

**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 November 13, 2017; whereupon, the roll of the members of the Board of Directors was called, to-wit:

Terri Gale	President
Linda Merryman	Vice President
Nancy McDonald	Secretary
Doug Meisinger	Assistant Secretary
Peyton Lumpkin	Assistant Secretary

All members of the Board of Directors were present except Director Meisinger.

Also present were: Chris Richardson of Strawn & Richardson, P.C.; Ed Holdgraf of Municipal District Services, LLC; Kandy Pfeffer of ETI Bookkeeping Services; and Wallace Trochesset of LJA Engineering, David Smalling, Robert W. Baird & Co. Incorporated, 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.** There were no public announcements.
- 2. BOARD MEMBER ANNOUNCEMENTS.** Director Lumpkin stated, “Go Astros!”; he mentioned there had been a spirited discussion at the ESB meeting.

3. **MINUTES.** The Board considered the minutes for the meeting of October 9, 2017. Following discussion, it was moved by Director Merryman and seconded by Director Lumpkin that the minutes be approved, which motion passed unanimously, 4-0.

4. **ACCLAIM ENERGY PRESENTATION.** Chris Richardson stated the representative from Acclaim Energy could not attend due to a conflict, and he presented paperwork from Acclaim which provided for the change of the QSE service provider, pursuant to the Acclaim Energy contract. Following discussion, it was moved by Director Merryman and seconded by Director McDonald that the Acclaim Energy amendment regarding the QSE provider be, which motion passed unanimously, 4-0.

5. **SERIES 2018 BONDS: APPROVE PRELIMINARY OFFICIAL STATEMENT AND NOTICE OF SALE.** The Board discussed the approval of the Preliminary Official Statement and related documents. Mr. Smalling presented the Preliminary Official Statement for review and approval. He stated it has been reviewed by the District's consultants; Standard & Poor's will be the rating agency and he will seek bond insurance. Mr. Smalling discussed the fiduciary duty of a "municipal advisor", and presented a disclosure document for the Board's execution. He stated the plan is to schedule closing for January 9, 2018; he intends to distribute the Official Statement to the market in early December. The Board discussed setting the Bond Sale for Monday, December 11, 2018 at 7:00 p.m. Mr. Richardson presented the Rule 15c2-12 Certificate for Board approval. Following further discussion, it was moved by Director Lumpkin and seconded by Director Merryman to approve the Preliminary Official Statement, Rule 15c2-12 Certificate, and to authorize publication of the Notice of Sale, which motion carried unanimously, 4-0.

6. **BOOKKEEPER'S REPORT.** Kandy Pfeffer presented the bookkeeper's report, a copy of which is attached as Exhibit "A". She reviewed the use of bond proceeds and

other matters in her report. The Board reviewed the checks, investments, budget, and energy usage for the past month.

The Board reviewed the budget; Ms. Pfeffer stated the District is \$272,000 over budget. She noted there was \$105,000 in revenues which were never realized due to a rainy year. The Board noted the budget for Fiscal Year Ending December 31, 2018 would be reviewed and discussed at the next meeting.

Following further discussion, it was moved by Director Lumpkin and seconded by Director McDonald that the bookkeeper's report, and those checks as listed thereon be approved, along with the items discussed, which motion passed unanimously, 4-0.

**7. OPERATOR'S REPORT.** Ed Holdgraf presented the operator's report, a copy of which is attached as Exhibit "B". There were 1,729 customer connections. Water accountability was at 88.1%. Mr. Holdgraf stated the number might have been lower due to the draining of the Ground Storage Tank, as there was a lot of flushing for the coating inside. The wastewater treatment plant reported no permit excursions for the month. He noted many meter box covers had to be replaced in the aftermath of Hurricane Harvey. He also noted the standpipe does not work as it should. Mr. Holdgraf stated the chlorine residual is difficult to keep in the proper range and requires too much flushing. He stated Wallace Trochesset would be looking into possible solutions. He reviewed the fire hydrant flushing valve report and presented an estimate of \$8,000 for repairs.

Following further discussion, it was moved by Director Merryman and seconded by Director Lumpkin that the operator's report be approved, along with the items presented, which motion carried unanimously, 4-0.

**8. ENGINEER'S REPORT.** Wallace Trochesset presented the engineer's report, a copy of which is attached as Exhibit "C". He discussed the 12" Waterline Loop project and stated

the project is complete and Mr. Dror has accepted the fill dirt as applied. He noted the CDBG Waterline/ Force Main project is complete. He discussed the Kemah Marketplace and stated they have asked to use an inline pumping system, rather than a Ground Storage Tank, for the fire sprinkler system, which the Board denied. He discussed the State Highway 146 expansion and noted it will require casing of all the existing crossings and some adjustments to District facilities. He noted the cost of replacing the 5 crossing encasements is \$80,000 per crossing.

Mr. Trochesset presented a request for capacity from Ryan Cline, for 1 connection for a 2 inch line for the fire sprinkler system at 1009 Delasandri Lane; also a request from Jonathan Delafuente for 1 connection for a residence at 305 Queen Road in Clear Lake Shores; and a request for 1 connection from Keith Cruse at 707 Bay Avenue; all of which were granted. He discussed two requests which were not granted, but tabled: a request from the City of Kemah for 120 connections for the Hotel and Convention Center; and a request from Bob Bedman for 1 connection at 2667 Lawrence Road, and the Board noted the District has no system nearby.

Following further discussion by the Board it was moved by Director Lumpkin and seconded by Director McDonald that the engineer's report be approved along with the items presented; the motion passed 4-0.

**9. LONG TERM WATER PLAN.** The Board reviewed the Water Facilities Financing Agreement, and the First Amendment to the FM 517 Booster Pump Station Interlocal Agreement, both with the GCWA. Following a discussion by the Board it was moved by Director Lumpkin and seconded by Director Merryman that the Amendment and the Financing Agreement be approved; the motion passed 4-0.

**10. AUTHORIZE ANNUAL EMINENT DOMAIN FILING.** Chris Richardson asked for authorization to complete the District's annual eminent domain filing with the State Comptroller's office. Following further discussion by the Board it was moved by Director

Merryman and seconded by Director Lumpkin that the attorney be authorized to complete the annual eminent domain filing; the motion passed unanimously, 4-0.

**11. APPROVE PETITION FOR CONSENT TO INCLUDE LAND/ AUTHORIZE FILING WITH CITY OF KEMAH.** The Board considered the Petition for Consent to Include Land in a Municipal Utility District, for the out-of-District properties to be annexed. Following a discussion, it was moved by Director Lumpkin and seconded by Director Merryman that the Petition be approved and the filing of the same with the City of Kemah be authorized; the motion passed unanimously, 4-0.

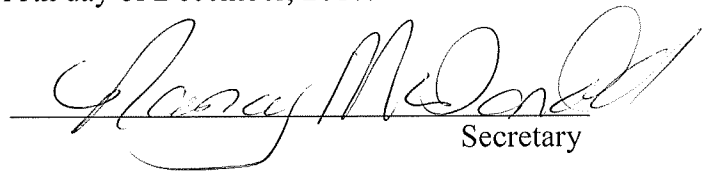
**12. KVFD REPORT.** Director Lumpkin reviewed the report for the month from the Kemah Volunteer Fire Department. There were 77 total calls; 52 of them were for EMS.

**13. TAX COLLECTIONS REPORT.** The Board reviewed the tax reports from Galveston County for October.

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

*PASSED, ADOPTED and APPROVED* this 11th day of December, 2017.

(DISTRICT SEAL)

  
Secretary

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