

**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 8, 2018; whereupon, the roll of the members of the Board of Directors was called, to-wit:

Theresa L. 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.

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, and Scott Gale, Glenn Gordy, and Mr. and Mrs. Lloyd Thornton, residents; and Chief Brent Hahn of the KVFD.

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. Scott Gale stated he was speechless. Lloyd Thornton asked about the 20 connections' worth of capacity which the Board has committed to his property. He stated he has estimated 500 feet of lines necessary to reach his property, and that it will probably

be a 3” or 4” line. Wallace Trochesset stated he had discussed the matter with Mr. Thornton; Mr. Thornton will pay to run a private line to serve his property. The Board and Mr. Thornton agreed.

2. BOARD MEMBER ANNOUNCEMENTS. There were no Board announcements.

3. MINUTES. The Board considered the minutes for the meeting of December 11, 2017 and December 18, 2017. Following discussion, it was moved by Director Meisinger and seconded by Director Lumpkin that the minutes be approved, which motion passed unanimously, 5-0.

4. 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. Ms. Pfeffer asked for approval of the online payment by the bookkeeper to TCEQ for assessment fees, and the Board agreed. Ms. Pfeffer asked for approval for opening an account for the Capital Projects Fund for the 2018 Bond funds, and the Board agreed. She discussed matters related to the budget and stated further adjustments to the 2017 budget can be made as “prior period adjustments”, before the audit is complete, to properly reflect expenditures and receipts for the prior year.

Following further discussion, it was moved by Director Meisinger 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, 5-0.

5. OPERATOR'S REPORT. Ed Holdgraf presented the operator’s report, a copy of which is attached as Exhibit “B”. There were 1,732 customer connections. Water accountability was at 78%; the wastewater treatment plant reported no permit excursions and ran at 36.1% of capacity. Mr. Holdgraf reviewed the preventative maintenance schedule.

Mr. Holdgraf discussed the GCWA refund check for \$4000 for overpayment for water. He stated Kemah Marketplace's developers had deposited \$61,000 for tap fees. He stated about \$140,000 worth of wastewater treatment plant repairs have been identified from last year, for possible use of surplus funds.

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, 5-0.

6. ENGINEER'S REPORT. Wallace Trochesset presented the engineer's report, a copy of which is attached as Exhibit "C". He discussed the TxDOT requirement for casing of the District lines at 5 existing crossings of SH 146.

Mr. Trochesset presented three proposals from LJA: the water well rehabilitation at the fire station, the water well for the GCWA interruptible water supply contract, and the 0.5 MGD expansion of the wastewater treatment plant. He discussed capacity requests: Glenn Gordy asked for 4 connections for pad sites, and the Board agreed. He stated Steward Elementary School is asking for 12 connections for its expansion, and the Board tabled this discussion. Mr. Trochesset stated he would audit the commitments the District has made, and how many are left available, to this point.

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

7. LONG TERM WATER PLAN. Director Gale discussed the update from Kyle Burks regarding the GCWA – FM 517 Booster Pump Station. He stated the station will be live by June 1st. He stated the pump station will enable an additional 1 MGD of water through the existing pipe; no additional water will actually be delivered until after the GCWA does a "re-rate" on its

water plant. The GCWA Contract Bonds should fund soon; the District should receive reimbursement for the engineering phase from the GCWA, and a refund of previous payments for expansion of the GCWA plant, which never went forward. Director Gale stated the Board may want to extend the option to purchase water from the City of Bryan for another 6 months or a year.

8. KVFD REPORT. Chief Hahn stated the report for the month from the Kemah Volunteer Fire Department could not be printed due to power surges causing a computer shutdown. There were 58 total calls; 33 of them were for EMS. He stated the Kemah Marketplace developers are pushing forward; the inspectors are moving forward. He asked the Board to name an Emergency Management Coordinator for the District. He stated he would like to sell the old ladder truck and purchase a new one, and roll the note for the new truck into the note for Engine #1. He stated he is not asking the Board for more money or for a new payment; he stated he would like to work it out where the note for both the trucks is the same or less than the payment for the current note. Chief Hahn discussed ways to further lower the District's ISO rating.

Director Gale stated she had attended the ESB meeting and there was an agreement to add 2 voting members from the WCID #12 Board to the ESB Board of Directors. She stated her opinion that the members should be the sitting President of the Board, and the previously named liaison for the District to the ESB. She stated the attorney would draft an amendment to the Fire Services Agreement to reflect the change. Following a discussion, it was moved by Director Meisinger and seconded by Director Lumpkin to authorize the preparation of the amendment to the Fire Services Agreement as discussed, which vote passed unanimously, 5-0.

9. 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

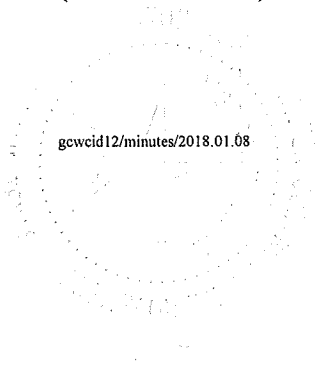
further discussion, it was moved by Director Lumpkin and seconded by Director Meisinger that the Resolution Authorizing Delinquent Tax Penalty be approved, which motion carried 5-0.

10. DIRECTORS ELECTION. Chris Richardson informed the Board the biennial Directors Election is scheduled for the uniform election date of Saturday, May 5, 2018. 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 Meisinger, seconded by Director Lumpkin, 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 as required by law, which motion carried unanimously, 5-0.

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

PASSED, ADOPTED and APPROVED this 12th day of February, 2018.

(DISTRICT SEAL)



Lancy McDowell
Secretary