasing demand for water. He asked to be part of the process, and asked for transparency. He asked the Board to think ahead about the water supply

for the area. He stated Ivan Langford of the GCWA would be speaking soon at the EDC meeting; he invited the Directors to attend.

2. **PURCHASE OF WATER FROM NRG.** Wallace Trochesset stated Gene Fisseler of NRG has sent a letter and a draft agreement for the District's purchase of water capacity. He stated the District is the first entity to sign a check for the 10% down payment, which he is currently holding, along with the signed agreement; he is waiting for word from NRG to deliver both. The Board discussed whether or not the other GCWA members knew of the purchase; Ed Holdgraf stated he believed all the other participants were aware. The Directors expressed their desire to avoid any problems from other members who may not be aware; Chris Richardson stated the Board has done its part to make sure to follow the contract, and NRG and the GCWA have a similar if not greater duty to make the other GCWA members aware. Director Merryman discussed the water needs of the City of Kemah; she suggested a committee to discuss water supply, in a workshop including the Cities of Kemah and Clear Lake Shores, along with the Board of Directors for the District.

3. **MINUTES OF MEETINGS.** The minutes of the meeting of December 1, December 8 and December 16, 2014 were presented for the Board's review and approval. Following further discussion, it was moved by Director Kerber and seconded by Director Gale that the minutes be approved, which motion carried unanimously, 5-0.

4. **KEMAH VOLUNTEER FIRE DEPARTMENT REPORT.** Director Gale reported on her conversation with John Knox regarding renovation of the fire station, as well as her request for updated financial information from the KVFD.

5. **TAX ASSESSOR'S REPORT.** Chris Richardson presented the Galveston County Tax Assessor's report for December, which is attached hereto as Exhibit "A"; the report shows tax collections for 2014 stand at 37.86%. The Board requested email copies of the report

going forward, and stated the approval for the reports would be reduced to a quarterly review. Following a discussion, it was moved by Director Kerber and seconded by Director Merryman that the report be approved; the motion passed unanimously, 5-0.

6. **RESOLUTION AUTHORIZING DELINQUENT TAX PENALTY.** Mr. Richardson presented to the Board a Resolution Authorizing Delinquent Tax Penalty, a copy of which is attached as Exhibit "B". Mr. Richardson explained the Resolution allows the District to attach the 20% collection penalty on delinquent personal property accounts and delinquent real property accounts beginning July 1. Following further discussion, it was moved by Director Kerber and seconded by Director Gale that the Resolution Authorizing Delinquent Tax Penalty be approved, which motion carried unanimously, 5-0.

7. **BOOKKEEPER'S REPORT.** 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 December. She reviewed the use of bond proceeds and the budget; she noted the District is currently far ahead of its projected budget.

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

8. **OPERATOR'S REPORT.** Ed Holdgraf presented the operator's report, a copy of which is attached as Exhibit "D". There were 1669 connections and no excursions at the wastewater treatment plant. Water accountability was 84.8%. Mr. Holdgraf discussed the chlorinator problem; the wastewater plant was briefly above the bacteriological limit, and the TCEQ was notified. He discussed a man line break on 10th Street. He stated the Brazos River Authority has hired a water master. He reported the GCWA is still negotiating with the City of Houston for the possible purchase of millions of gallons of reclaimed water (treated wastewater).

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, 5-0.

9. **ENGINEER'S REPORT.** Wallace Trochesset presented the engineer's report, a copy of which is attached as Exhibit "E". He discussed the sanitary sewer rehabilitation and the Kipp Road Lift Station project, for which he asked permission to advertise. He discussed the draft agreement received from NRG for the District's purchase of water capacity. He stated he would attend the Clear Lake Shores EDC meeting where Ivan Langford of the GCWA would be speaking. He noted the City of Kemah would like to set up a water committee. He discussed the Community Development Block Grant which may be available to the City of Kemah. He discussed the request for out-of-district service from Jim Bader, which is for a home with 5 storage units for "personal use"; and from Frank Stutzman for out-of-district service for one connection at his residence on Lawrence Road. Both properties would need to be annexed into the District.

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, 5-0.

10. **RENEWAL OF TWIA WINDSTORM INSURANCE.** Mr. Richardson presented to the Board the renewal documents for the District's TWIA Windstorm Insurance. Following further discussion, it was moved by Director Merryman and seconded by Director McDonald that the renewal documents for the District's TWIA Windstorm Insurance be approved, which motion carried unanimously, 5-0.

11. **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 9th day of February, 2015.

(DISTRICT SEAL)


Secretary

gcwcid12/ag&min/2014minutes/2015.01.12