

**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 11, 2016; whereupon, the roll was called of the members of the Board of Directors, to-wit:

Ed Linck	President
Linda Merryman	Vice President
Nancy McDonald	Secretary
Terri Gale	Assistant Secretary
Greg Collins	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; Wendy Ellis, City Administrator for Kemah; and Scott Gale, 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. **PUBLIC COMMENTS.** Wendy Ellis introduced herself as the City Administrator for Kemah, and the Board welcomed her. Gabriel Torre introduced himself and passed out business cards; he stated he could save the District money on credit card processing.

2. **MEETING MINUTES.** The Board considered the minutes for the meeting of December 7, 2015. Following further discussion, it was moved by Director Merryman and seconded by Director Gale that the minutes be approved, which motion passed unanimously, 5-0.

3. **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 past month. She reviewed the use of bond proceeds and the 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.

4. **OPERATOR'S REPORT.** Ed Holdgraf presented the operator's report, a copy of which is attached as Exhibit "B". There were 1,687 customer connections. He stated the wastewater treatment plant experienced no permit excursions. Water accountability was at 84.7%. He reviewed the preventative maintenance schedule. Mr. Holdgraf noted the bacteriological samples were all good, and he presented the list of accounts scheduled for termination. He noted the GCWA meeting would be on January 12th, and he would attend. Mr. Holdgraf further noted the repair of several water line leaks, and the \$14,000 replacement of a blower at the wastewater treatment plant, which was unavoidable.

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

5. **ENGINEER'S REPORT.** Wallace Trochesset presented the engineer's report, a copy of which is attached as Exhibit "C". He discussed the Kipp Lift Station and presented Pay Estimate No. 6 in the amount of \$62,985, along with Change Order No. 1 for \$5,918. He discussed

the Sanitary Sewer Rehabilitation issues and the construction cost update; Director Linck asked him to offer the normal re-mobilization fee of 5%, but not the higher amount requested by the contractor, otherwise the project should be re-bid. Mr. Trochesset discussed a request for capacity from a non-profit considering the 30 acre tract which is partially in Bayview MUD; that MUD only has 6 connections to offer but would not de-annex the acreage for addition to the District. Mr. Trochesset discussed other requests for capacity. One request was for 7 connections for a development at 903 FM 518, which is located in-District. Another is located at 918 Delasandri, for 2 connections for a boat repair shop, also in-District. The Board approved both commitments. He noted the pre-construction meeting for the Lazy Bend waterline project would be this coming week.

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

6. **KEMAH VOLUNTEER FIRE DEPARTMENT.** Director Gale reviewed the report from the KVFD; there were 63 calls in December, 9 of which were fire calls and the remainder were EMS calls. She noted the KVFD is in the process of adopting an investment policy.

7. **TAX COLLECTIONS REPORT.** The Board reviewed the November report for tax collections by Galveston County tax Assessor/Collector Cheryl Johnson.

8. **DELINQUENT TAX PENALTY.** Chris Richardson presented to the Board a Resolution Authorizing Delinquent Tax Penalty, a copy of which was attached as Exhibit "D". Mr. Richardson explained the Resolution allows the District to attach the collection penalty on personal property accounts beginning April 1, and to real property accounts, July 1. Following further discussion, it was moved by Director Merryman and seconded by Director Gale that the Resolution

Authorizing Delinquent Tax Penalty be approved, which motion carried unanimously, 5-0.

9. **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 Gale and seconded by Director McDonald that the renewal documents for the District's TWIA Windstorm Insurance be approved, which motion carried unanimously, 5-0.

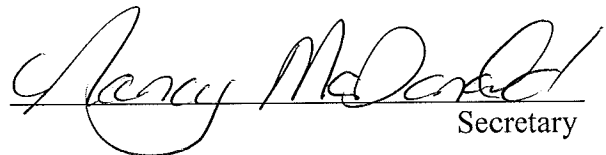
10. **DIRECTORS ELECTION.** Mr. Richardson informed the Board the biennial Directors Election is scheduled for the uniform election date of Saturday, May 7, 2016. The Order Calling Directors Election and Notice of Election were presented for the Board's review and approval, a copy of the Order is attached as Exhibit "E". Following further discussion, it was moved by Director Gale, seconded by Director Collins and unanimously carried that the Order Calling Directors Election be approved; that the Notice of Election be approved; to authorize entering into an agreement with Galveston County for election services; and that the attorneys be authorized to post notice of the election as required by law, which motion carried unanimously, 5-0.

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

PASSED, ADOPTED and APPROVED this 8th day of February, 2016.

(DISTRICT SEAL)

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Secretary