

**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 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; and Jan Bartholomew, financial advisor of Robert W. Baird & Co.

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.** Two Council Members from the City of Clear Lake Shores addressed the Board and presented a copy of a Resolution encouraging the Board to locate and secure new water sources, and to provide a 5 year plan which includes expanded

capacity for water. Director Linck encouraged the Council Members to follow the press releases on the District website.

A representative of Lazy Bend asked about the new water main line going in on Lazy Lane, and expressed a desire to cooperate to resolve any issues. Wallace Trochesset stated he had already spoken with John Knox and will review the plans after the meeting.

Mark Caldwell of the Starfleet Marina stated the major factor under consideration in his development is water capacity; he needs 300 equivalent connections' worth of water.

Lee Hart presented proof of repair of a water leak and asked for assistance on his water bill; Ed Holdgraf stated his office would adjust the sewer portion of the bill.

2. **DIRECTOR ANNOUNCEMENTS.** Director Gale discussed her efforts to establish and maintain better communications with the community and organizations in the area.

3. **MINUTES OF MEETINGS.** The Board tabled consideration of the minutes.

4. **KEMAH VOLUNTEER FIRE DEPARTMENT REPORT.** Director Gale noted Chief Hahn's absence and the Board reviewed his report. There were a total of 53 calls in the District during the reporting period; 35 were EMS calls with an average response time of 4:49 and 18 were fire calls with an average response time of 4:58. Director Gale noted the KVFD is over \$90,000 ahead of budget so far during this fiscal year.

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 February. She reviewed the use of bond proceeds and the budget; she noted the District is currently ahead of its projected budget.

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, 5-0.

6. **OPERATOR'S REPORT.** Ed Holdgraf presented the operator's report, a copy of which is attached as Exhibit "B". There were 1670 connections and no excursions at the wastewater treatment plant. Water accountability was 87.9%, and Mr. Holdgraf explained the accountability number is due to the timing of the reading of the meters. Mr. Holdgraf described the request from an owner of a restaurant in the District to lease land to use for parking; the Board did not approve or disapprove and tabled consideration of the request. Director Merryman discussed the issues surrounding the Clear Lake Shores water line, the Sandbar restaurant and its customer next door.

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.

7. **ENGINEER'S REPORT.** Wallace Trochesset presented the engineer's report, a copy of which is attached as Exhibit "C". He discussed the sanitary sewer rehabilitation project and presented contracts for signature. He discussed the Community Development Block Grant and the Letter of Commitment for \$34,308 required from the City of Kemah. He described ongoing negotiations with the City of League City for an interconnect agreement. Mr. Trochesset presented the invoice for the second payment on the Vivian Well project, in the amount of \$12,050. He presented the revised capacity request for the City of Kemah City Hall and parking structure, which requires 8 equivalent connections' worth of capacity.

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

8. **TAX ASSESSOR'S REPORT.** Chris Richardson presented the Galveston County Tax Assessor's report for January, a copy of which is attached as Exhibit "D". The District has collected 62.90% of its 2014 taxes.

9. **TERMINATION OF RBC AS FINANCIAL ADVISORS.** It was moved by Director Gale and seconded by Director Kerber to terminate RBC as financial advisors for the District, and to authorize the attorney to so notify RBC, which motion passed unanimously, 5-0.

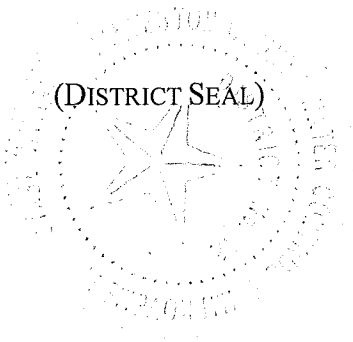
10. **ENGAGE ROBERT W. BAIRD & CO. AS FINANCIAL ADVISORS.** Jan Bartholomew of Robert W. Baird & Co. ("Baird") introduced herself to the Board and presented credentials for herself and Baird as potential financial advisors for the District. Following a discussion, it was moved by Director Gale and seconded by Director McDonald to engage Baird as financial advisors for the District, and to execute the Financial Advisory Agreement with Baird, which motion passed unanimously, 5-0.

11. **AUTHORIZE TAX REFUNDING BONDS, SERIES 2015.** Jan Bartholomew presented an analysis for refunding a large portion of the District's outstanding debt. She stated the market conditions are ripe for refunding nearly \$10 Million in District bonds currently outstanding at rates in excess of 4.5%, and issuing refunding bonds at rates in the vicinity of 2.6% in their place. Such a refunding would eliminate over \$1.9 Million of the District's impending debt service payments, at nearly \$150,000 per year. She described seeking a "private placement" sale instead of a public offering, which will save fees and underwriter discounts. She further explained debt service funds would be used to pay expenses of the refunding. She asked for authority to present the refunding for consideration to 8 banks, to work with the District's attorney to prepare the necessary documents, and to seek Board approval at the next regular meeting. Following a discussion, it was moved by Director Gale and seconded by Director Merryman to authorize Baird and the District's attorney to do all things necessary to seek bank

commitments, and to prepare and offer the District's Unlimited Tax Refunding Bonds, Series 2015, which motion passed unanimously, 5-0.

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

PASSED, ADOPTED and APPROVED this 13th day of April, 2015.



Nancy McDermott
Secretary

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