

**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 February 9, 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; David Smalling, financial advisor.

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.** David Smalling discussed his departure from RBC, along with many of his colleagues, and their arrival at Robert Baird & Co. He explained the 2011 rule change which removed the ability for the financial advisor to bid on the District's bonds. Following further discussion by the Board, it was moved by Director Gale and seconded

by Director McDonald to give termination notice to RBC, and to place termination of RBC, engagement of Robert Baird & Co., and consideration of a refunding bond issue on the District's next agenda, which motion carried unanimously, 5-0.

2. **DIRECTOR ANNOUNCEMENTS.** Director Merryman discussed the AWBD Journal and information regarding the legislative update; she discussed re-vamping the website to mention Clear Lake Shores and Lazy Bend. She noted the ongoing discussions in the region regarding future water sources, including even desalination.

3. **MINUTES OF MEETINGS.** The minutes of the meeting of January 12, 2015 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 Kerber noted Chief Hahn's absence and stated there is no reason for him to attend every meeting; the Board reviewed his report. Following further discussion, it was moved by Director Gale and seconded by Director Merryman that the KVFD report be approved, which motion carried unanimously, 5-0.

5. **BOOKKEEPER'S REPORT.** Michelle Lofton presented the bookkeeper's report, a copy of which is attached as Exhibit "A". 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 Gale and seconded by Director Merryman that the bookkeeper's report, and those checks as listed thereon be approved, which motion passed unanimously, 5-0.

6. **OPERATOR'S REPORT.** Ed Holdgraf presented the operator's report, a copy of which is attached as Exhibit "B". There were 1669 connections and no excursions at the wastewater treatment plant. Water accountability was 96.2%. Mr. Holdgraf discussed a main line break in Lazy Bend. He discussed the current capacity of GCWA is about 69% in the reservoirs; he noted there is no surplus water to be purchased from the Brazos River Authority. The Board discussed the Lower Brazos River Coalition, spearheaded by Ivan Langford of the GCWA.

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

7. **ENGINEER'S REPORT.** Wallace Trochesset presented the engineer's report, a copy of which is attached as Exhibit "C". He discussed the Community Development Block Grant application which is being prepared and submitted by the City of Kemah; the City will have to match \$34,308 of the funds. Mr. Trochesset discussed the proposed interconnect between the City of League City and the District, which will cost between \$50,000 and \$70,000. He presented the payment invoice for the Vivian Street Well, for which an \$8,050 payment is now due. He discussed a capacity request for the Kemah Parking Garage, which is requesting 15 connections, or 11,500 gallons a day; the Board discussed and deferred action on the capacity request.

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

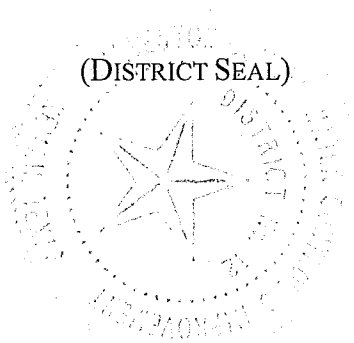
8. **ORDER SETTING 2015 TAX EXEMPTIONS.** Chris Richardson explained the District set a homestead exemption of 20% last year; this is the highest allowed by law. The District also set an exemption of \$45,000.00 for over 65 and/or disabled individuals last year.

Following further discussion, it was moved by Director Gale and seconded by Director McDonald that the Order Setting 2015 Tax Exemptions be approved, setting a 20% homestead exemption, and an exemption of \$45,000.00 for over 65 and/or disabled individuals, which motion carried unanimously, 5-0. A copy of said Order is attached as Exhibit "D".

9. **ENGAGE ACS FOR 10 YEAR REPORT ON SERIES 2005 BONDS.** Chris Richardson presented a letter agreement for the engagement of Arbitrage Compliance Services for the 10th year report on the District's 2005 bonds; he explained federal law requires self-auditing and self-reporting of any arbitrage. Following further discussion, it was moved by Director Merryman and seconded by Director Gale that the letter agreement with ACS be approved, which motion carried unanimously, 5-0. A copy of which is attached as Exhibit "E".

10. **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 March, 2015.



gcwcid12/ag&min/2014minutes/2015.02.09

Nancy McDonald
Secretary

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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 February 23, 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 except Director McDonald.

Also present were Ed Holdgraf of Municipal District Services, LLC and Les Dodson 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. **SANITARY SEWER REHABILITATION.** Les Dodson presented his recommendation for the award of the contract for the Sanitary Sewer Rehabilitation, Phase 1 and 2 project. He stated the low bidder was Horseshoe Construction, Inc. with a bid of \$622,882.00. Following a discussion, a motion was made, seconded and unanimously carried to award the contract and authorize execution of same for the Sanitary Sewer Rehabilitation, Phase 1 and 2 project to Horseshoe Construction.

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

PASSED, ADOPTED and APPROVED this 23rd day of February, 2015.



Nancy McDonald
Secretary

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