

**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 May 11, 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; District residents Scott Gale and Robin Collins; landowner/developers Lloyd Thornton, Frank Stutzman and Bob Wright.

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.** Lloyd Thornton discussed his 7.83 acres of land at Highway 96 and Anders Lane. He introduced Bob Wright, owner of 10.4 acres, and Frank Stutzman, owner of 7.75 acres. He stated all are concerned about water; even as all are outside

the District, they are all part of Kemah. Wallace Trochesset stated the District had recently purchased water capacity from NRG -- pursuant to the GCWA agreement -- and the District now has at least 200 connections' worth of water available, and a total of 500 connections' worth may be available soon, when the water well is re-worked. He stated the landowners need to first determine a land use and a water demand, and then apply for annexation into the District; he noted commercial uses tend to have lower water demands. Director Gale noted a water committee has been formed with the cities to manage future water demands.

2. **DIRECTOR ANNOUNCEMENTS.** Director Kerber thanked the Board for the participation at the Boardwalk Garden Show. Director McDonald shared her happiness with the purchase of the additional water capacity from NRG.

3. **MEETING MINUTES.** The Board considered the minutes for the meetings of February 2, 2015, and April 13, 2015. Following further discussion, it was moved by Director Gale and seconded by Director Merryman that the minutes be approved, which motion passed unanimously, 5-0.

4. **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 April. 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 Gale that the bookkeeper's report, and those checks as listed thereon be approved, which motion passed unanimously, 5-0.

5. **LETTERS OF CREDIT AGREEMENT.** Chris Richardson presented the Letters of Credit Agreement with Compass Bank, a copy of which is attached as Exhibit "B" and explained the agreement allows Compass to use letters of credit from Federal Home Loan Bank

as additional collateral for District funds above the \$250,000 FDIC insurance limit, under the Depository Pledge Agreement and according to the Public Funds Investment Act.

Following further discussion it was moved by Director Gale and seconded by Director Merryman to approve the Letters of Credit Agreement, which motion carried unanimously, 5-0.

6. **OPERATOR'S REPORT.** Ed Holdgraf presented the operator's report, a copy of which is attached as Exhibit "C". There were 1678 customer connections and no excursions at the wastewater treatment plant. He stated the wastewater treatment plant was compliant with its permit. Water accountability was at 92.4%.

Mr. Holdgraf discussed the bio-aquatic testing of the effluent for survivability of shrimp and other gulf lifeforms had been conducted and the results were favorable. He noted the No. 3 blower at the wastewater treatment plant had been pulled and sent to a repair shop for an estimate. Mr. Holdgraf noted the "burnout" of the GCWA lines had been conducted from April 13th -27th. He also noted the Brazos River Authority is expecting 90% water capacity in the reservoirs in June. He stated he will be investigating the source of some water found in some of the District manholes.

Following further discussion, it was moved by Director Gale 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 "D". He presented Pay Estimate No. 1 for televising and cleaning of the sanitary sewer lines, at \$28,376.48. He presented Change Order No. 1 in the amount of \$9,930.08; the change is due to the discovery of lines which will not need to be pipe burst as was originally planned. Mr. Trochesset discussed the Vivian Street Water Plant and the design of the water well rehabilitation; the project will require chloramine disinfection and will

have 90 days for TCEQ approval. He noted he is submitting a proposal for design of the League City Interconnect. Director Linck noted the bond expenses and the list of projects have been posted on the District's website. Following further discussion by the Board it was moved by Director Gale and seconded by Director Kerber that the engineer's report be approved along with the items presented; the motion passed unanimously, 5-0.

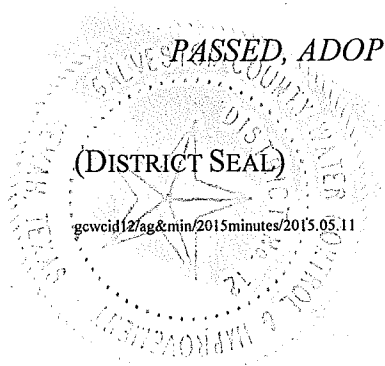
8. KEMAH VOLUNTEER FIRE DEPARTMENT REPORT. Director Gale reviewed the KVFD report; she noted Chief Hahn was at an EMS Conference. There were a total of 41 calls in the District during the reporting period with an average response time of 4:40; 29 were EMS calls with an average response time of 4:59. Director gale noted the KVFD is in a good financial position and is looking at options for the construction of a new fire station.

9. RENEWAL OF TAX COLLECTION AGREEMENT. Mr. Richardson presented the Order Regarding Tax Assessment and Collection Services, attached hereto as Exhibit "E". He noted the Order follows the Texas Property Tax Code and requires the Galveston County Tax Assessor/Collector to perform those functions for the District. He also noted the Order has been drafted to require the annual calculation of the tax-based surcharge for out-of-District properties, as previously required by contract.

Following further discussion by the Board it was moved by Director Kerber and seconded by Director McDonald that the Order Regarding Tax Assessment and Collection Services be approved; the motion passed unanimously, 5-0.

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

PASSED, ADOPTED and APPROVED this 8th day of June, 2015.



Nancy McDonald
Secretary